



2020 HTC CSR Report



Editorial Principle

Thank you for reading the ninth Corporate Social Responsibility (CSR) Report issued by the HTC Corporation (HTC). HTC has an open and honest approach to the review and disclosure of our executive performance related to all CSR matters and offers our stakeholders a clear picture of all the related issues. Our aim is to use our brand's influence to integrate our CSR strategies into the organization, and we start off with a comprehensive response to all these issues.

As a global mobile-device brand, we are ready to confront all the challenges that might present themselves. For each major CSR issue that relates to our future development, we make it clear at the beginning of each section which challenge we are facing, our current achievements, and our goals for future development.

By understanding and commitment to these issues, HTC will define and confirm our direction toward sustainable development, and also let our stakeholders know everything about our performance and the results with respect to CSR in 2020.

This report has been prepared in Chinese and English. Both versions are posted on our official website and are available for download ([www.csr.htc.com](http://www.csr.htc.com)).



**HTC CSR Website**

This website is updated annually to inform all stakeholders and the public about HTC CSR activities. Please use the following link to access the HTC website: [www.csr.htc.com](http://www.csr.htc.com)

**The HTC 2020 CSR Report** is downloadable in PDF format.



**HTC CSR Report 2020**

Report Scope and Boundary

The organizational boundary, as mentioned in this annual report, mainly covers the company office buildings and plants in Taiwan: the headquarters in Taoyuan and two office buildings in Taipei. All HTC business operations in Taiwan are within the boundary.

2020 HTC CSR Report Organization Coverage Information

Boundary	Address	Tel
HQ & Plants	No 23, Xinghua Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	+886-3-3753252
Taipei Office 1	No 88, Sec 3, Zhongxing Rd, Xindian Dist, New Taipei City, Taiwan	+8862-89124138
Taipei Office 2	1F, No 6-3, Baoqiang Rd, Xindian Dist, New Taipei City, Taiwan	+886-2-89124138



Time Coverage of Disclosure

We plan to issue the HTC Corporate Social Responsibility Report annually. This report generally covers the year 2020 from January 1 to December 31. However, in order to provide a more complete picture of all our CSR achievements in various aspects to date, the content and information about some issues refers to work carried out in 2019 to 2021 May, as well as the HTC CSR management policies, key issues, and performance, responses and activities for previous years.

Report Basis

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option and AA1000 standards and has been confirmed by SGS-Taiwan to be in compliance with AA1000AS Type II high-level assurance and GRI Standards Core option.

Process of Reporting Quality Management

Compile

Edit

Review

Finalize

- The report information is provided by each department which is responsible for confirming the completeness and correctness of the data. The confirmed information is then submitted to the Quality and Sustainability Management Department for compilation.
- The Quality and Sustainability Management Department will coordinate with all departments to discuss the progress of planned goals and future directions.
- Internal The information required for the report is collected by the person-in-charge of each department and confirmed by the corresponding supervisor.
- External SGS Taiwan verified this report in accordance with AA1000 AS Assurance Standards and GRI Standards. This report is in compliance with the core options of the GRI Standards and AA1000 Type II High Assurance.
- After the final version is confirmed by all internal departments, it will be submitted to the Quality and Sustainability Management Department for review and finalization.





### Forward-Looking Statements & Statistical Calculations

In this report, HTC makes some forward-looking statements about future CSR challenges and developments. However, because some of these issues are uncertain and subject to variable factors (such as policies, laws, and international regulations), it should be noted that they have been made after discussions on current HTC status and are made as forecasts, the purpose being to give our stakeholders a picture of the HTC understanding and realization of CSR issues. The forecasts are not promises by HTC of guaranteed financial, operational, and business performance.

The figures shown in this report are in the metric system and are statistical and calculated results generated according to the related international standards and bases of calculation. In the event that any special calculation methods are implemented for particular indicators, notes are provided below the corresponding tables or graphics.

- Financial data was checked and confirmed by Deloitte & Touche, and was calculated in NT\$.
- ISO14064 greenhouse gas emissions and ISO 50001: 2018 management systems were verified by AFNOR Asia.
- ISO 14001: 2015 and ISO 45001: 2018 management systems were verified by SGS Taiwan.
- The AA1000AS Standard was verified by SGS Taiwan.

### Feedback

If you have any questions about this HTC Corporate Social Responsibility Report 2020, please let us know to help us make continuous progress.

### Contact Us

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# Statement of the Management

Thank you for taking the time to peruse the 2020 “Corporate Social Responsibility Report” issued by HTC. We continue to follow the latest “Global Reporting Initiative Standards” and AA1000 standards Type II High Level of Assurance to report information disclosure to the general public and all stakeholders. The relationship communicates with HTC’s commitment and achievements in reflecting social responsibility and moving towards sustainable development.

The pandemic has acted as a catalyst to accelerate the digital revolution, from the global adoption of virtual meetings for work, learning and pleasure to the vast proliferation of creative content. Areas like healthcare, education, and entertainment have gone online like never before, and the extended duration of the pandemic suggests that several of the business and lifestyle disruptions such as remote working that have emerged over 2020 will become permanent. At HTC, we believe that VR will increasingly come to the forefront as the most realistic in-person remote meeting experience, and products like the own-brand VIVE Sync business meeting software, and the VIVE XR Suite, a tailored selection of VR applications, will enable people to continue socializing, meeting, learning and training in the virtual world. Digital technology has brought us together in new ways, and with its extensive portfolio of devices, platforms and software, HTC is positioned well to take advantage of this new normal.

Management changes in 2020 brought forward a new approach regarding the corporate structure of HTC; in particular, the most radical corporate restructure in HTC’s history. As HTC has diversified into new products, sectors and markets over the past few years, the previous structure was increasingly unsuitable to ensure the innovation focus for which HTC is recognized. Leaders of product areas needed more flexibility to focus on their own business, and greater incentive to drive efficiency and effectiveness across their teams. Thus, HTC laid the foundations for the creation of seven distinct business units out of HTC’s core activities, which will operate with substantial autonomy for greater agility. The business units are: VIVE Virtual Reality; 5G System Solutions; Smartphones and IoT; Content and Platforms; DeepQ Healthcare; VIVE Originals; and VIVE Arts.

The decentralization of decision-making is already inspiring the entrepreneurial spirit in each business unit, with leaders highly motivated to establish their business and drive future growth. Each business unit leader will be responsible and accountable for their own sales and retail execution, brand-building and business operations. HTC will be the corporate umbrella for all of these businesses, providing enabling functions such as human resources, financial, legal, IT, corporate administration, and PR and marketing support, as well as acting as an accelerator and an incubator, providing these business units with strategy and operations support, performance accountability and investment finance. This new structure will unlock the tremendous value and potential of HTC, and grow our brand and our business, and has the backing of our Board of Directors and our top management. It is a clear strategy to optimize HTC’s resources and provide greater focus and accountability for each business in our portfolio, which will in turn provide greater focus and accountability for our employees, and positions HTC well for future growth.

HTC continues to enhance operations across the factory, and our R&D and testing laboratories, improving manufacturing processes and quality standards as well as seeking areas to reduce our emissions and raise our power efficiency. We call on our supply chain partners to continue working with us on evaluations and actions on climate change measures. In the Carbon Disclosure Project (CDP), the world’s largest carbon disclosure platform, HTC has attained management level (B grade) in the climate change rating (compared to a global regional average of C grade).

HTC actively promotes the concept of waste reduction through concrete measures such as the classification, recycling and management of waste at the front end for employees to reduce waste generation, as well as setting dedicated areas for general waste, resource recycling, and kitchen waste to facilitate our recycle-and-reuse strategy, reducing the amount of waste produced and improving cleanliness. Through these measures, HTC’s waste recycling rate has significantly increased over the last ten years, from 57% in 2011 to 78.8% in 2020.

In early 2020, HTC was swift to implement appropriate measures to prevent the spread of COVID-19 in our offices across the globe to protect our most important asset, our talent, in line with and often exceeding the advice of local government and health officials, and we continue to closely monitor the situation. Both the Line Bot of Disease Control Butler and Disease Containment Expert developed by HTC’s DeepQ business unit played an important role in the digital frontline of the virus. The former provided pandemic-related information issued by the Taiwan National Health Command Center, including the latest outbreak alerts, online press conferences, fake news clarifications, and more, while the latter enables those in home quarantine to report their daily health status and obtain home quarantine related information.

As we close this extraordinary year, HTC would like to sincerely thank our shareholders for their continued support. The HTC brand remains known around the world as a brand that solves problems and make people’s lives better. Now, HTC is creating a new era of success. With the new organization structure coming into force in early 2021, HTC anticipates more focused execution across all of our business lines, as well as greater recognition for our efforts, as we strive for truth, goodness and beauty on our path to the realization of VIVE Reality.

HTC  
Chairwoman





# About HTC

## Name

HTC Corporation (TWSE stock symbol 2498)

## Address

No 23, Xinghua Rd, Taoyuan Dist.,  
Taoyuan City, Taiwan

## Established

May 15, 1997

## Sector

Telecommunications network Industry

## Main business

Smartphone/HTC phones and accessories/  
Virtual reality device

## Consolidated revenue

NT\$ 8,186,443,850 (2020-12-31)



# The global leader in innovative mobile phone & Virtual reality design – HTC

The HTC Corporation (HTC) was established in 1997. HTC brings brilliance to life through leading innovation in smart mobile device and experience design. Beginning with a vision to put a personal computer in the palm of our customers' hands, we have led the way in the evolution from palm PC to smartphone, and are now applying that same innovative approach to connected devices and virtual reality. To date, our Company has been through four major transformations that have helped us reinvent ourselves and achieve new growth. Starting from the beginning of the company's professional PDA design, HTC has continued to deepen innovation in R&D technology. HTC's first major turning point came in 1999, when the Company moved into the telecommunications arena. HTC was the first to integrate Internet, entertainment, video and personal assistant functions into a mobile phone with a large dimension onto high resolution and full-color display panel. Since 2007, the launch of the HTC brand globally has committed the Company to long-term global brand development. In 2014, HTC began to seek new fields to apply our distinguished heritage in design, engineering and manufacturing excellence as well as innovative thinking. In 2015, we began to enter the virtual reality industry, and explore and create a new real experience with HTC VIVE.

In 2018, HTC set a new vision: VIVE Reality, cutting-edge technology such as virtual reality (VR), augmented reality (AR), artificial intelligence (AI), 5G high-speed connection and blockchain. Integrate humanity, humanities and imagination to achieve a richer enjoyment of a better life.

Through our leading virtual reality line, HTC VIVE, our rich history of experience in mobile internet devices, and focused investment in key technology areas, HTC is now helping to drive this new computing paradigm and the society transformation that will ensue. This remarkable new world will be all-embracing, generating a far larger virtual economy, a much broader range of fantastic experiences, and far more meaningful social interaction, which will bring people closer together and foster greater empathy for each other.

At the same time, HTC continued to develop and refine our industry-leading mobile technology expertise. Smartphones remain a mainstay of the Company, with this division continuing to integrate the latest technologies such as 5G and advanced photographic capabilities into some of the most beautifully crafted devices on the market. At the same time, HTC created a new division focusing solely on applying our world-class 5G networking expertise to consumer, enterprise and municipal sectors, supporting the drive to expedite 5G adoption and solve challenges for business and society.

Human health is fundamental to improving people's lives, and the HTC DeepQ business embeds advanced artificial intelligence and VR technologies into a range of hardware and software solutions aimed at raising awareness of health issues, enabling effective remote healthcare, and supporting the medical profession and government in a variety of ways.

The pursuit of VIVE Reality sees HTC transition into a complete solution company, creating not only leading hardware in strategic markets, but also building industry-leading platforms, software, content and services to create new revenue streams and lay the foundation for our future growth.



# Global Operation Locations

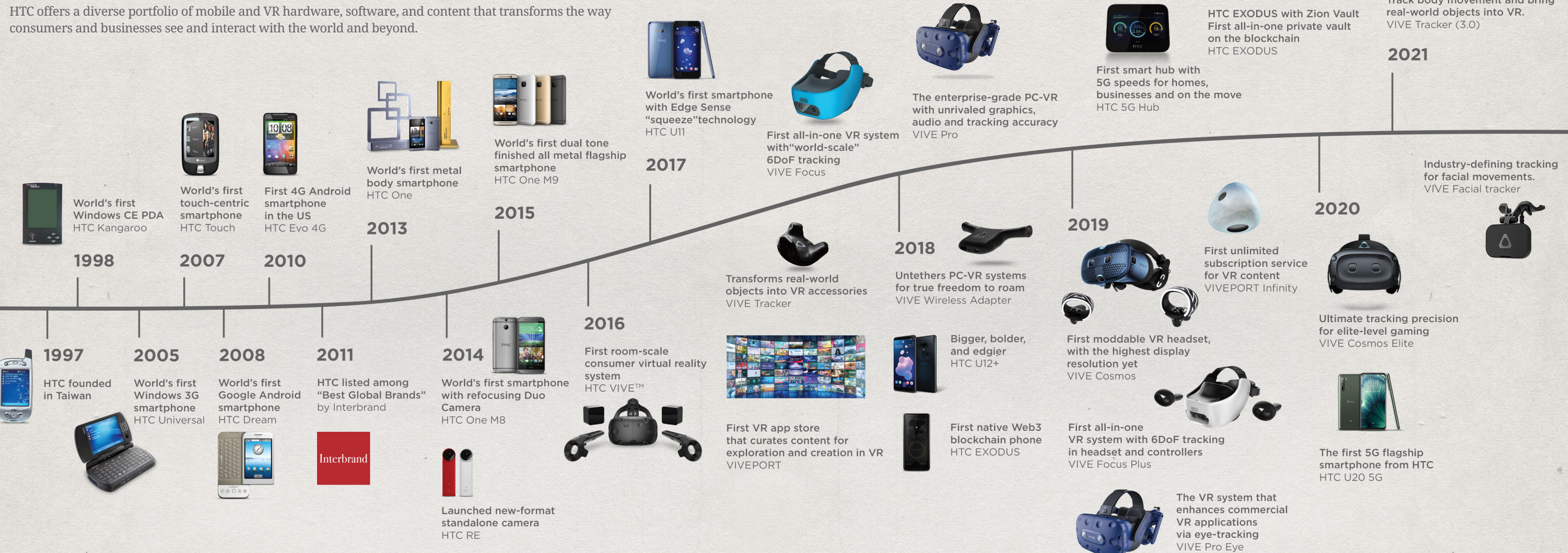


Note: The \* is main operating base of HTC, of which "Important Operations Base" is Taiwan.





HTC offers a diverse portfolio of mobile and VR hardware, software, and content that transforms the way consumers and businesses see and interact with the world and beyond.










Smartphones

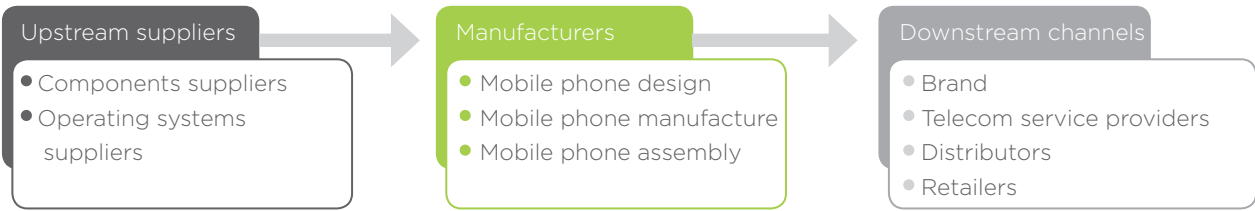
The smartphone industry welcome new technologies to enter the 5G era in 2020. The global smartphone market was expected to embrace the new business opportunities with a wave of new 5G smartphone purchases after 5G was commercially deployed globally in 2020. However, due to COVID-19 since the beginning of 2020, the global smartphone supply and demand declined, and it also partially delayed the launch of 5G in some regional market. Therefore, global smartphone shipments continued to decline in 2020. Looking forward into 2021, the economy is expected to recover as the pandemic is controlled, and with everyday life and work returning to “normal”, smartphone sales are expected to also return to growth.

Figure Communication Technology Evolution

					
Year	1980	1991	2001	2008	2020
Technology	AMPS	GSM CDMA	WCDMA CDMA2000 TD-SCDMA	LTE	Millimeter Wave, Massive MIMO, Beamforming
Service	Call	Call, Message, Text Mail	Call, Message, Internet, Streaming service	Call, Message, Internet, 1080P Video streaming service	Call, Message, Internet, 4K Video streaming service, VR streaming, Auto Guided Vehicle, Teleoperation
Speed	2 Kbps	10 Kbps	3.8 Mbps	0.1-1 Gbps	1-10 Gbps
Frequency	800-900 MHz	850-1900 MHz	1.6-2.5 GHz	2-8 GHz	3-300 GHz

Over the past few years, smartphones have been constantly and continuously updated with new and innovative functionality. Smartphones have fully transitioned from traditional feature phones into the touchscreen-enabled communication products with independent operating systems we all know today. Consumer demand has led to the development of components including high-performance miniature camera lenses and powerful batteries, and this has also greatly accelerated and stimulated the vigorous development of all communications-related hardware industries. At present, the smartphone industry is already a mature industrial chain with professional divisions of labor. Each specialized component integrated into smartphones comes from a different specialized supplier. After being assembled by the manufacturer, it is then sold by a dealer or a telecommunications company.

Figure Industry relationship chart

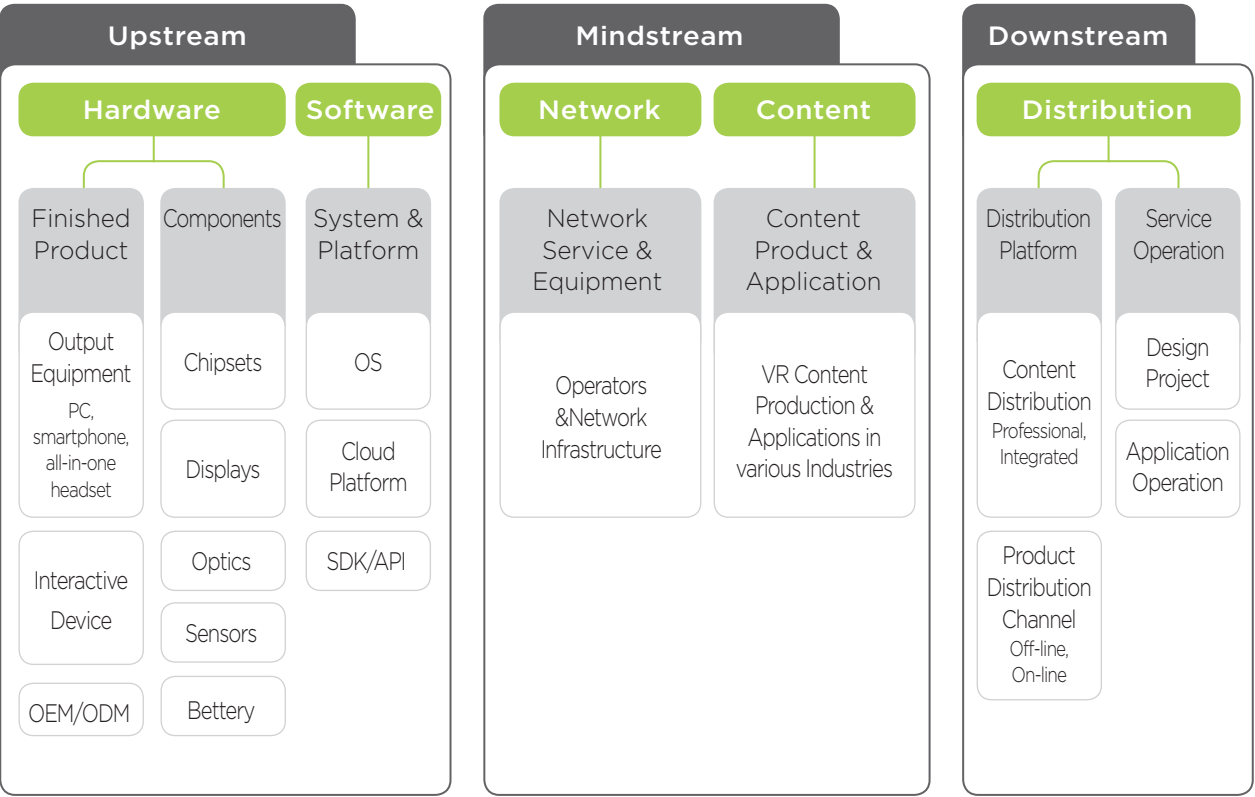


Virtual Reality

Virtual reality comes from the human pursuit of immersion. It is also the technology development direction that has been encouraged by the smartphone industry through various display technologies, processors, controllers and other key technologies over the past 10 years. While consumers are satisfied with visual effects, they also hope to experience “virtual new worlds”.

According to IDC’s public release of the 2020 VR industry research white paper, the VR industry chain can be subdivided into five parts: hardware equipment, software, network, content, and distribution. Each part is linked and inseparable.

The hardware and software sessions can be regarded as the upstream of the VR industry. The hardware includes component parts like chipsets, displays, optical modules, and sensors, as well as various types of integration with hand recognition, tracking and positioning, and somatosensory interaction; Software includes various development platforms and tools including OS, cloud platforms, SDKs. The network and content can be regarded as the midstream of the VR industry, where the network includes operators and various levels of network infrastructure; the content includes content production related to the VR applications in various industries. Distribution can be regarded as the downstream of the VR industry, including content distribution platforms, product distribution channels.



At present, the major hardware manufacturers in the VR industry are VIVE by HTC, Oculus by Facebook, and PSVR by Sony. Each manufacturer adopts different development paths due to different industrial strategies. The VR industry trends are divided into three major directions: one is to improve the hardware specifications of VR headset; the second is to cooperate with software vendors to develop application services to meet consumer needs; the third is to expand more optimized business applications in individual fields.

Hardware manufacturers from the so-called “first year of VR” in 2016, when VR products began to enter the consumer market, first attracted the public with gaming applications. Playing games with VR not only provides advanced visual stimulation, but also delivers a more immersive content experience. In the past, VR headsets were mainly connected to a computer. A gaming PC with strong graphics capabilities was required to have a better visual experience. Recently, manufacturers have been working diligently to develop standalone devices, which allow consumers to enjoy more freedom of movement, reduce the interference of the connection cable and to improve the user experience.

The development of VR hardware depends on the continuous cooperation of software developers. For example, game applications are represented by the well-known game platform Steam, and HTC cooperates with developers to independently develop the VIVEPORT platform so that developers can offer their application services, allowing for the use of VR not only in games, but also in movies, social media, and other visual mediums. As for VR, we believe that abundant content and application support is the key to attract consumers and stimulate VR market growth. That’s why we are building a VR ecosystem that can integrate software and hardware to expand our penetration into consumer market.

The third major development direction of VR is to develop useful applications for professional use. From the perspective of the currently known application industries, medical and architectural professional fields are especially quick to adopt and apply VR, especially for use cases which require heavy 3D visualization. HTC aims to use VR to make medical training more efficient and effective. By using VR for surgery simulation and medical equipment operation training, for example, students and surgeons have significantly increased their surgery success rate and their confidence in how to deal with high-pressure scenarios.

Entering the new 5G era, 5G technologies and technical demands have contributed to the advancement and popularity of high refresh rate displays and other low-latency components critical for VR. The development of AI and big data technology has also accelerated the development of VR from consumer-level to large-scale commercial-level applications. With the impact of COVID-19 and the resulting “Home Economy”, more consumers have begun to step into VR as VR acceptance and adoption have been able to increase. For example, VR technologies have played a pivotal role in promoting online real estate brokerage businesses, enabling consumers to visit new real estate listings without leaving their homes, greatly improving the efficiency of viewings and also allowing all parties to remain safe. VR has already delivered on its unique value for personal consumer entertainment and commercial applications. In the future, there will be more and more application scenarios for VR in the industry and consumer market, and the VR industry will enter a period of rapid development.

## HTC Chairman Cher Wang Awarded Accenture VR Lifetime Achievement Award

The founder, chairman, and CEO of the Company, Cher Wang, was awarded the “Accenture VR Lifetime Achievement Award” from The Academy of International Extended Reality (AIXR) in recognition of Cher Wang’s vision of VIVE Reality.

The chairman and CEO of HTC, Cher Wang, said that she was extremely “honored to receive this award, and dedicated it to all of the teams and partners who dared to dream and are working hard to make the vision happen.” It is still the exploration period for virtual reality technology with new applications being invented every day. Many people, corporates, schools, and museums are expecting the infinite potential of VR technology to be used and applied in collaborative efforts, training, education, medicine, art and culture, and even global environmental sustainability management, to name a few. VR is a key technology that can open up a bright future.

The CEO of AIXR, Daniel Colaanni, said that he was honored to announce Cher Wang as the winner of the Accenture VR Lifetime Achievement Award this year. He also encouraged the next generation to think out of the box and to adventurously attempt to continue developing digital technology. He also thanked Accenture for its support which allowed AIXR to be able to recognize such achievements and therefore help to nourish this growing industry.



## Re-investment & Affiliated Companies

HTC’s reinvestment policy focuses on the core business of the organization and the businesses that are beneficial to long-term future development. In addition, through appropriate financial assessments and analyses of industry trends, market competition, team experience, businesses models, and risk assessment, strategic investments have been carried out through equity investment or mergers and acquisitions. The specific objectives are to continue to enhance product and service quality, strengthen the development of key technologies, and grasp the future market demand, thereby continuing to enhance the core competitiveness of HTC.

In order to provide different solutions for enterprise clients, personal consumers, and telecom operators, the company continues to deepen the enhancement of virtual reality and augmented reality related new technology, application software, and content expansion through strategic investment, to deepen the enterprise market and mass consumer market.





## Product Overview

HTC has been tapping into the possibilities of smartphones through brand new technology in the telecommunications area. Extensive and innovative VR, AR, AI, blockchain, and high-speed 5G networks are amalgamated to create HTC’s technological vision of VIVE Reality.

### Smartphone



HTC has consistently put great effort in the smartphone market. In 2020, we released three midrange smartphone models, including the U20 5G, the Desire 20 pro, and the Desire 20+. Of these three, the U20 5G is not only the first 5G smartphone from HTC, but the world’s first Made In Taiwan 5G smartphone as well. U20 is the manifestation of how HTC commits itself to elevating the innovation and functionality of products. It fully supports 5G EN-DC frequency range in Taiwan and adopts the latest double module processor, SA & NSA of Qualcomm, to ensure the flexibility of transitioning from 4G to 5G. Compared to the previous generation of products, drawing performance has increased by 20%. From 4K home cinema to video games, one device can meet all of your entertainment needs. We will continue to collaborate with major e-commerce companies and global telecom operators to develop core products for a 5G network.



5G entertainment



5 camera lenses



Reflective matte finish



6.8",20:9 display



5,000 mAh battery



## HTC VIVE™

VR (Virtual Reality) is an exciting feature of next-generation computing and entertainment. HTC VIVE allows users to browse through the VR world and use unique hand-simulation controllers to interact with objects.

### ● VIVE Cosmos

VIVE Cosmos debuted at CES in the USA in January 2019 and is the latest headset of the VIVE series. It provides the highest level of comfort and utilizes a simple installation and operation experience to ensure that users can jump into the world of VR at any moment. VIVE Cosmos does not need any external tracking and positioning devices so you can utilize them in your space with maximum flexibility. It can be used at home or on the go, and it provides more options for computerization sources for gaming computers. With the launch of VIVE Cosmos, HTC redefined the convenience of VR installation and the user environment. VIVE Cosmos will be the first VIVE headset equipped with a “VR Reality System”, a brand new VR user experience invention. VIVE Cosmos series was awarded “Fast Company Innovation by Design Awards” from the influential business magazine, Fast Company, which enjoys equal popularity with the likes of Fortune and BusinessWeek. Their recognition shows that VIVE’s hardware design stands out among many world-class products - an important step for HTC.



With a slick design of metallic blue tones that diffuse a sense of futurism, the most distinguished and eye-catching feature is the small holes in the front of the headset for ventilation purposes. Because of this, gamers can fully and comfortably immerse themselves in the VR sceneries and experience. The overall design, having more facial coverage, evenly divides the weight to the player’s nose, cheek, surrounding parts of the eyes, forehead, and head. Consequently, players can spend more time in the virtual reality world without feeling uncomfortable. The design team carefully shaped the headset based on ergonomics in order to fit different shapes of faces and degrees of eyesight; players can wear the headset even with glasses. With all the aforementioned design elements put together, the result is that the product can avoid the penetration of external light – a crucial feature for any VR headset of any brand.

In addition to the ergonomic applications that are essential for players, adjustable module options are the core functionality of VIVE Cosmos. Players can easily switch to different panels with different specs according to the contents applied. Consumers can upgrade their panels without difficulty regardless of whether they are tracked from the inside out or outside in. Additionally, this also reduces electronic waste. Another feature that players appreciate is the ability to easily lift up the helmet. This design enables players to switch between the virtual and real world swiftly. It is extremely useful for developers and content

creators to frequently switch and check between the virtual and real world. Normal players can also quickly pause the virtual experience to attend to immediate matters at hand.

### ● VIVEPORT

VIVEPORT is a global platform for VR contents and subscription services. The platform is available in 70 countries, and there are thousands of VR contents and counting for our users over the globe to choose from. Other than that, the platform supports various models of VR Headsets, including PC-Powered VR Headsets, All-in-one devices, and mobile ones as well.



To better suit the need for diversified content from our users, we introduced VIVEPORT Infinity in 2019 as the world’s first unlimited VR subscription service platform. Ever since it has created a brand new content-based business model in the VR industry. This service does not only create more VR application demands but also assists developers with being closer to consumers. Although confronting the challenge of the pandemic in 2020, the development of VR applications featuring the virtual world is still full of dynamism and growth.

Besides the benefits of being eco-friendly by transforming physical to virtual platforms which can effectively decrease consumption of resources, VIVEPORT also emphasizes equality and mental health in the field of CSR. All content needs to be confirmed with the “Content Guidelines” of VIVEPORT before being released. If there is any discriminatory content related to race, ethnicity, social class, or language, etc., it will not be fit for the market. After content is released, it is still under surveillance for any violations of the guidelines. HTC exists to collaborate with all developers to create a high-quality virtual content environment.

In 2020, the quality and quantity of VR content greatly increased - there were 30 new works on the platform every month on average. In addition to game contents, VIVEPORT continues to tap into more possibilities for the VR experience. VIVEPORT participated in important events such as Venice International Film Festival, the largest independent film festival in the UK, Raindance Film Festival, two music festivals, and a VR fashion show in the London Film Festival in 2020. This displayed that users could have different VR experiences apart from just the games on the VIVEPORT. It is also worth noting that two Emmy award-winning films, “Awavena” and “The Line”, were also released on the VIVEPORT last year.

## ● VIVE ORIGINALS

HTC VIVE ORIGINALS is a content brand owned by HTC VIVE. It is devoted to original IP development and original content production. It also engages in the distribution and exploration of VR in film, art, animation, music, cultural collections, as well as industries of cultural creativity and entertainment. VIVE ORIGINALS is also actively building a cross-domain team to create content and VR technical spec standardization. Moreover, it is aimed at creating content production SOP (standard operation process), and providing an extended variety of VR solutions. Meanwhile, profit comes from various channels such as licensing for public broadcasting, organizing exhibitions, and trading for art collections with cross-domain content. We also actively strive for collaboration with government to garner film and television investments. Additionally, we want to expand the scale of content, create industrial values, and build up a VIVE Reality ecosystem by content cluster to fulfill the ultimate goal of enriching human cultural life through new technologies and creativity.

The brand and goal of VIVE ORIGINALS is to “create entertainment experiences with cultural value in the virtual world for people”. To deepen the connection between the virtual and the real world, our four pillars of VR technology development can be applied to cultural and art collections, and video and audio recordings. These pillars are: “Content Production”, “Business Channels”, “Platform Services”, and “Solution Provision”.

## ● VIVE Arts

HTC launched VIVE Arts in 2017 and kicked off the Global Virtual Reality Art Program. VIVE Arts is devoted to exploring art and culture ever since it was established. Virtual reality is a new medium full of potential that provides people with a different perspective of how to appreciate artistic treasures in the world. The revolutionary technology of VIVE has changed the way in which people can create and experience art. For example, VIVE collaborates with museums and content developers to launch their pieces of work in pioneering ways.

## ● VIVELAND

VIVELAND is the brand name of HTC VR LBE (location based entertainment) solution provider, founded in the Syntrend Creative Park in Taipei in October 2016. At the end of 2018, it co-founded VIVELAND Kaohsiung with Kaohsiung City Government. Located in Taroko Park Kaohsiung, VIVELAND Kaohsiung occupies 826.45 m<sup>2</sup> and is currently the largest VR theme park in Taiwan. For COVID-19 protocol, 75% alcohol is used to disinfect the environment and guests’ hands inside and outside the VIVELAND stadium. Temperature is also measured so that the guests can enjoy the entertaining activities during the pandemic period.

In addition, VIVELAND is active in cooperating with developers around the world to develop overseas markets. In February 2020, after a year of hard work by the team, the operation was successfully expanded to the Kingdom of Saudi Arabia in the Middle East where a beachhead was established in Khobar in the eastern part of the country. The first VR theme park, Xtra Life, was built in Saudi Arabia in collaboration with a major local technology distributor, United Electronics Co. EXTRA, covering more than 2,000 square meters. In line with the booming opportunities in the Middle Eastern entertainment sector, this park will serve as the center or template for when we expand our VR theme park business to other Middle Eastern countries.

## Healthcare

HTC DeepQ Healthcare comprises cross-domain experts and engineers in areas such as computer science, software engineering, medicine, regulations, user experience, design, through virtual reality and augmented reality, big data and artificial intelligence technology, with the goal of developing and providing precision personalized medical products and services to reduce costs and improve the effectiveness of healthcare.



## ● DeepQ Medical Encyclopedia

DeepQ Medical Encyclopedia provides reliable and easy to understand contents which make it much simpler to the public when reading medical articles. Based on the public’s need, we developed over 1,000 articles in this medical encyclopedia to help readers to know the definition, symptom, cause, diagnosis, treatment, and medication of the diseases fast and right. Content about health education had been increased to nearly 1,500 articles in 2020. Wanfang Medical Center and Changhua Christian Hospital System directly use contents of the DeepQ Medical Encyclopedia, in turn providing customized and accurate content about health education to the public through an AI dialogue robot. Going forward, we will innovate with AI and medical service to build an interactive platform for the public and medical professionals.

<https://dzs.deepq.com/>



● **DeepQ AI Platform**

HTC DeepQ Healthcare launched a new medical application “DeepQ AI Platform” in September 2019. It is composed with DeepQ AIP workstation and NVIDIA DGX-1 machines and is designed to operate in IT environments in hospitals. It can significantly reduce the learning threshold and the cost of AI training modules through an optimal training environment, built-in multiple AI modules, automated parameter tuning, and a simplified user interface. DeepQ AI Platform can accomplish tasks in three days that can typically take up to ten weeks, through acceleration techniques and system/algorithm optimization. UaaD (User as a Developer) is a pioneering design concept in medical AI training modules. DeepQ AI Platform is easy to learn and use. For example, instead of learning to code and designing advanced learning programs, doctors would only need to train AI to read X-rays by themselves. The platform was successfully sold to various medical centers in Taiwan in 2020. Consequently, doctors can develop AI modules on their own according to their needs in the clinical workflow, to execute clinical research or improve clinical workflow.



● **AI Natural Language Processing Platform T-BERT**

HTC DeepQ launched a new generation of AI natural language processing platform, T-BERT (Taiwan Bidirectional Encoder Representations from Transformers), enabling computers to read/listen/write in Mandarin, Taiwanese, and Hakka simultaneously, and applies AI on semantic analyses and Q&A interactions.

The new generation of AI natural language processing platform, T-BERT, uses Transformer network models; from left to right and from right to left, it can read paragraphs and texts bilaterally and analyzes characters through encoders. Combined with AI acceleration technology developed for Taiwan, DeepQ’s AI team allows AI to read massive amounts of semantic databases continuously in order to train AI to judge the meaning which largely increased the accuracy up to 93.7%.

In Taiwan, natural language processing platforms that support Mandarin, Taiwanese, and Hakka did not exist. Therefore, HTC plans to release the source of the T-BERT model and continue to expand the scale to contribute to the academic community and facilitate industry development. In the meantime, HTC hopes to gradually introduce this technology to product lines. For example, this platform enables the Taiwan CDC’s Line bot, Disease Control Butler, to support Q&A in Mandarin/Taiwanese/Hakka in the future.



Overview of Financial Performance

HTC’s consolidated revenue for the whole year of 2020 was NT\$ 5.81 billion, the consolidated gross profit was NT\$ 1.56 billion, the consolidated gross profit margin was 27%, the operating income margin was -110%, the net profit after tax was NT\$ -6.02 billion, and the earnings per share (LPS) was NT\$ -7.27. Affected by the competition in the global smart handheld device market, shipments decreased compared with the same period of last year, resulting in a decrease in revenue in 2020 as compared to that in 2019. In addition, due to proper cost control in this year and changes in product combination, the gross profit in 2020 increased as compared to that in 2019. The operating cost has been reduced as compared to that in the previous period due to the continuous implementation of the austerity policy.

	Unit	2018	2019	2020
Operating Revenue	NT\$ Million	23,740	10,015	5,806
Operating Costs & Expenses	NT\$ Million	37,704	19,865	12,197
Income Tax	NT\$ Million	5,204	(6)	(4)
Employee Wages	NT\$ Million	8,730	6,476	5,267
Dividends	NT\$	0.38	0	0
Social Investment /Donation	NT\$ Million	0	0	0

Note: 1. The related figures are those listed in the consolidated statement. 2. Final decision after annual shareholders’ meeting.

HTC Product: Smart Mobile and Others (Accessories)

Year	Capacity (thousands)	Output (thousands)	Output Value (NT\$ Millions)
2018	7,200	1,673	16,137
2019	6,900	563	5,527
2020	7,300	478	3,413

Note: The term “Capacity” refers to the maximum number of a given product the company can produce with the normal operation of the existing manufacturing facilities after consideration of necessary shutdown and off days.

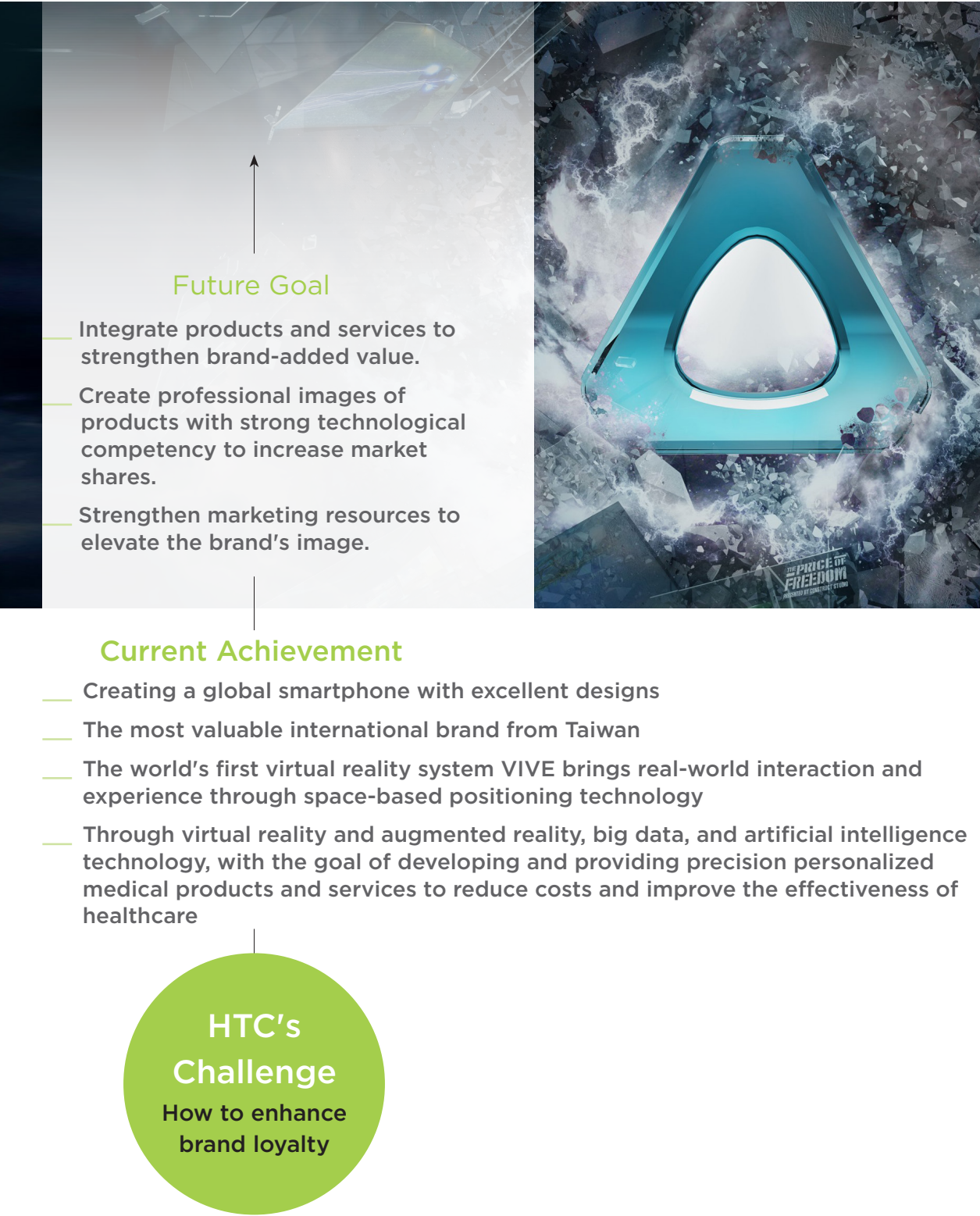
Product Sales: Smart Mobile and Others (Accessories)

Year	Domestic Sales		Export Sales	
	Quantity (Thousands)	Value (Millions)	Quantity (Thousands)	Value (Millions)
2018	791	3,432	14,917	19,552
2019	397	1,847	19,385	7,347
2020	168	978	1,559	4,436

Note: The figures for the main products do not include income from maintenance and product development.



# The Pursuit of Brilliance



HTC is an innovation company, creating powerful new products, solutions, and platforms in mobile and immersive technologies. Beginning with a vision to put a personal computer in the palm of our customers' hands, we have led the way in the evolution of smartphones, and are now applying that same innovative approach to connected devices and virtual reality.

At the heart of this is a bold innovative spirit of pushing new boundaries, while leveraging our industry-leading capabilities. The notion of Dare to Dream is at the heart of our daily ambitions. We ask fundamental questions at the intersection of customer aspirations and our capability to delight and surprise with innovative solutions. We challenge ourselves and our customers to achieve their full human potential. What's your dream? Can you visualize it? Will it shift our perspective? Will we feel it? The future belongs to the dreamers to power creation and innovation. Because our dreams power the future. Dare to Dream.

As we live this philosophy, we employ powerful technologies and combine them in creative new ways in order to deliver this. At this time in history, building block technologies like VR, AR, 5G, AI, and blockchain are evolving and coming together in new ways with the potential to deliver utility and experiences previously unavailable. We call this VIVE Reality.

Today, VIVE Reality is the future that we strive to enable. That means understanding people's needs and desires, their hopes and aspirations, and embedding them into the building block technologies of today and tomorrow. Through creating wonderful devices, content and solutions, we can unleash imagination from the bounds of reality and realize the true potential of technology for the benefit of humankind. Our future is enhanced in a world where HTC innovation and VIVE Reality experiences blend to create a new and better world. The three pillars are central to that mission:

Humanity

For HTC, our innovation is human-centered in the broadest sense.

We endeavor to anticipate the needs of people, businesses and society as a whole, and expand our vision to impact people's lives in ways never before considered.

Technology

Our heritage of and commitment to technology excellence is the great enabler of our pursuit.

We strive for a world in which customers, large and small, have access to the most powerful hardware, platforms, tools, and services, a world where the technology becomes secondary to the experiences that it creates.

Imagination

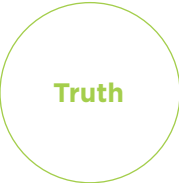
Imagination is one of the most powerful tools we know, and one we seek to unlock.

A world where a continuum of immersive realities is possible, and experience is unbounded. Imagination that invents new ways to make life better for people and enable them to be the best they can be, help businesses achieve their vision, and solve the greater challenges faced by society.

This philosophy and approach are reflected in a steady stream of world-class innovation, as we continue to advance new products in VR, mobile, and 5G with greater capability and convenience. We also continue to advance our societal, environmental and cultural initiatives, and our support of education. From our people to our products, Dare to Dream represents a guiding philosophy that energizes HTC as a global organization.

## Brand Strategy

“Quietly Brilliant” is deeply rooted within HTC’s corporate culture. HTC strives to unlock the full human potential of our customers, employees, partners, and other stakeholders, and to achieve that, we must strive for our core values of truth, goodness and beauty in all that we do.



**Truth means being real and authentic. The fields of science and technology are constantly pursuing truth to solve society’s problems through innovation. This is the most important essence of HTC.**



**Goodness means turning heartfelt ideas into actions that improve people’s lives. Such as, high-quality content that can inspire empathy and compassion, products that can help people with disabilities, that serve the elderly or educate young people, and that solve problems for organizations.**



**Beauty is simplicity and elegance. The simplest structure can hide complex details that each have a purpose. We design simple and intuitive user interfaces for high quality products that evoke a beautiful reaction in our customers.**

Only when we launch excellent products instilled with truth, goodness and beauty can we implement our mission of “combining technology with humanity to unleash the imagination”, and achieve our vision of VIVE Reality.

Our vision can best be understood through the VIVE Reality triangle logo mark, which represents the unity of three key elements – humanity, technology, and imagination – while the center symbolizes a portal to a new world of experiences that VIVE Reality delivers. VIVE Reality was born from a faith in humanity and forged by a respect for technology, paving the way for bringing people closer together, and closer to their imagination, than ever before. VIVE Reality is stimulating innovation in entertainment, education, training, design, healthcare, art, shopping and social networking, and many other industries, positively impacting the world, affecting the way we live, learn, and believe.

While we expanded from creating world-class smartphones into the fields of connected devices, virtual reality and 5G networking, we are re-energizing the HTC brand story through the notion of an innovative parent company that will dare to dream, while expanding our brands to new audiences and segments.

HTC’s approach to brand building is both pragmatic and effective, and is based on principles including:

- **Authenticity:** Being authentically true to the nature of our mission, and the belief that we can improve human lives and experience while creating value.
  - **Entrepreneurial approach:** We are agile, attentive to costs, and aim to achieve maximum effectiveness through an obsessive and energetic approach to building our brand.
  - **Innovative products:** For many customers, our products and services are the most concrete expression of our brand. By delivering a steady stream of innovation in mobile, virtual reality, 5G, blockchain, and more, we create proof through action.
  - **Integrated solutions:** Far more than just a hardware company, we deliver true solutions through platforms, software, and services to create positive experiences and net promoter scores with our customers. Our VIVEPORT store provides access to content, VIVE Studios creates software, and VIVE Enterprise engages business customers with full solutions.
  - **Broader audiences:** By continuing to improve and simplify our products and user experience, and support a broader range of software, we aim to access new customer segments and solve the challenges they have.
  - **Developing the ecosystem:** HTC works closely with partners at each stage of innovation to build the ecosystem necessary to promote adoption, and actively participates in industry alliances to advance our industry thought leadership. Through the VIVE X accelerator program, we are supporting the development of the ecosystem for advancing the key and emerging technologies such as VR, AR, 5G, AI, and Blockchain.
- We create opportunities to work closely with our portfolio companies to explore mutually beneficial ways to advance entrepreneurial innovation. VIVEPORT is helping to build an ecosystem of content developers by providing a dedicated VR app store for consumers and enterprise, while VIVE Wave is enabling other hardware companies to deliver immersive devices to broaden the market and fuel innovation. At every stage of product development, HTC considers the requirements of the ecosystem in order to drive the innovation.
- **Smarter communications:** We develop the types of products that people love and want to learn more about, that spark their curiosity and tap into their imagination. These make for great stories and social engagement, which are among the most effective ways to build a brand, and are a focus of our efforts on that front.
  - **Building communities, forging customer relationships, and offering services that increase lifetime value:** We have moved well beyond the transactional nature of selling consumer electronics to developing an ongoing relationship with our customers. Through our platform, software, and service offerings, we can continue to engage with them, as well as increase customer lifetime value.



# COVID-19 Prevention Management \_\_\_\_\_







To cope with COVID-19 in 2020, HTC strengthened prevention management from within. Apart from measuring the temperature of the staff every day, masks are required when having meetings and close-distance conversations. We strictly control the itinerary of our staff and strengthen sanitary disinfection at the work place and within the public environment. Every hour, cleaners use alcohol or bleach to wipe the buttons and panels of elevators, doorknobs of conference rooms, and the tables of the sofa area on the ground floor. Additionally, every hour, hypochlorous acid water is used to disinfect the interior of elevators. And every two weeks, sterilizers and alcohol are used to disinfect the entire company.

In terms of staff management, besides filling out health statements, Work From Home (WFH) policies and video conferences are implemented depending on the severity of the pandemic. We separate crowds when staff arrive at work, thereby reducing clustering and carbon emission from traffic. Staff returning to Taiwan need to be quarantined at home and institute the WFH policy for 14 days. Anyone who has respiratory symptoms and a fever needs to work from home for 7 days.

HTC is not only responsible for taking care of the health of every staff, but also for giving back to the society. We collaborated with the Ministry of Health and Welfare of the Executive Yuan to launch the “Disease Containment Expert Line Bot” with the DeepQ AI platform. The APP is used to help track personnel who are under home quarantine or home isolation to decrease the need for manpower for medical care. The Line chatbot, Disease Control Butler, launched earlier was upgraded to include several features such as providing information about COVID-19 prevention, quickly looking up nearby pharmacies and mask inventories, promoting policies and health education, display command center news flashes, live stream COVID-19 press conferences, and includes a clarification column for false information, to name a few features. A Medical Natural Language Processing (MNLP) function was also introduced to analyze key words in conversations and to reply with accurate information. Furthermore, HTC collaborates with Taipei Tzu Chi Hospital and Taiwan Society of Simulation in Acute and Critical Care Medicine to establish a “COVID-19 VR Medical Simulation Center”. Thus, students can learn about the clinical care of COVID-19 patients, specimen collection and testing, as well as relevant processes. HTC will continue to help in the front lines of the pandemic with our innovative technologies such as AI, VR, and medical blockchain.

## COVID-19 Prevention Guidelines within HTC

### HTC COVID-19 Executive Summary

The outbreak of COVID-19 in 2020 has had a strong impact on the daily life and lifestyle of everyone. In line with this, HTC drafted a prevention guideline according to the Central Epidemic Command Center (CECC). We purchased all the necessary materials for prevention measure and requested that all employees, visitors, contractors, and so on cooperate with these prevention measures. This unprecedented situation can be said to have been a severe challenge for the chief management.

We appreciated the cooperation of our staff during this prevention period. The prevention management guideline is as follows:

1. Establish a prevention management team according to the CECC pandemic prevention policy. The Chief Global Management Officer is to act as the commander to call for contingency meetings and designate tasks according to the status of the pandemic. A contingency plan needs to be carried out if the pandemic worsens.
2. All personnel with access need to be controlled, including employees at the counters, securities, restaurants, gymnasium, and so on. Temperature needs to be measured to see if visitors or staff have fever ( $\geq 37.5^{\circ}\text{C}$ ), coughing, respiratory symptoms such as hyperpnea, or other forms of discomfort. If these symptoms are present the person needs to be hospitalized and report to the health center. Everyone has to register their names and ID numbers and must sterilize both their hands with 75% alcohol before entering any facility. Restaurants will be closed if the pandemic worsens.
3. Cleaners will regularly disinfect public areas such as conference rooms, tea and water rooms, restrooms, elevators, restaurants, and the gymnasium with 75% alcohol, diluted bleach, and hypochlorous acid water. Staff are also encouraged to use 75% alcohol to clean their tables, chairs, computers, keyboards, mice, and other electronics accordingly.
4. The Occupational Safety Department (OSH Dept.) is to coordinate the purchase of relevant inventory for precautionary measures (masks, ear/forehead thermometers, infrared thermometers, alcohol sanitizers for hands, bleaches, hypochlorous acid water, etc.) based on the decisions of the prevention management team.
5. Provide health management reports, health care education, and counselling channels to the staff. Anyone who has fever ( $37.5^{\circ}\text{C}$ ), coughing, respiratory symptoms such as hyperpnea, or other forms of discomfort need to be hospitalized, and report to their direct supervisors and the health center.
6. Staff can apply for WFH if they are required to be home quarantined or self-health monitored according to the “WFH Guideline”.





## Work from Home (WFH) Guidelines in Response to COVID-19

Because COVID-19 is highly contagious, HTC is determined to protect employees from the disease. Thus, personnel who are qualified for WFH by the health center can work from home with approval of the head supervisors of the unit.

### Conditions for WFH:

1. Those who were exposed to COVID-19 patients.
2. Those who have contact with people at higher risk of COVID-19.
3. Those who are required to be home quarantined or self-health monitored by the government health-supervising departments.

### Regulations for WFH:

1. Work computers need to be on and kept online so that company information can be transmitted.
2. Mobile phones need to be active for conversation and on work mode.
3. Employees need to complete all the installation of necessary software and hardware beforehand, and make sure there is a VPN connection.
4. During WFH (excluding holidays), employees need to follow the rule of the 8-hour working day and finish the scope of their work.
5. During WFH, staff need to follow HTC's job regulations, Employee Manual, and code of conduct, as well as the information security regulations.
6. WFH is to protect employee's health; therefore, it is not suggested to work at a café, library, co-working space, and so on. And it is strictly prohibited to use public internet at the listed locations.

### Instant Report:

Reports to supervisor and the health center if employees have any discomfort, enable medical professionals to provide immediate counselling or assistance.

### Sick Leave Policy:

If the employee has any discomfort or does not qualify for WFH, please complete the application process for sick leave.

## Human Resource Prevention Measures During the Pandemic

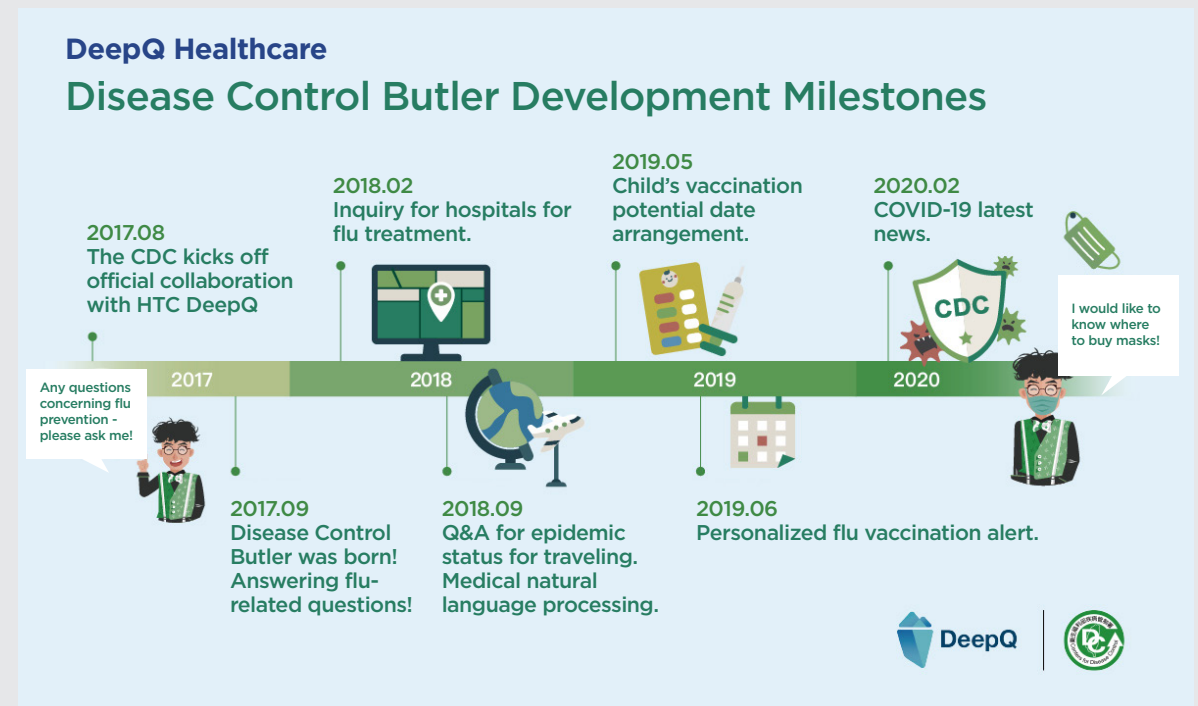
- **Recruitment:** According to the prevention standards of the CECC, masks are required for interviewees and interviewers. Interviewees need to fulfill the requirements of the Company's health investigation and fill in the health statement before the interview. Remote interviews will be carried out with Teams if the pandemic worsens.
- **Training:** Attendees of offline courses need to wear masks and sit separately during the entire session. Offline courses will be paused if the pandemic worsens.
- **Employee Relationships:** Collaboration with the health center to ensure the pandemic status and set up a contact window within the HR department to investigate and control manpower of the Company.
- **Business Trips:** During the pandemic, domestic business trips need to be approved by the head supervisor of the division, and international business trips need to be approved by CEO. It is necessary to report to the health center and receive information about precautionary measures when leaving the country. Home quarantine is required by the CECC when re-entering the country. Additionally, reporting to the supervisor and health center is necessary.

## How HTC HELPS: Anti-COVID-19 and Technology

### Line Bot, Disease Control Butler 3.0 - the Best Helper for Prevention

In 2017, HTC DeepQ collaborated with the CDC to develop a Line chatbot - the Disease Control Butler. It was upgraded to version 3.0 in 2019. In response to the outbreak of the pandemic, the Disease Control Butler 3.0 provides the following information: the latest news of COVID-19, precautionary measures, quickly looking up nearby pharmacies and mask inventories, government policies and health education, CECC news flashes, COVID-19 press conference live streams, and a clarification column regarding false information. A Medical Natural Language Processing (MNLP) function was also introduced to analyze key words in conversations and to reply with accurate information.

Disease Control Butler 3.0 was reported by TVBS, TTV, CTS, etc., and received a lot of appreciation from the public. For example, it received the COVID-19 prevention award, appreciation letters from the Ministry of Health and Welfare, the 17th National Innovation Award/Pandemic Prevention Innovation Technology, and the Top 100 MVP Managers of Manager Today in 2020.

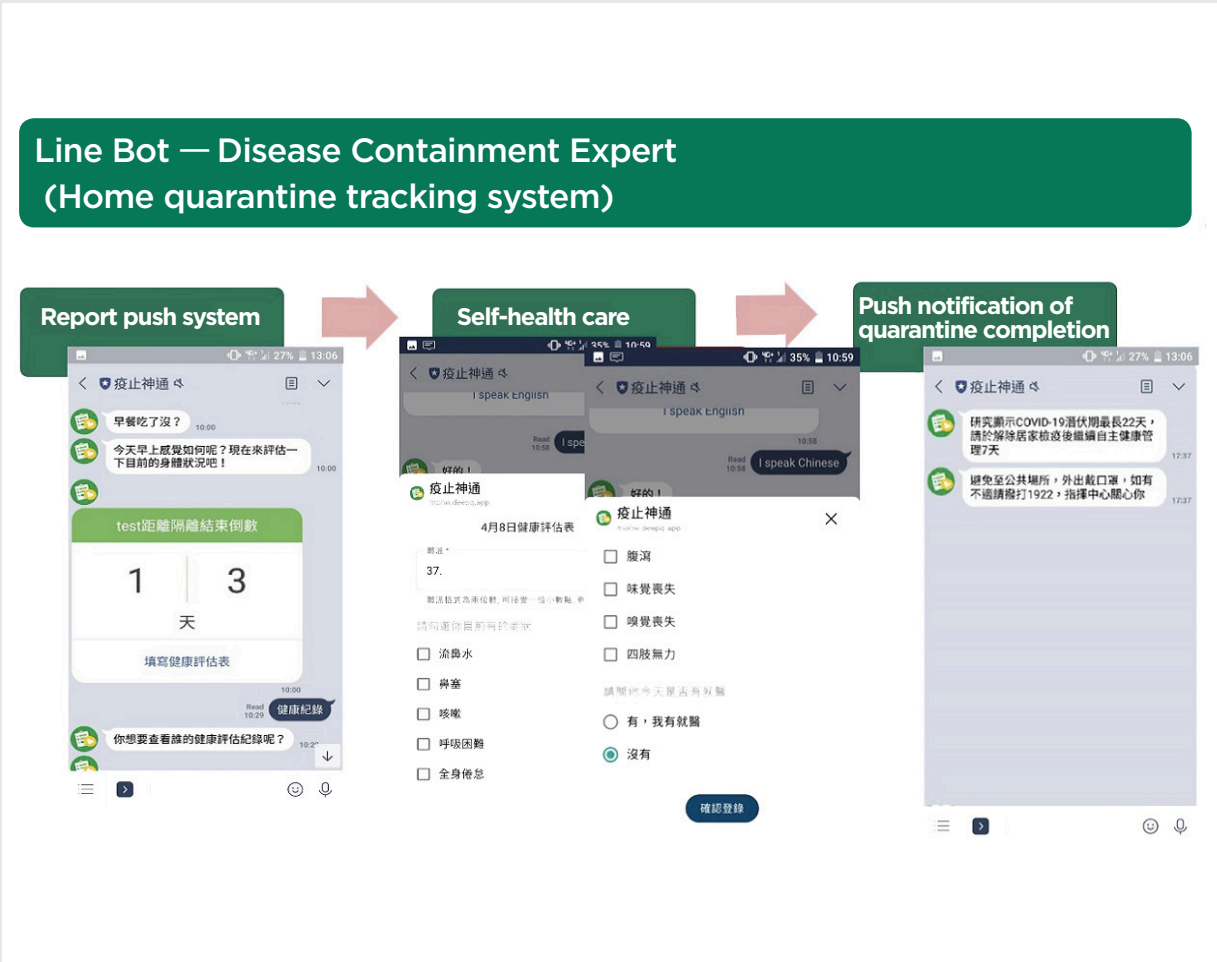


As of the end of 2020, the total number of users for the Disease Control Butler has reached 2.2 million people.



● **Disease Containment Expert Line Bot that Helps Officers for Home Care**

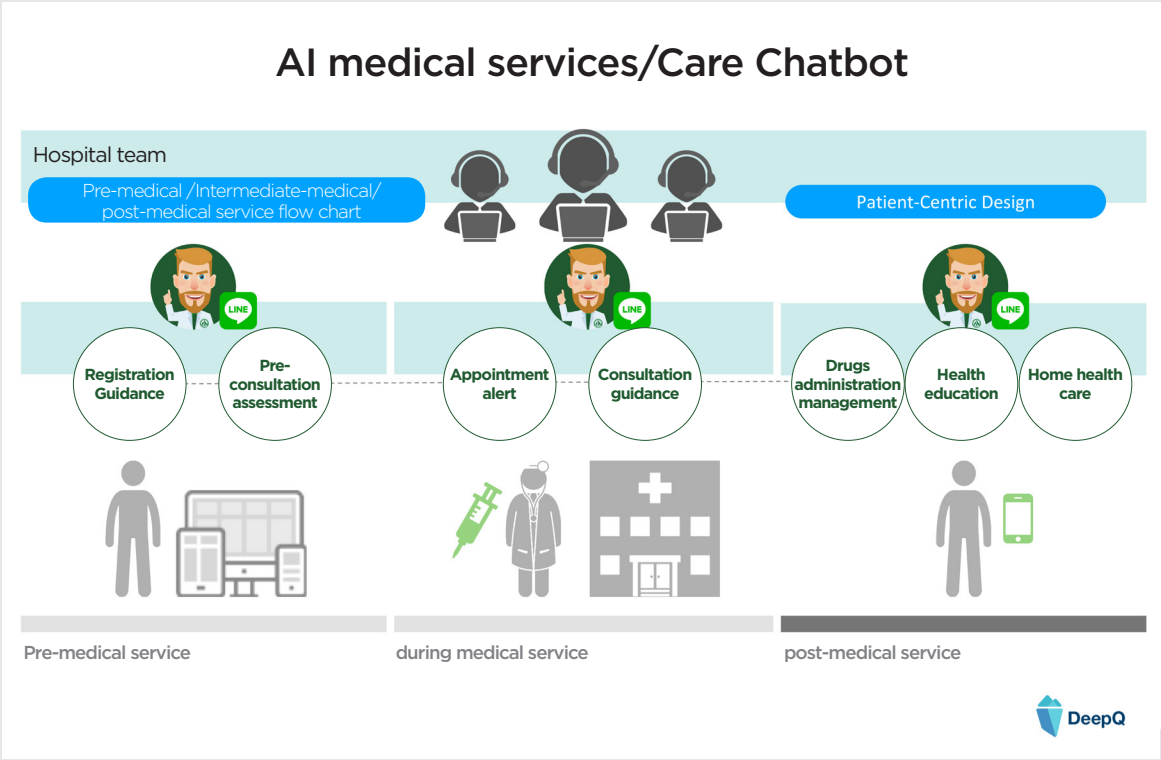
To cope with COVID-19 and to control the health status of people who are home-quarantined, HTC DeepQ cooperated with LINE to create the Disease Containment Expert Line Bot, which was launched on April 3<sup>rd</sup> 2020. The APP can monitor the health status of people who are home quarantined or self-isolating. Additionally, a bilateral messaging mechanism can be conducted to assist the follow-up work of frontline officers. People who are quarantined at home can click a link to add this official account when they receive a message from the CECC. After the verification process, they can report their health status through this system and receive relevant precautionary information. One month after launching the APP, questionnaires were distributed to users. Among 7,100 retrieved questionnaires, satisfaction of the APP is up to 8.67 (of a total score of 10). This indicates that the confidence level of users about this service is high.



● **“Dr. Lan”, the First Cross-Hospital AI + Blockchain Medical Care Chatbot in Taiwan**

HTC DeepQ launched the Medical Care Line Bot, Dr. Lan - the first AI + Blockchain Medical Care Line Bot across 10 hospitals in Taiwan. Through DeepQ’s medical blockchain technology can strengthen the information security of inter-hospital medical care networks. Everything from AI medical department guidance, pre-consultation questions, to personal health education after consultation; this combines medical blockchain information security to begin comprehensive medical care in 10 hospitals in just one click. It completely upgrades the quality and experiences of the entire medical care process.

Since the outbreak of COVID-19 in February 2020, the Ministry of Health and Welfare adjusted the regulation for online diagnosis for people who underwent home quarantine or isolation, or who could not go out for medical purposes. Thus, people who are home-quarantined can receive medical services remotely. Chunghua Christian Hospitals provide remote medical diagnoses via telephone reservation. Dr. Lan will remind users of the time of the appointment through the Line Bot, and provide the link for the online virtual ward half an hour in advance. During the process, besides being diagnosed via video conference, the video will be recorded for the doctors. Because home-quarantined individuals cannot go outside, families or relatives can collect the prescriptions from the “drive-through” counter with their national health ID without having to enter the hospital.



As of the end of 2020, the total number of users for Dr. Lan has reached 17,213 people.



● **HTC, Taipei Tzu Chi Hospital, and TSSACM collaborate to establish a “COVID-19 VR Medical Simulation Center”**

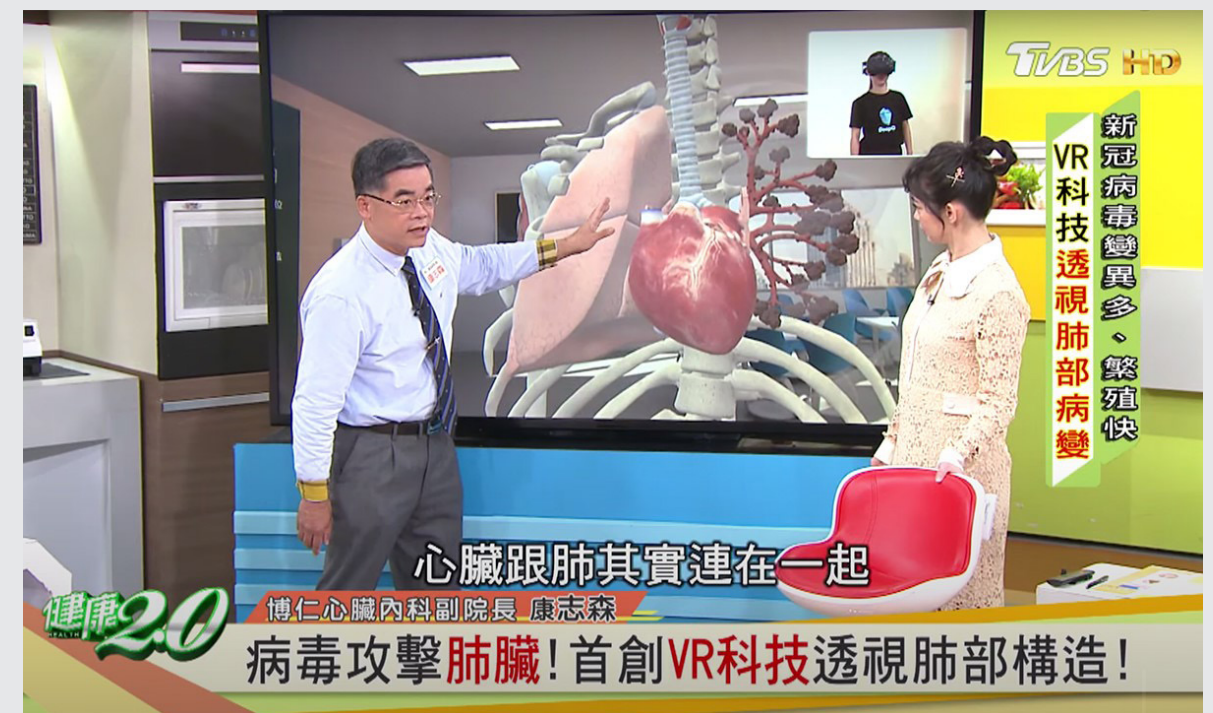
HTC collaborated with the Taipei Tzu Chi Hospital and the Taiwan Society of Simulation in Acute and Critical Care Medicine (TSSACM) to establish a “COVID-19 VR Medical Simulation Center”.

Besides working with the Ministry of Health and Welfare to create AI chatbots, “Disease Control Butler” and “Disease Containment Expert Line Bot”, HTC also collaborates with the Taipei Tzu Chi Hospital and the TSSACM to establish a “COVID-19 VR Medical Simulation Center” with VR technology to fight against COVID-19. With a SimX VR training platform, students can learn about COVID-19 specimen collection and testing, as well as clinical care in a safe environment. As a result, early deployment can be carried out to increase health care capacity.



● **Why is COVID-19 dangerous? Let VR tell you.**

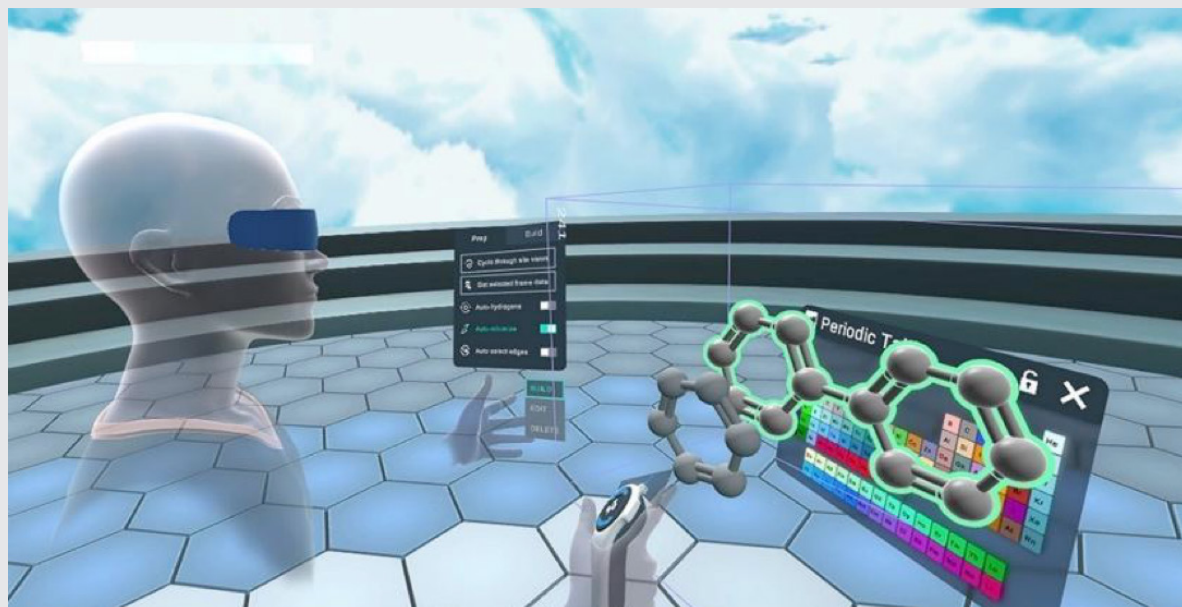
COVID-19 is devastating the entire globe. The general public and even experts are in a state of anxiety because of it. Why is COVID-19 so dangerous? The deputy director of cardiology of Pojen General Hospital, Chih-Sen Kang, using VR simulation on the TV show “Health 2.0” (<https://youtu.be/y-Tc9vdo4Rc>), demonstrated how a lung can be attacked by the virus. He showed the entire process of how the respiratory system is infected with the virus which attacked the lung tissue and caused fibrosis of the lungs. Fully covering the mouth and nose with a mask is the most effective precautionary measure for that irreversible damage.





● **VIVE X Innovation Team Cultivates Education and Science Research: Expediting the developing and learning process of VR to enhance the R&D of COVID-19 medicine and vaccines**

In 2016, HTC established a global XR accelerator VIVE X. It is the most stable yet active global investment institute in the fields of AR and VR. After five years of hard work, one of the investment start-ups, Nanome, developed a software that accelerates the R&D of computational chemistry and medicinal chemistry. The platform they developed enables researchers to be more intuitive when they deal with large numbers of data. In the past, researchers could only operate on a 2D interface. However, now not only can they process data in 3D virtual space, but they are also able to coordinate and share this remotely with other personnel. We know that researchers in Ontario City in the USA, pharmaceutical companies in Italy, as well as government labs in Austria are using this to conduct the R&D of medicine and vaccines for COVID-19.



● **HTC VIVE Infinity Supports Prevention, Virtual Sports Increases Immunity**

Infinity is the first VR unlimited subscription plan in the world. You have unlimited access to hundreds of VR games, applications, and videos with all kinds of exclusive discounts. During the time of the pandemic, HTC provided one month of free access to VIVEPORT Infinity from February 19<sup>th</sup> to March 31<sup>st</sup>, 2020 to those who have to work or study from home. This is to help people ensure that they can continue with their workout routines to increase their immunity and maintain their physical fitness. Unlimited downloads of more than 600 games and applications are available to users. Through virtual reality, consumers can develop exercise habits without the limitation of space.

● **VIVE Sync-Online Virtual Meetings**

In 2020, COVID-19 pushed all commercial activities from the offline sphere to the online. Apart from video conferences, more enterprises consider conducting meetings through virtual reality. Online meetings provide much convenience for the internal communication of companies. Nevertheless, this is still not enough for services or products that require physical experiences or onsite introductions. Thus, HTC launched the VIVE Sync, online virtual reality conference service to help enterprises present the benefits of products more vividly with VR technology. It also provides a new communication solution for people who need to work from home, as well as providing a precautionary measure to decrease movement during the pandemic.





# Corporate Social Responsibility Management

To ensure effective discussion and treatment of CSR issues, HTC has run a CSR Committee since 2012, and has also set up a dedicated team-Quality and Sustainability Management for formulating CSR policies, drawing up related action plans, performing cross-department coordination, and handling communication with, and feedback from, the external stakeholders and our key suppliers.

The annual CSR performance and next year execution plan will review by the Auditing Committee under the Board of Directors at least once annually.

We use clear organization and work breakdowns through interdepartmental meetings to integrate CSR work into the management of related departments, such as legal affairs, compliance, environment, procurement, human resources, and marketing, to activate overall CSR and innovation. This ensures that CSR policies and measures are an integral part of the daily operations of the company.

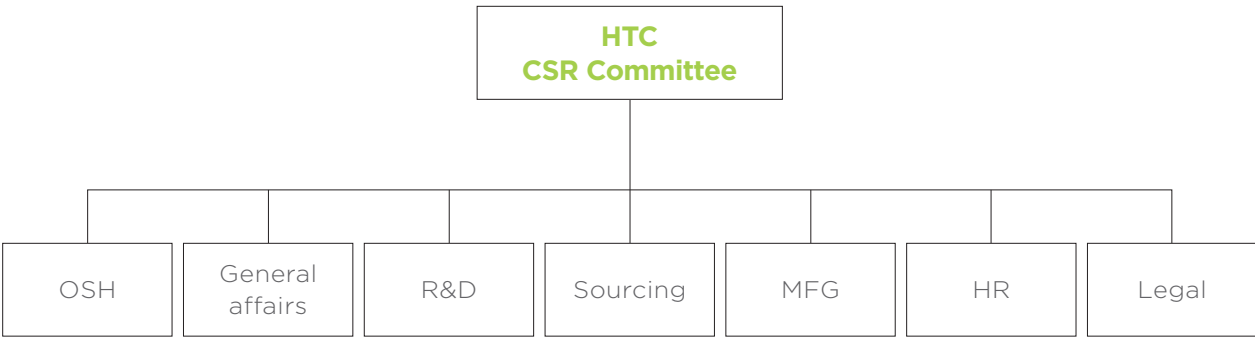




# The Mechanism for Committee Operation

HTC CSR Committee is responsible for the decisions concerning economic, environmental, and social issues. The committee discusses CSR objectives of each division and major CSR issues every year. The committee convenes a meeting once a month. In these meetings, each division will report their CSR performance, and their supervisors are authorized to proceed with the follow-up actions and results. Since December 2020, the Legal department has joined the Committee to participate in ethical discussions. In addition, the meeting is adjusted to be once a quarter to enhance the efficiency of this endeavor. Since 2013, CSR operations were extended to the supply chain. Operations include conducting CSR audits of the suppliers and relevant education training mechanisms. Furthermore, the CSR department and relevant divisions regularly assess their CSR performance over the fiscal year. They then compile and publish a CSR report in accordance with the GRI guidelines to ensure that the disclosed issues cover all major topics.

## Structure of the HTC CSR Committee



# The HTC “Corporate Social Responsibility (CSR) Policy”

HTC is committed to observing all the International and Regional laws in the countries where it operates and to do business with honesty and integrity. We will continue to provide innovative and quality products, protect the environment, care for the health, safety and human rights of our employees, and positively maintain our stakeholders’ rights and interests.

This CSR policy helps HTC maintain social responsibility and realize the vision of sustainable development. All our related business partners advocate and share this policy with us and in this way, we all protect and enhance the rights and interests of our internal and external stakeholders.

- Using Responsible Business Alliance Code of Conduct as a reference for code of conduct, developing HTC as a good corporate citizen and participating in international Initiatives
- Promotion of energy efficiency, carbon-reduction practices and various environmental protection activities
- Sustainable innovation from creation to development
- Sustainable supply chain management
- Be a responsible corporate citizen, with the highest ethical standards





# CSR Management Procedures and Systems

This HTC CSR report is based on the GRI Standard with a focus on disclosing GRI material issues, mainly concerning disclosure of material issues related to action, performance and achievement.

Based on the relevance of the industry, the stakeholders have been identified, and the issues of concern have been included in the major issues. In 2020, online survey questionnaires were sent out extensively including employees, consumer, customers and supplier etc and a total of more than 80 responses were received. The HTC CSR Committee members met to confirm the impact of the material issues on the internal and external organization. In other words, the positive, negative, or potential impact on the economy, environment and society, taken as a whole in accordance with internal considerations, industrial conditions, industrial chain practice, and stakeholders' suggestions, as well as to confirm the impact of each issue. At the same time, HTC attaches great importance to communication and interaction with its stakeholders. In addition to setting up various communication channels, we respond to important suggestions or opinions from stakeholders based on their concerns and impact on HTC's operational impact. The feedback is submitted to the relevant departments for response and processing, than regularly disclosed in the CSR report. We will gradually invite and encourage internal and external entities to join the CSR disclosure process in the future.

In addition, to ensure that the policies and decisions of the “CSR Committee” can be put into practice, we have divided CSR activities into four areas, “green products, environmental protection, occupational safety & health, and social responsibility,” and have set up a dedicated management system for each. These have been verified as aligned with the applicable international regulations and standards, and help integrate company policy for sustainability and social responsibility into our daily operations. CSR annual performance and next year's operational targets will be reported to the Audit Committee of the board of directors at least once a year.



## CSR related management system

The Green Products Management System	Since the end of 2007, HTC's HQ & Plants and the Taipei offices have regularly passed all audits conducted by the international certification agencies, and obtained and maintained certificates of IECQ QC080000 Hazardous Substance Process Management. Through HTC's "Hazardous Substances Management Regulations", we require our supply partners to comply with the regulations for reducing hazardous substances in products.
Green Product Verification	To comply with the Restriction of Hazardous Substances (RoHS) of EU, HTC products are sent to third-party international verification institutions for chemical analysis, ensuring that the products are free of concerning heavy metals, bromine-containing flame retardants and plasticizers. The verification on products' energy consumption in compliance with the US Department of Energy's battery charging and energy consumption requirements is performed. Verification on power supply's energy efficiency is conducted to ensure that the energy conversion efficiency of products is higher than the standards in various countries. The new or revised standards in 2020, include: Eac-RoHS, ERP adp, etc.
The Environment Management System	We strive to minimize the impact of our operation on the environment. In addition to establishing the ISO 14001 environment management system, and make sure all our manufacturing sites around the world obtain and maintain ISO 14001 certificates. From 2011 to 2020, there were no penalties for breach of regulations or laws. ISO14001 factory cover rate reach 50%, introduce environmental awareness through PDCA principles.
The Occupational Safety & Health Management System	To reduce the risks of workplace injury and reduce accidents, the Occupational Safety & Health management system has been established according to OHSAS 18001, and make sure all our manufacturing sites around the world obtain and maintain OHSAS 18001 certificates.  The conversion has been carried out in 2020, and the ISO 45001:2018 certificate has been successfully obtained. Through the introduction of ISO45001, the HTC factory has reached the goal of zero occupational disasters in 500 days.
The Energy Management System	ISO50001 inventory the source and amount of greenhouse gas emission according to ISO14064-1 Standards. The energy management system enables planned energy management to be realized, thereby supporting sustainable operation.
Personal Information Management System	HTC introduced BS 10012 PIMS (Personal Information Management System), which includes 42 management policies and guidelines, such as the HTC personal information protection, Information security risk inventory and implemented the System in employee education and training, product development and design, vendor management, and information security incident management.
Supplier Management	HTC conducts supplier audits in accordance with the RBA CoC Code of Conduct and the HTC Checklist. In addition to the routine new supplier audits, 2020 will conduct on-site audits on 9 high-risk suppliers.



# HTC 2020 Material Issues and Boundary

2020 HTC Material Issues Matrix

Stakeholder Interest	Impact on HTC Business		
	High		
	<ul style="list-style-type: none"><li>● Training and Education</li><li>● Market Presence</li></ul>	<ul style="list-style-type: none"><li>● Energy</li><li>● Emission</li><li>● Economic Performance</li><li>● Forced or Compulsory Labor</li><li>● Supplier</li><li>● Environmental</li><li>● Assessment</li><li>● Customer Health and Safety</li></ul>	<ul style="list-style-type: none"><li>● Employment</li><li>● Customer Privacy</li><li>● Labor/Management Relations</li><li>● Information Security</li></ul>
	<ul style="list-style-type: none"><li>● Local Communities</li><li>● Indirect Economic Impacts</li><li>● Rights of Indigenous Peoples</li></ul>	<ul style="list-style-type: none"><li>● Diversity and Equal Opportunity</li><li>● Socioeconomic Compliance</li><li>● Non-discrimination</li></ul>	<ul style="list-style-type: none"><li>● Occupational Health and Safety</li><li>● Environmental Compliance</li><li>● Effluents and Waste</li><li>● Human Rights Assessment</li><li>● Innovation Management</li><li>● Supplier Social Assessment</li></ul>
Stakeholder Interest	Low		
	<ul style="list-style-type: none"><li>● Security Practices</li><li>● Biodiversity</li><li>● Water Resources Management</li></ul>	<ul style="list-style-type: none"><li>● Marketing and labeling</li><li>● Materials</li><li>● Procurement Practices</li><li>● Anti-competitive Behavior</li></ul>	<ul style="list-style-type: none"><li>● Freedom of Association and Collective Bargaining</li><li>● Anti-corruption</li><li>● Tax Practices</li></ul>
	Low		
	High		

● Economic   ● Environmental   ● Social and Education

Material Issues and Boundary Identification

Material issue	Within the organization		Outside the organization							
	HQ	R&D Center	Investor	Corporate customers	Consumers	Employee	Supplier	Contractor	Governmental Agencies	Local community
Economic Standard										
Information Security	V									
Economic Performance	V		V				V		V	
Innovation Management	V			V	V					
Environmental Standard										
Emissions	V		V	V					V	V
Supplier Environmental Assessment	V						V	V		V
Environmental Compliance	V								V	V
Effluents and Waste	V									V
Energy	V	V	V	V					V	V
Social Standard										
Employment	V	V				V			V	
Customer Privacy	V	V		V	V					
Labor Management Relations	V	V				V			V	
Occupational Health and Safety	V	V				V	V	V	V	
Forced or Compulsory Labor	V								V	V
Customer Health and Safety	V	V		V	V				V	
Diversity and Equal Opportunity	V	V				V				
Socioeconomic Compliance	V	V							V	
Non-discrimination	V									
Human Rights Assessment	V									V
Supplier Social Assessment	V						V	V		

Note: In 2020: Add stakeholder-Governmental Agencies



## Diversified Channels for Transparent Information Disclosure

	Investors	Enterprise customers	General Consumers	Employees	Suppliers	Contractors	Governmental Agencies	Local Communities
Significance for HTC	The support of shareholders and investors has positive impact on HTC's sustainable operation	The support of shareholders and investors has positive impact on HTC's sustainable operation. Through cooperation and product development, enhance the company's value and pursue growth, gradually improving corporate sustainable operation	Customers satisfying with our after-sales service is essential to maintain customer relations	HTC upholds the people-oriented philosophy, the key to maintaining the company's momentum in innovation comes from employees, which are the company's most precious assets	Partner with suppliers is an indispensable key to the continuous growth of business operations	Maintain a safe working environment in the company, strengthen the company's cohesiveness and enhance the company's image	The foundation of the Company is to build an excellent external environment for the corporation, by following the legal guidelines, cooperating with government policies, and earning trust, support, and collaboration with the government.	Maintain good relations with the local government and neighbouring communities to enhance the company's image
Concern Issues	<ul style="list-style-type: none"> <li>● Finance &amp; business information disclosure</li> <li>● Compliance with laws and regulations</li> <li>● Operation Status</li> <li>● Corporate governance</li> <li>● Risk management</li> </ul>	<ul style="list-style-type: none"> <li>● Product quality</li> <li>● Service quality</li> <li>● Price competitiveness</li> <li>● On-time delivery</li> <li>● Green products</li> <li>● Carbon footprint/carbon disclosure</li> <li>● Restricted substance management</li> <li>● Corporate social responsibility</li> <li>● Human rights</li> </ul>	<ul style="list-style-type: none"> <li>● Pre-sales consulting</li> <li>● After-service</li> <li>● Product quality</li> <li>● Service quality</li> </ul>	<ul style="list-style-type: none"> <li>● Learning &amp; growth</li> <li>● Working environment/labor conditions</li> <li>● Wage/welfare</li> <li>● Health &amp; safety</li> <li>● Career development</li> <li>● Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>● Raw material quality</li> <li>● Price competitiveness</li> <li>● Continuously stable supply</li> <li>● Supply chain management</li> <li>● Compliance with various regulations</li> <li>● Technical capability</li> <li>● Cooperation with logistics/transportation providers to conduct effective packing</li> <li>● Raw material selection</li> <li>● Working environment &amp; health</li> <li>● Machine/equipment safety</li> <li>● Carbon management training and contests</li> </ul>	<ul style="list-style-type: none"> <li>● Construction safety &amp; health</li> </ul>	<ul style="list-style-type: none"> <li>● Corporate governance</li> <li>● Compliance with laws and regulations</li> <li>● Innovative products and services</li> <li>● Human Rights</li> <li>● Energy and climate change</li> </ul>	<ul style="list-style-type: none"> <li>● Environmental impact</li> <li>● Shaping the Corporate image</li> <li>● Economic contribution</li> <li>● Social concerns</li> <li>● Public welfare</li> <li>● Cultivation of talent</li> </ul>
Communication Channels	<ol style="list-style-type: none"> <li>1. Shareholder conference. <b>Yearly</b></li> <li>2. Annual report. <b>Yearly</b></li> <li>3. Monthly revenue statement. <b>Monthly</b></li> <li>4. Visiting investors. <b>Irregular</b></li> <li>5. Market Observation Post System. <b>Irregular</b></li> <li>6. Investor Relationship Website. <b>Standing</b></li> <li>7. Spokesperson. <b>Standing</b></li> </ol>	<ol style="list-style-type: none"> <li>1. Business review with key customers (QBR meeting). <b>Quarterly</b></li> <li>2. Reply to customer inquiries. <b>From time to time</b></li> <li>3. Customer audit and replies to customer's questionnaires. <b>By customer request</b></li> <li>4. Meeting the customer requirements about environmental and social responsibilities. <b>By customer request</b></li> </ol>	<b>Daily ongoing -</b> <ol style="list-style-type: none"> <li>1. Local service contact channels in 11 languages to provide customers with real-time communication and assistance.</li> <li>2. Websites in different languages for customers to give feedback and to access information in a real-time manner (59 established).</li> <li>3. Dedicated email boxes for different functions (Support, Copyright, Security, etc.) to provide convenient customer contact with HTC.</li> <li>4. Automated support survey invitations to collect customer satisfaction feedback.</li> <li>5. Immediate corrective actions in place based on customer's insights.</li> </ol>	<ol style="list-style-type: none"> <li>1. Department quarterly meeting. <b>Irregular</b></li> <li>2. One-on-one interview with supervisors. <b>Irregular</b></li> <li>3. Annual performance appraisal/ interview. <b>2/ Yearly</b></li> <li>4. New employee seminar. <b>Weekly</b></li> <li>5. Employee assistance hotline and mailbox, Health Center, <b>Employee Aid Scheme. From time to time</b></li> <li>6. Labor-management meeting. <b>Quarterly</b></li> </ol>	<ol style="list-style-type: none"> <li>1. Supplier communication conference. <b>Irregular</b></li> <li>2. Guidance and audit for suppliers. <b>Yearly</b></li> <li>3. Cooperation project with suppliers for addressing CSR and greenhouse gas issues. <b>Yearly</b></li> </ol>	<ol style="list-style-type: none"> <li>1. Induction training. <b>Weekly</b></li> <li>2. Patrol inspection in the facility. <b>Daily</b></li> </ol>	<ol style="list-style-type: none"> <li>1. Official document, E-mail, on-site Visit. <b>Irregular</b></li> <li>2. Meeting such as Forums, Seminars etc. <b>Irregular</b></li> </ol>	<ol style="list-style-type: none"> <li>1. Positive employee engagement in public interest activities. <b>Irregular</b></li> <li>2. HTC cooperation with governmental agencies and non-profit organizations in eco, environmental and other public welfare activities. <b>Monthly</b></li> </ol>



# Responsibility Management

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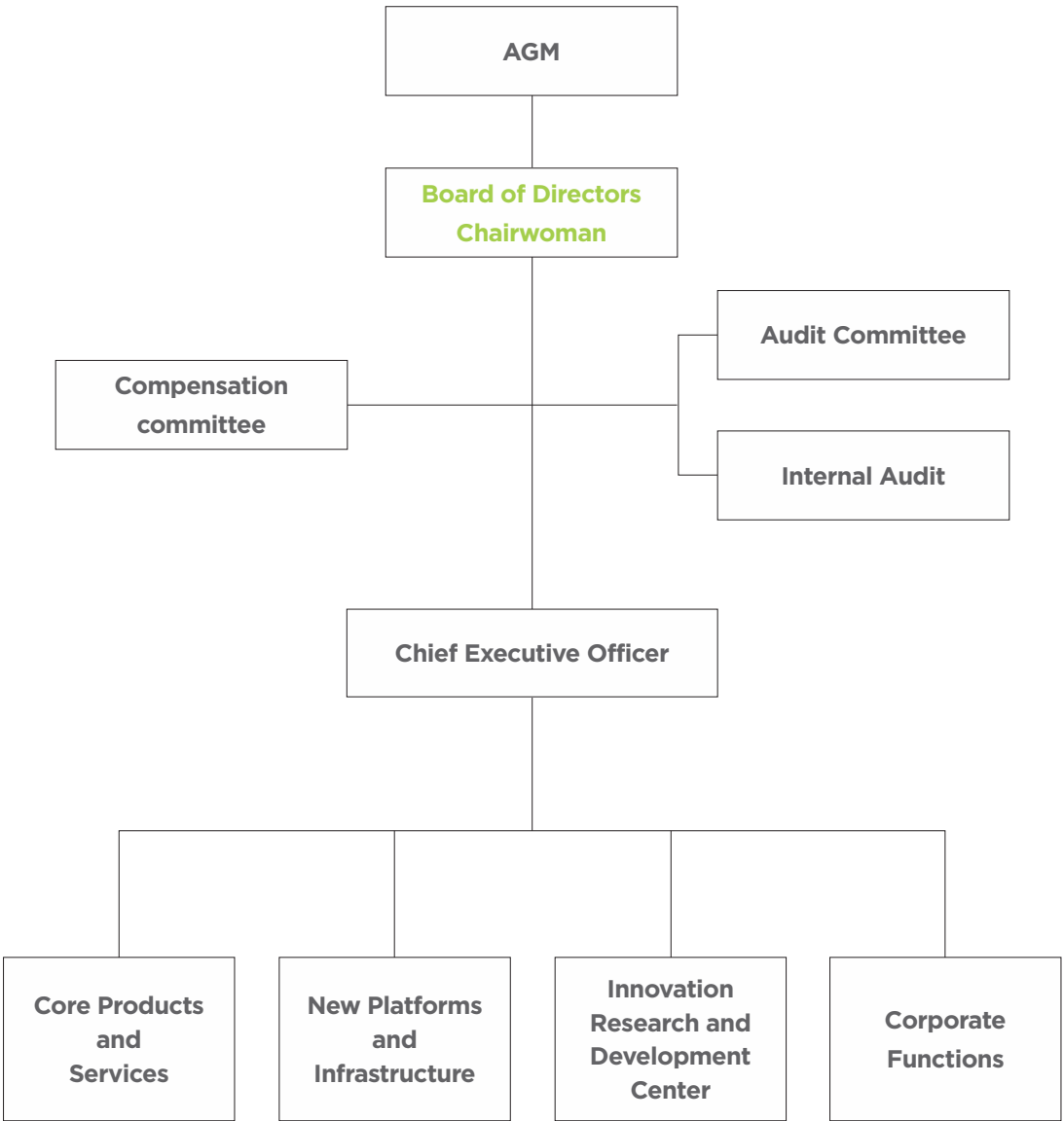




# Corporate Governance

We place great importance on corporate governance and operational transparency, and have formulated and implemented corporate governance guided by the Company Law, Taiwan’s Securities Exchange Act, and other relevant laws to continue improving our management performance, and protect the interests of our investors and other stakeholders through the comprehensive and systematic implementation of CSR.

## Organization Structure



To achieve this high standard, we formulated the HTC Corporate Governance Framework in 2014, which has been approved by the Board of Directors and complies with the “Corporate Governance Principles for TWSE/GTSM Listed Companies” as a basis for establishing an effective corporate governance structure. The objectives being:

- 1. Protect the rights and interests of shareholders.
- 2. Strengthen the powers of the board of directors.
- 3. Fulfill the function of the Audit Committee.
- 4. Respect the rights and interests of stakeholders.
- 5. Enhance information transparency.

### Board of Directors

The Board of Directors are elected by stakeholders and aims to monitor the management of the Company to ensure the long-term benefits of the stakeholders. Additionally, it is committed to taking care of various related parties including employees, customers, suppliers, government, and the general public.

There are seven directors on the HTC Board (including three independent directors), the group of directors includes one female director and is primarily responsible for setting and monitoring management goals and long-term business strategy. They are also responsible for maintaining an internal financial and accounting inspection system, assessing operating risks, and proposing strategies for the reduction of such risks.

The composition of HTC Management (Directors) by Age & Gender

Breakdown by Age	Male	Female	Total
<30 (Excluding 30)	0	0	0
30 - 50	0	0	0
>50 (Excluding 50)	6	1	7
Total	6	1	7

### Independent Directors

HTC believes that good corporate governance is critical if a business is to gain the long-term funding that underlies further investment and growth. We recognize that to achieve good corporate governance, it is necessary to widen the scope of independent viewpoints in order to win the trust of the public and the shareholders. During the re-election of directors in 2019, three independent directors were elected according to the provisions set forth in the Securities and Exchange Act. This action served to solidify our corporate governance, strengthen the independence and functions of the directors, and improve the general performance of the Board of Directors.

### Compensation Committee

The Compensation Committee is set up under the HTC Board of Directors. The committee is comprised of an independent director, and two independent external experts. The Compensation Committee assesses the salary remuneration policies and system of the Company directors, supervisors, and managers from a professional and objective viewpoint. The committee also makes suggestions to the Board of Directors for discussing. For HTC corporate governance organization and members, please refer to Page 118 in 2020 Annual report.



## Audit Committee

HTC established the “Audit Committee” to replace the Supervisors, which is composed of all independent directors. The Audit Committee assists the Board of Directors in fulfilling the quality and integrity requirement while carrying out the company's supervision work in accounting, auditing, financial reporting process and financial control. The Audit Committee has the right to conduct any appropriate audits and investigations, and has direct communication channels with the company's internal auditors and independent accountants. The Audit Committee convenes a meeting at least once a quarter. The audit supervisor and accountants should report on audit and financial statement review results, and report important discussions and resolutions to the Board of Directors.

## Complete Disclosures

HTC is committed to improving the immediacy and transparency of information disclosure. In addition to the timely disclosure of important financial and business-related information at the Market Observation Post System in accordance with regulations, it also actively participates in forums and investor conferences organized by domestic and foreign securities firms to help investors understand more about HTC's financial and business information.

We disclose our practice of corporate governance and legal compliance on the company website. For more information about HTC governance policy and other related guidelines, please visit <https://investors.htc.com/en/>

### Diversified Channels for Transparent Information Disclosure

Spokesperson & Deputy Spokesperson	In accordance with the “Corporate Governance Principles for TWSE/GTSM Listed Companies”, a spokesperson and acting spokesperson are appointed to ensure that information that may affect the decisions of shareholders and stakeholders can be promptly disclosed.
Press Release, Press Conference & Media Interview	The company’s latest developments are also communicated to our investors and the public through press releases, press conferences, and media interviews.
Website Platform Spokesperson & Deputy Spokesperson	1.HTC has established an Investor Relations Website (in both Chinese and English) through which the investors can access and download the company's financial statements, annual reports, other financial news, information about investor conferences, and correspondence with shareholders.
	2.In the “Investor Service” section, contact information and electronic forms are provided for investors to make contact with the Investor Relations Division by phone or by email.
	The Investor Relations Website is continuously maintained and updated with the latest HTC Company development information.
法人說明會	HTC participates irregularly in international and domestic forums held by foreign brokers. Details of these are provided to explain company operation, financial profile, strategic development, and business policies to the investors.

## Strict Mechanisms for Avoiding Conflicts of Interest

To prevent potential risk of corruption and being unethical, in addition to “Anti-corruption and Bribery Statement” passed by the chairman of the board, HTC has established “Rules for Derivatives Transaction”, “Credit Policy & Operational Procedure”, and “Regulations for the Appointment of Directors/Supervisors in Re-investment” and has revised the “Operational Procedures for Transactions of Specific Companies, Business Conglomerates, and Parties”, “Regulations for Budget Management”, “Regulations for Management of Subsidiaries”, and “Operational Procedures for Processing Internal Material Information and Preventing Insider Trading” as bases for internal operations. Also, in its Rules of Procedure for Board of Directors Meetings, it has duly set out a system for recusal and avoidance of conflicts of interest by directors, for compliance in the operations of the board of directors. And add legal compliance training to the compulsory training courses for new recruits to strengthen the anti-corruption awareness of new recruits.

After the establishment and subsequent revision of the “Operational Procedures for Processing Internal Material Information and Preventing Insider Trading,” the company makes internal announcements to all employees through e-mail, and also posts related information to our Intranet website. Furthermore, the latest version of the rules is always accessible for immediate reference on the corporate website and on the Intranet.

A risk evaluation will be carried out every year, including on the impact related to ethical issues. The Legal and other responsible divisions will provide an advanced analysis according to information collected about anti-corruption and ethics. The risk levels assessed these years are relatively low. Thus, those divisions proceeded to risk management for possible issues, internal trainings, statements of anti-corruption, and control measures according to the processes.

In addition, as clearly set forth in the HTC Employee Manual, involvement in fraud, bribery, embezzlement, and violation of business competition limitation may lead to a punitive dismissal. Any reports about the above offenses may be sent to the heads of the related departments, the Human Resources Division, or the auditing unit. The Human Resources Division is responsible for disciplinary action. Also, HTC set up an email inbox specifically for corruption reporting ([anti-corruption@htc.com](mailto:anti-corruption@htc.com)). Anyone can report via this email with proof, if they are aware of any corruption-related events or infringement of the Company. The identity of the reporter will remain confidential to prevent inappropriate treatment. There were no corruption related events in 2020.

Report process of corruption is as following,





HTC stipulated special regulations in its Code of Conduct to regulate confidentiality provisions, company assets, information and personal information protection, employees and their immediate family members and customers, standards of social and business etiquette for suppliers, travel, conflicts of interest, external part-time job, internal trading, etc., to guard against dishonesty, as well as penalties for violations. Employee Reporting Mailbox is also provided as the complaint channel for employees. HTC puts emphasis on legal education, and add legal training as a compulsory course for new employees. Examples were included in the e-Course for promotion.

**Anti-corruption training rates for Board of Directors and all levels of the New Employees in 2020**

	General Workforce	Middle Supervisors	Senior Supervisor	Highest Governing Institution
Number of training recipient	75	7	0	0
Recipient rate	5.85%	0.55%	0%	0%

Note: The calculation for the training recipient rate at each level is based on the number of person completing the training/the number of employees at the specific level. The calculation for the training recipient rate of the highest governing unit is based on the number of Directors completing the training/the total number of Directors.

### HTC New Employees Legal Training

Course Content	Number of participants		Course hours(Minutes)	
	2019	2020	2019	2020
General new employees legal training - confidentiality and anti-insider trading	329	82	36	36
General new employees legal training - intellectual property rights	329	82	38	38
General new employees legal training - patent litigation	329	82	38	38

When signing procurement contract or engineering contract with the suppliers or manufacturers, HTC will require its suppliers or manufacturers to sign the “Integrity Policy Statement” or the Letter of Integrity Commitment which specifies that the cooperating partners should abide by the national laws and shall not acquire business or work advantages through improper conduct (such as offering kickbacks, banquets, or other improper interests). The contract clearly states that HTC will take the initiative to terminate any collaboration with suppliers or manufacturers who violate the “Integrity Policy”. If damage has been occurred due to violation of the Integrity Policy, reimbursement shall be provided by the violating party to ensure that both parties are in line with the Integrity Policy.

## Internal Audit System

HTC has set up our internal audit unit as subordinate to the Board of Directors. The internal unit is responsible for assisting the Board of Directors and management in checking any defects in internal control and in the assessment of operational efficiency and performance, as well as the accuracy of the financial statements and compliance with the related laws. The unit also addresses areas that need improvement in a timely manner to ensure internal control is continuously and effectively implemented. The audit results are used as a basis for the review and amendment of the internal control system to advance sound management in HTC.

## Tax Management

The Company upholds the spirit of tax compliance and corporate social responsibility. Therefore, we aim to create corporate value and improve tax risk management. We set out tax management and transfer pricing policies to establish a sound tax stewardship regulation and culture, as well as an instant management process. The Company has formulated the following tax governance policies to elevate corporate value, fulfill corporate social responsibility, and carry out corporate sustainability:

- Comply with the local tax law and the rule of law. Calculate tax carefully and file it before the deadline.
- Ensure that experienced and professional internal and external personnel are involved in the evaluation and decision-making of tax-related issues.
- Ensure that information on tax reports is transparent, such as reports to tax authorities in different countries, master files, and transfer pricing reports.
- Trades between affiliate companies shall follow the principles of transfer pricing of OECD, as well as the Base Erosion and Profit Shifting (BEPS).
- Ensure that the corporate structure and trades are in accordance with the commercial substance. The structuring and trades are not to be aimed at reducing the tax burden.
- Utilize legitimate and transparent tax incentives without tax deductions that violate the rules of law.
- HTC works with tax authorities in different countries in honesty, integrity, respect, and fairness following three pillars: mutual trust, information transparency, and legal protocol. In addition, HTC provides solutions for major tax issues to help improve the tax system and institution on business environment.

## Tax Guidelines

- Comply with the local tax law and the rule of law. Calculate tax carefully and file it before the deadline.
- Ensure that experienced and professional internal and external personnel are involved in the evaluation and decision-making of tax-related issues.
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- HTC works with tax authorities in different countries in honesty, integrity, respect, and fairness following three pillars: mutual trust, information transparency, and legal protocol. In addition, HTC provides solutions for major tax issues to help improve the tax system and institution on business environment.



## Tax and Risk Management

All companies in the group appoint a large-scale local accounting firm for their tax visas, and the company provides the tax signature accounting firms with annual financial information for tax signature declaration.

## Stakeholder Engagement

The major stakeholders are tax authorities in different countries. The Company files and pays its taxes in accordance with the legal regulations of each country. Furthermore, the Company consults with any of the four major accounting firms or contacts the authorities directly if there is anything unclear or a lack of understanding about the regulations. For any tax audit, the Company prepares the relevant information and cooperates with the tax authority after receiving the notification.



## Risk Management

HTC manages corporate risk with a focus on sustaining value for the shareholders and stakeholders. We have established an appropriate control mechanism after careful consideration of all the various operational uncertainties that ensures a rapid response to uncertainty, as well as to any attendant risks and opportunities. Such careful risk management enhances our ability to create value.

## Management of Operating and Financial Risks

HTC has never made high-risk, high-leverage investment, yet, as a part of our long-term business strategy, we are still positively evaluating the risks and benefits of introducing new technology. To remain responsive to the potential risks caused by increased costs as a result rapid industrial development, we control operating cost risks by strengthening the functions of our products, reducing overall costs, and strictly controlling expenses.

Due to fast and fiercely changing global financial markets, foreign exchange movements will trigger the challenge of business operation and thus influence shareholder's rights. As a result, HTC has adopted relevant risk management policies and standards for measurement of risk. In this regard, we have set up the funds management practice, which clearly stipulates the tools and decision-making processes.

We carefully evaluate all kinds of uncertainties of business operations, and thereafter accordingly formulate control mechanisms. For example, business continuity planning (BCP) is set up to cope with the uncertainties of different situations, including risks and opportunities derived, and to increase value-creating ability.

In 2020, HTC foreign exports accounted for around 76% of our total business revenues. HTC's revenue are denominated primarily in the US dollars(USD) and Euros (EUR), the manufacturing costs are denominated primarily in US dollars, so the significant fluctuations in the international exchange rates may affect the operating income, operating costs and operating net profits in foreign currency denominations. Apart from efficient management of the quality and payment cycles of its foreign currency denominated accounts receivable, HTC uses forward exchange contracts to minimize its forex risk.

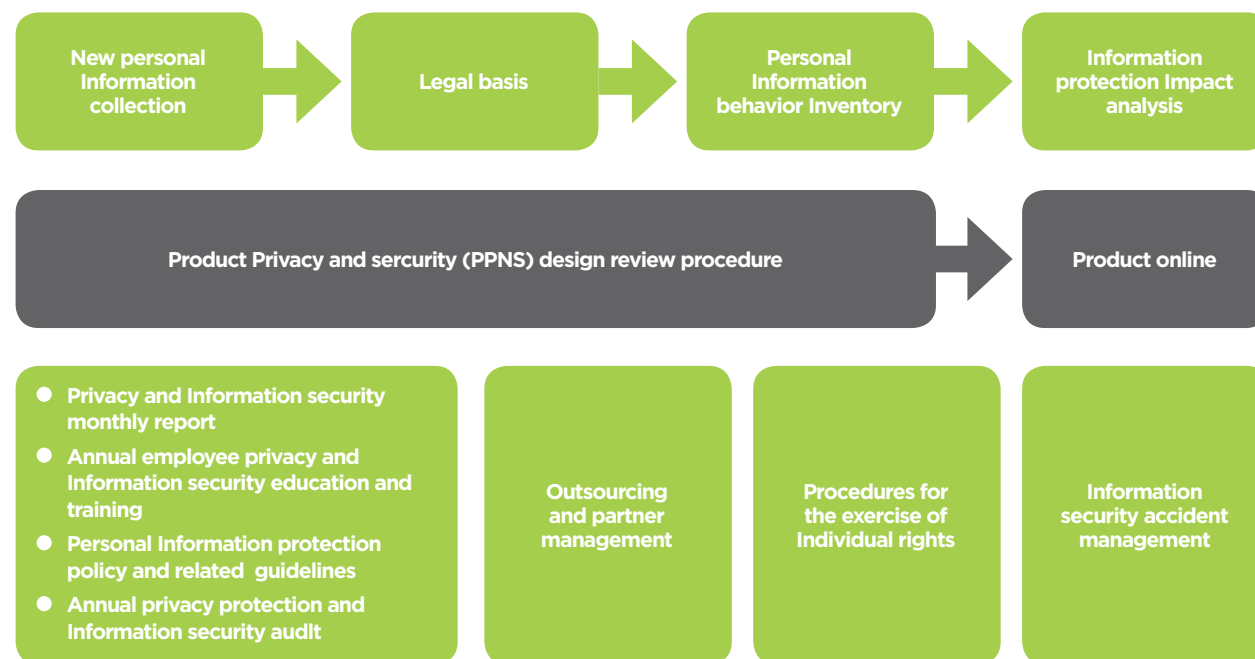
## Privacy protection and information security risk management

Protecting the company's R & D achievements and customer information is the duty and responsibility of all HTC employees. In order to ensure that information security and privacy protection are fully integrated into the organization's culture and the company's core values, HTC actively establishes and promotes information security and personal data protection policies, ensuring that they are in compliance with relevant information security and privacy protection regulations from various countries.

Under the influence of COVID-19, HTC strictly protects confidential and personal information and continues to create a win-win situation among HTC, partners, clients, and consumers. HTC is optimizing "personal information management system" and "information security management system" to control potential risks. The legal, product safety, and information security departments are working together as a team to promote privacy protection and information security.



## Structure of HTC's personal information management system

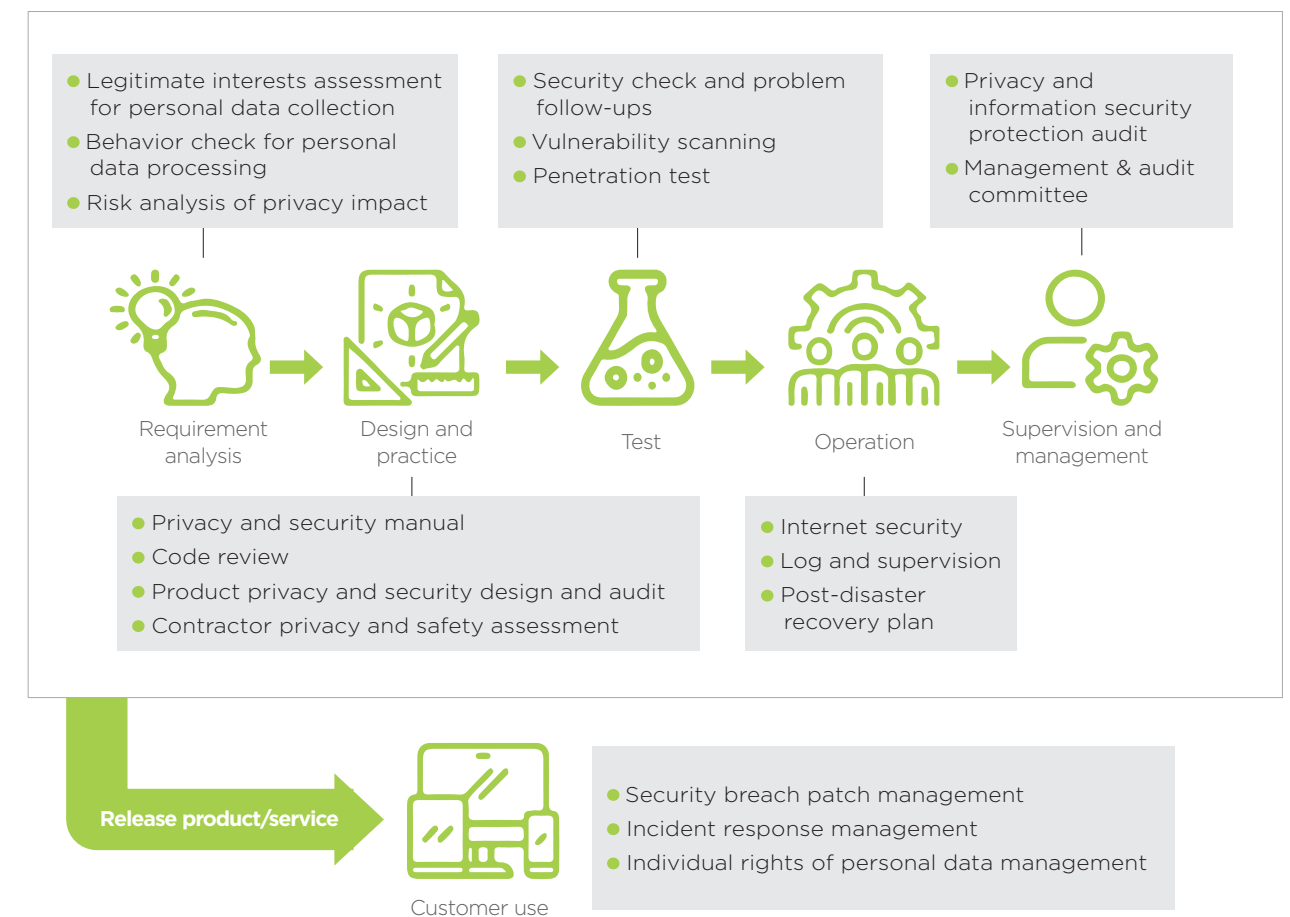


HTC's privacy protection system complies with Taiwan's Personal Information Protection Act, and refers to applicable international privacy protection regulations, such as the General Data Protection Regulation the European Union, the Children's Online Privacy Protection Act of the United States, and the California Consumer Privacy Act. HTC also introduced the BS10012 Personal Information Management System (PIMS) developed by the British Standards Association for personal information management based on OECD, APEC and data protection laws, and implemented these policies in areas such as employee education and training, product development and design, manufacturer management, and security incident management.

In order to reduce the risk of operation management and ensure the continuous operation of businesses, HTC has moved the core basic systems to the cloud and introduced various cloud services to create a cloud working environment that advances with time. By utilizing the flexibility and high availability of the cloud, deploy and disaster recovery can be performed quickly when failure occurs, effectively improving work efficiency.

## Product Information Security

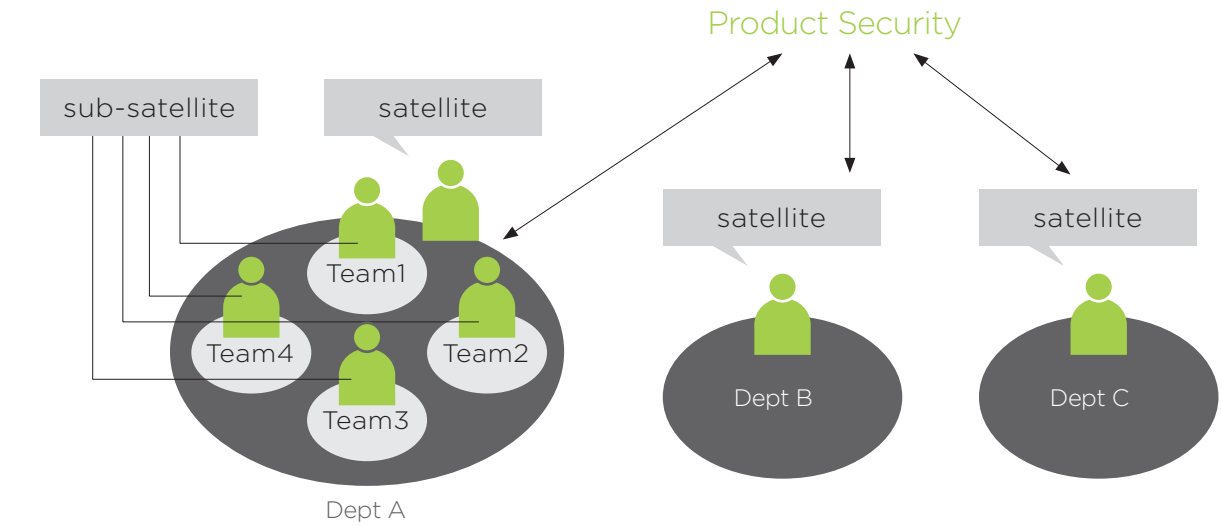
### Software Security Control Measures of HTC Products



HTC requires the development team to strictly comply with information security rules from the design stage of products, and provides relevant training on product and information security protection measures to the team. The training refers to the laws and regulations of different countries, as well as the most prominent case studies in the industry. Furthermore, the training materials include a lot of knowledge and experiences in information security which are contributed by HTC's internal resources. Hence, trainees can easily absorb and utilize this knowledge.

We require all our products and services to go through the product privacy and security (PPNS) design review procedure. They include the virtual reality system - VIVE, enterprises virtual reality solutions, global VR application stores and subscription platform - VIVEPORT, 5G applications, smartphones, and data collection, use, processing, and storage on the DeepQ AI Platform. As a result, we can comply with the privacy protection principles, such as legitimacy and transparency, minimization of data collection, limitations of purposes and storage, and so on. Therefore, we can ensure the completeness, confidentiality, and accuracy of information.

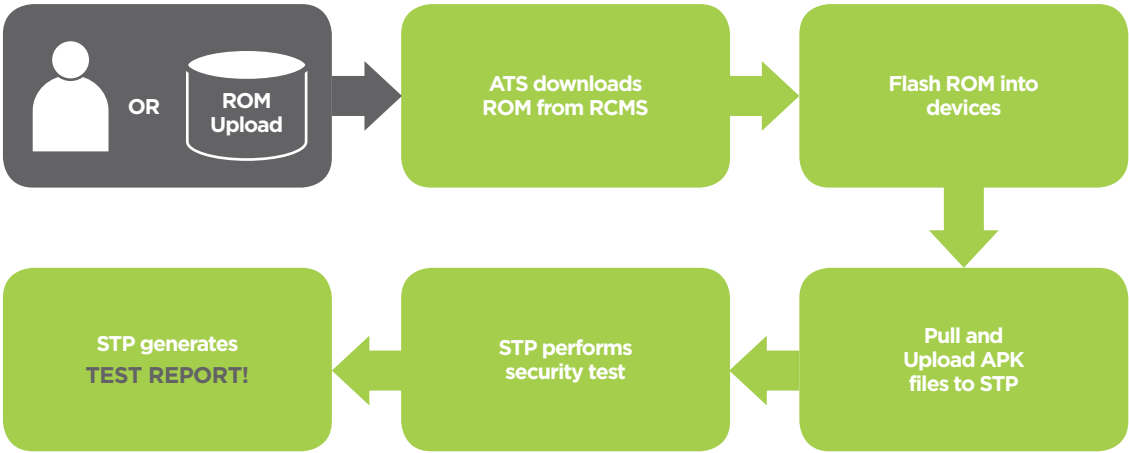
Structure of Product Information Security



In terms of the product security in the structural planning, we have set up security satellites in major development teams to implement privacy and information security policies more effectively. Besides promoting relevant policies, the security satellites are highly familiar with the products of their own teams and are requested to participate in the PPNS design review procedure mentioned above. Consequently, we enhance the positive meanings of the effect of the review procedure.

In the design and development of software, HTC publishes a privacy protection and safe software development manual to assist the development team for R&D and to execute code reviewing in accordance with the manual. This helps to avoid the involvement of unstable or malicious codes, as well as to ensure that the developed products comply with the expectations of consumers and clients regarding the privacy and information security of HTC's products.

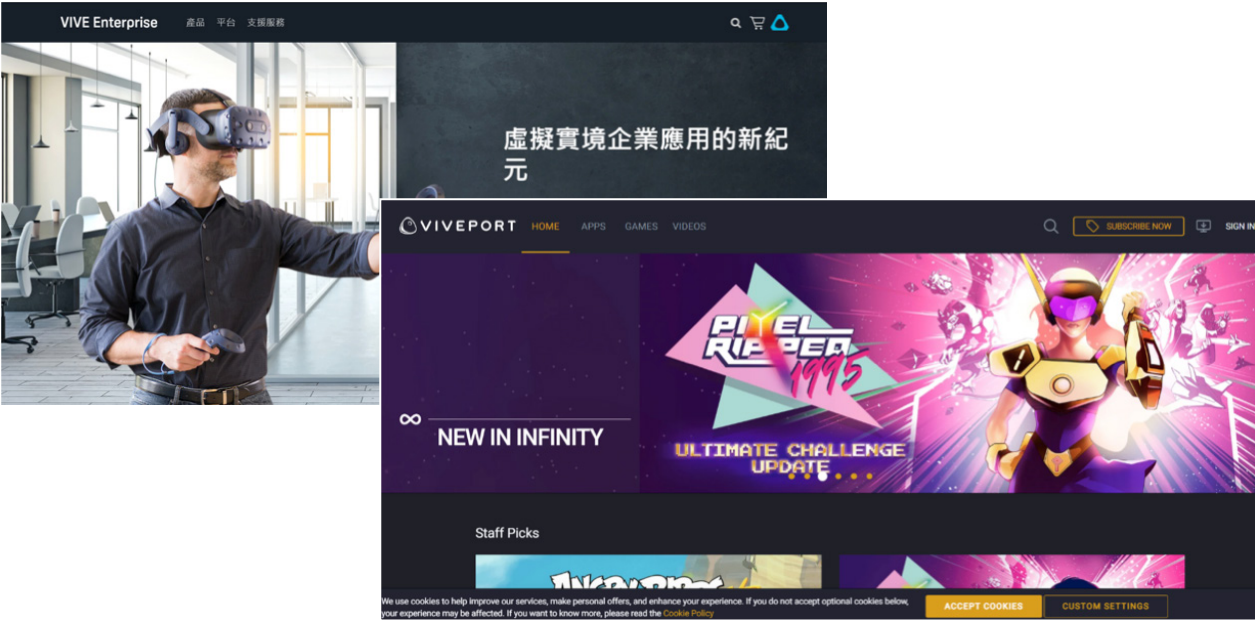
HTC Security Test Platform (STP) Flowchart



During the development process, HTC introduced automation instruments, such as information security test and weakness scans to verify our products in case any damage by consumers causes a security breach.

Our management of privacy and information security does not end after the launch of new services or after the purchase of products. Instead, we continue to work on information security control. We follow up the software patches for security breaches and provide these to the relevant development teams. We also provide designated contacts for external personnel to report information security problems. Additionally, we also equip professional teams to conduct the assessments and replies - demonstrating our highest concern for consumers' privacy and security. The most important we strive to ensure is that HTC's services can be provided to our customers correctly and continuously.





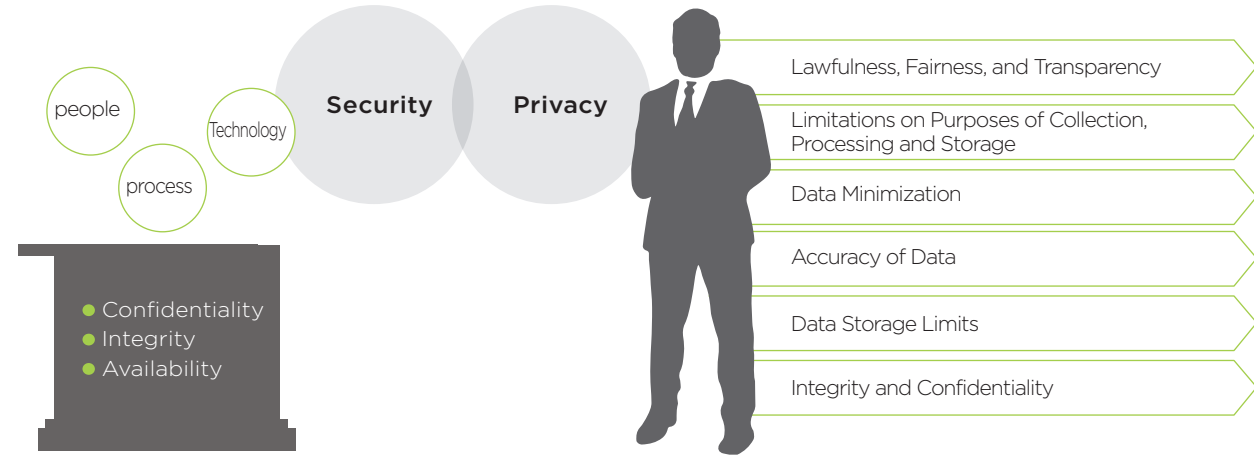
In order to ensure that HTC employees comply with the policies and guidelines issued by the “HTC Personal Information Management System”, all HTC employees must complete privacy protection and information security education, training and test every year, while personnel responsible for product development must complete product security related education, training and test every year.



HTC requires its employees to abide by the “HTC Privacy Protection System”, and also requires its outsourced vendors as well as cooperation partners to comply with applicable privacy protection regulations and HTC privacy protection and information security requirements to jointly protect privacy and information security.

As for information security, HTC follows ISO 27001’s information security standard, and establishes and promotes all kinds of information security management measures. In this way “security” becomes part of employees’ daily life. Meanwhile, risk assessments, and privacy and security internal audits are conducted annually. Through these audits we can ensure the implementation of management systems and modify relevant policies to lower the risks in a rolling manner.

### HTC Privacy and Security Internal Audit



In terms of reducing operational management risks and ensuring continuous operation, HTC has focused on cloudification of key core basic systems and introduced various cloud services to create a cloud working environment that keeps pace with the times. By utilizing the flexibility and high availability of the cloud, deploy and disaster recovery can be performed quickly when failure occurs, effectively improving work efficiency.

Besides protecting information of our corporate users and consumers, “HTC personal information management system” is also valid for our employees. For example, HTC promotes diverse information security protection mechanisms to cope with any possible information threat. HTC is also dedicated to delivering important messages to employees about how to maintain the “information security” during the prevention period. In particular, by strengthening information security, such as remote connection security, remote video conference security, remote communication assistance tool security, system security, network security, physical security, information security, and so on during WFH, we make “security” part of an employee’s life. In addition, in the privacy and information security newsletter, HTC reminds employees to be cautious about phishing e-mails regarding COVID-19. HTC also ensures that the personal data of staff who go through epidemiological investigations is processed by specialists and is well-protected in accordance to the CECC’s “contact-based policy”. Furthermore, we abide by the constraint of data purposes, minimization of data collection, and data deletion principles; this means that all the data collected for the investigations will be deleted after the storage period is over.

Management of Climate Change Risk

As an answer to requests from customers, HTC joined the Carbon Disclosure Project (CDP) in 2008. We voluntarily disclose information about our climate risks, future development opportunities, emissions, and strategic management mechanisms. In 2020, HTC's rating on the CDP climate change questionnaire reached B level (the international average level is C).

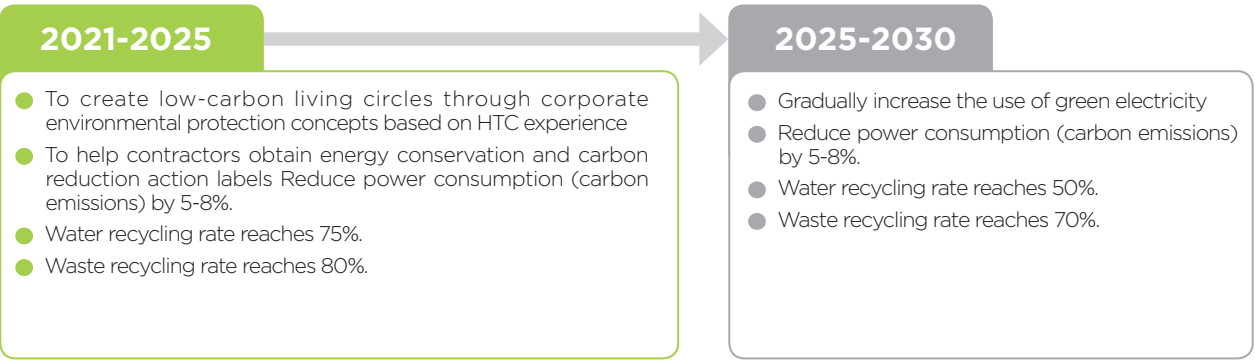
In the 2020 CDP Supplier Engagement Rating (SER), HTC was rated as level A- (international average is level C). The Supplier Engagement Rating uses the responses of the company's CDP climate change questionnaire in terms of governance, objectives, scope 3 emissions, and value chain participation to evaluate the performance of supplier engagement.

In addition, HTC keep to require our suppliers to respond HTC Suppliers GHG Emission Survey in 2020, actively contributing its corporate influence, and calling on its supply chain partners to work together in carrying out further assessments and actions for climate change. The supplier response rate in 2020 reached 98.1%.

A quick look at HTC management of energy and climate change

- As a response to the issue of greenhouse gases and global warming, HTC implemented the ISO 14064-1 Greenhouse Gases Emissions Inventory Program and has an ISO 14064-1 Greenhouse Gases Emissions Verification Opinion Statement for the planning of energy strategy and action.
- All the HTC plants have been included in the Taiwan organizational boundary area and have been subject to inspection since 2009.
- Between 2010 and 2015, the HTC plants in China were also included in the scope of inspection and disclosure and external verification was launched. Electric power was found to be the main source of emission.
- The ISO 50001 Energy Management System, based on ISO 14064-1 standards, is used to check the greenhouse gas emissions and emissions source of a company. With the help of energy management systems, the ISO 50001 can achieve energy management according to plan. HTC has implemented the system since 2011 in an effort to reach the goal of sustainable management.
- After joining the Carbon Disclosure Project (CDP), HTC is obliged to regularly report its plans, systems, and achievements regarding carbon risk and carbon management. In 2018-2019, HTC participate in CDP Supply Chain program members and invite suppliers to participate in the carbon disclosure.

Sustainability Management Vision



Climate-related Financial Disclosure

Framework	HTC Action Plan
Governance	<ul style="list-style-type: none"><li>● HTC currently does not have an independent group to discuss climate change related issues. The Quality and Sustainability Management Department convenes HTC CSR committee members based on industrial relevance to determine the potential impact of various issues on the organization internally and externally, including the identification and assessment of climate change related risks, and the responses to climate impact.</li><li>● The manager of the Quality and Sustainability Management Department reports to the Audit Committee under the Board of Directors every year on the annual CSR performance and goals for the next year, including issues related to climate change.</li></ul>
Strategy	The smart mobile devices and virtual reality products produced by HTC, combined with a new way of operation, life, work, learning and travel, will help users to achieve the goals of energy saving and carbon reduction. Through continuous performance demonstration, management mechanism promotion and system establishment, as well as planning at different stages of environmental protection cooperation between society and enterprises, short-, medium- and long-term goals of sustainable development can be achieved gradually.
Risk Management	In order to identify and evaluate current and future activities related to sustainable operations, and products and services that may cause significant impacts or risks, the HTC risk assessment team will conduct regular organizational risk assessments, including climate change status, serving as a basis for formulating policies and goals. The evaluation results are as follows: In the future, the risk assessment mechanism recommended by TCFD will be introduced to assess specific issues of climate change and to understand potential financial impact.
Indicators and Goals	<p>The mid-to-long-term plan is to reduce carbon emissions by 5 - 8% in 2025 (2020 is selected as the basis). For details, please refer to the "Sustainability Management Vision and Short-, Medium- and Long-Term Plan" in P.70 of this Report.</p> <ul style="list-style-type: none"><li>● Since 2009, ISO 14064-1 verification statement has been introduced and continuously acquired in order to fully grasp the energy use. Therefore, energy-saving strategies and actions can be determined and planed in response to international greenhouse gas and global warming issues.</li><li>● Since 2011, ISO 50001 energy management system has been introduced so that energy management can be implemented more effectively, achieving the goal of sustainable business operations.</li><li>● We are committed to improving the energy efficiency of ourselves and our customers. In addition to setting carbon reduction goals, waste reduction and water saving goals have also been determined to reduce impact on the environment.</li></ul>



HTC climate-related risks and financial impact

Type	Climate related risks	Potential financial impact	Responding actions in 2020
Transition Risks	<b>Policy and Legal</b>		
	1. Laws and standards of energy-saving products 2. Local regulations (i.e., Greenhouse Gas Reduction and Management Act in Taiwan)	1. Increase of operating costs (i.e., increase of compliance costs and costs for raw materials and parts) 2. Writing-off and advance retirement of the existing assets due to policy changes 3. Increased costs and/or reduced demand for products and services due to fines and court decision	● The options for alternative materials were increased to reduce the risk of selecting materials from single source. On the other hand, through large number of purchases, the purchase cost of related components was reduced to achieve optimum cost structure. ● 23 energy-saving projects were implemented in 2020, which saved 503,925 kWh of electricity.
	<b>Technology</b>		
Physical Risks	1. Unsuccessful investment in new technologies 2. Transitioning to lower emissions technology 3. Substitution of existing products and services with lower emissions options	1. Capital investment for technology development 2. New and alternative technology R & D expenditure 3. Decreased revenues due to reduced demand for products and services 4. The cost for adopting/building new practical operations and processes	● Sustainable design of products, such as improving energy efficiency, recycling and reducing harmful substances, was implemented to enhance the green competitiveness of products. ● Improve product applications with an accessory functionality. Easy replacements and upgrades can extend the design concept of the product life-cycle.
	<b>Acute risk</b> Increased severity and frequency of extreme weather events such as typhoons and floods	1. Decreased revenues due to reduced production capacity (such as production line shutdown, transportation difficulties, and supply chain interruption) 2. Labor power of employees is affected, resulting in reduced profits and increased costs (i.e., health, safety, absence from work)	● Continued to acquire the ISO 14064-1 verification statement to fully grasp the energy use, and implemented energy management systematically in accordance with the ISO50001 energy management system.
	<b>Chronic risk</b> Changes in precipitation patterns and extreme variability in weather patterns	3. Unstable room temperature, which affects the lifetime of instrument and equipment. Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets, which increases the infrastructure cost	

HTC climate-related opportunities and financial impact

Type	Climate related opportunities	Potential financial impact	Responding actions in 2020
Resource Efficiency	1. Use of recycling 2. Move to more efficient buildings 3. Reduced water usage and consumption	● Reduce operating costs (i.e., reduced costs through the use of solar energy and recycling) ● Increase the value of fixed assets (i.e., high-efficiency green buildings) ● Benefits to labor management and planning (i.e., improved health and safety, employee satisfaction), which reduces costs	● Waste reduction strategy was adopted; continue to reduce waste generation from the source through classification and waste-reduction promotion, and take recycling as the first consideration to increase the reutilization of resources. ● Continued to promote the management of energy performance through various energy-saving improvement and management programs such as improvement of building lightings and air-conditioning systems ● Recycled water is used for the landscape, which is in accordance with the effluent standards of sewage disposal. Therefore, the consumption of water can be reduced. ● SMT scheduling is centralized as double production lines. We saved a total amount of NT\$7,664,298 of nitrogen and electricity a year. HTC developed relevant production and testing equipment that can effectively share and recycle jigs and accessories simultaneously. As a result, parts can be recycled with zero waste. ● Through improving production process and quality control, HR educational training, raw material QA control, jig development and improvement, automated production and testing, and precision testing, we increase the product life-span and life-cycle, as well as reducing electronics waste and damage to the environment. By adjusting trial production lines, we are able to enhance the production efficiency.

Type	Climate related opportunities	Potential financial impact	Responding actions in 2020
Energy Source	1. Use lower-emission sources of energy	● Reduce operating costs (i.e., reduced costs through the use of solar energy)	● Continued to use green energy, including the use of low-polluting energy sources and equipment such as solar panels and heat pump systems. Building a low-carbon life through the implementation of various energy-saving measures such as improvement of lightings and air-conditioning systems, and the offering of shuttle buses for work
Products and Services	1. Develop or expansion low emission goods and services 2. Development of climate adaptation, resilience and insurance risk solutions 3. Development of new products and services through R&D and innovation	● Increase revenue through the demand for low-carbon products and services ● Increase revenue by developing new solutions that meet the needs of climate adaptation (i.e., VIVE product applications and services)	● The use of VIVE product applications and services; Use of digital technology can shorten time and distance, which in turn saves transportation time and costs. VIVE enterprise solutions help enterprise users to expand their businesses, creating a framework for enterprise users to reach customers, develop products and train employees in the future.
Markets	1. Access to new markets 2. Use of Public-sector incentives 3. Access to new assets and locations needing insurance coverage	● Increased revenues through access to new and emerging markets (i.e., cooperate with government, public agencies, hospitals)	● For enterprise users, we published contents for applications that are related to training, health care, sports and education. ● VIVE ORIGINALS- combines films, cultural entertainment and art industries, and is committed to the production of original content. We continue to receive subsidies from the Ministry of Culture. ● VIVE Arts- uses cutting-edge technology to create unique art and cultural experiences that can be enjoyed all over the world. We continue to cooperate with the world's top art galleries, museums and artists.
Resilience	1. Participation in renewable energy programs and adoption energy-efficiency measures 2. Resource substitutes/diversification	● Improve market valuation through resilience planning (i.e., infrastructure, land, buildings)	● Using solar power generation systems, and connect the power lines of the systems to the grid to sell the generated electricity back to Taipower, alleviating the power loading burden in Taiwan and reducing carbon dioxide emissions. ● Measures of electricity and paper-saving in manufacturing plants. ● Paperless daily/weekly/monthly report/SOP/testing spe with OQC introduced. In 2021, we plan to adjust testing frequency according to the material quality risks. Thus, we can reduce the time of equipment and instrument use. We can save up to 38% of electricity (about 1121 degrees)/30% aluminum plate consumption/elongate 50% lifespan of an X-Ray light pipe annually.

## GHG Emission and Reduction

Total greenhouse gas emission by HTC was 10,262.5594 t-CO<sub>2</sub>e in 2020. 2013 continues to be the base year, and the greenhouse gases inventory in 2020 didn't exceed over 3% of significance threshold. The majority of emitted gas was CO<sub>2</sub>. It is notable that HTC's GHG emissions contained little percentage of CH<sub>4</sub>, N<sub>2</sub>O and HFCs. PFCs, SF<sub>6</sub> and NF<sub>3</sub> emissions were maintained at zero.

Besides, we have extended greenhouse gas emission investigation and external verification scope 3 to include control over subsidiaries, including comprehensive statistics, and the monitoring of greenhouse gas emissions to improve the overall energy use efficiency and create better energy revenue since 2014. HTC's emissions contained no Sulfur oxides or other waste gases, and HTC does not use any substances that might endanger the ozonosphere. Moreover, the cooling and air-conditioning systems in HTC's buildings all use environment-friendly coolant R-134a to further preserve the ozonosphere.

### HTC GHG Emissions

Year	Unit	2018	2019	2020
Total Emission				
Total Emission Scope 1	t-CO <sub>2</sub> e	2,711.7527	552.461	372.0549
Total Emission Scope 2	t-CO <sub>2</sub> e	21,027.7191	12,601.900	9513.1854
Eco-Efficiency Value	NT\$	1	0.76	0.59
Total Emission Scope 3	t-CO <sub>2</sub> e	699.0291	1,657.927	377.3191
Emission: CO <sub>2</sub>	t-CO <sub>2</sub> e	21,421.7374	14,417.127	9,602.0662
Emission: CH <sub>4</sub>	t-CO <sub>2</sub> e	494.8250	353.032	253.5848
Emission: N <sub>2</sub> O	t-CO <sub>2</sub> e	0.6854	0.186	0.3445
Emission: HFCs	t-CO <sub>2</sub> e	1,822.2240	41.943	29.2448

Emission coefficients

1. Power Conversion CO<sub>2</sub> equivalent emissions are calculated in accordance with the power emission coefficient(0.509) of the year announced by the Bureau of Energy
2. GHG Emission Coefficient Table, version 6.0.4
3. The scope includes HTC Headquarters & Plant and Taipei Offices.

GWP  
(Global Warming Potential) 2017-2020 based on IPCC 2014 5<sup>th</sup> Assessment Report.

Note: Eco-efficiency value (revenue generated from each unit of greenhouse gas emission) = Operating revenue (in millions) / greenhouse gas emission (Scope 1+Scope 2).

Scope 3	Unit	2018	2019	2020
Shuttle Bus	t-CO <sub>2</sub> e	170.486	149.197	72.0351
Rubbish Truck	t-CO <sub>2</sub> e	50.873	20.932	26.7939
Business Travel	t-CO <sub>2</sub> e	477.670	1,487.798	276.9665

## Energy Consumption Analysis

The power used by HTC is mainly electricity. To decrease the use of electricity, we persistently promote various kinds of energy efficiency management. We achieve energy savings through the improvement of the lighting and air conditioning systems, and the installation of renewable energy equipment. In 2020, the design on energy efficiency contributed to 578,281 kWh (2,081 GJ) of reduction, and the total amount of reduction in carbon emission was 308 t-CO<sub>2</sub>e which translates into a saving of NT\$1,259,685.

### Energy Saving and Carbon Reduction Results of Office buildings and Plants

2020	Total Use of Electricity (GJ)
HQ & Plants	
TY3 Building	31,992.48
H Building	75,610.74
Taipei office 1	21,295.04
Taipei office 2	4437.43
Total	133,335.69

### The Eco-efficiency Value of HTC

Environmental Indicators	Unit	2018	2019	2020
Electricity	1,000 kWh/Year	37,956	23,495	19,996
Operating revenue	Million(NT\$)	23,741	10,015	5,806
Eco-efficiency value	NT\$	0.63	0.43	0.29

Note:  
1. The eco-efficiency value (revenue generated from each electricity consumption unit) = Operating revenue (millions) / electricity consumption.  
2. The scope of electricity usage in 2020 is the HQ & Plants and Taipei Offices.

## Energy-saving and carbon reduction Actions

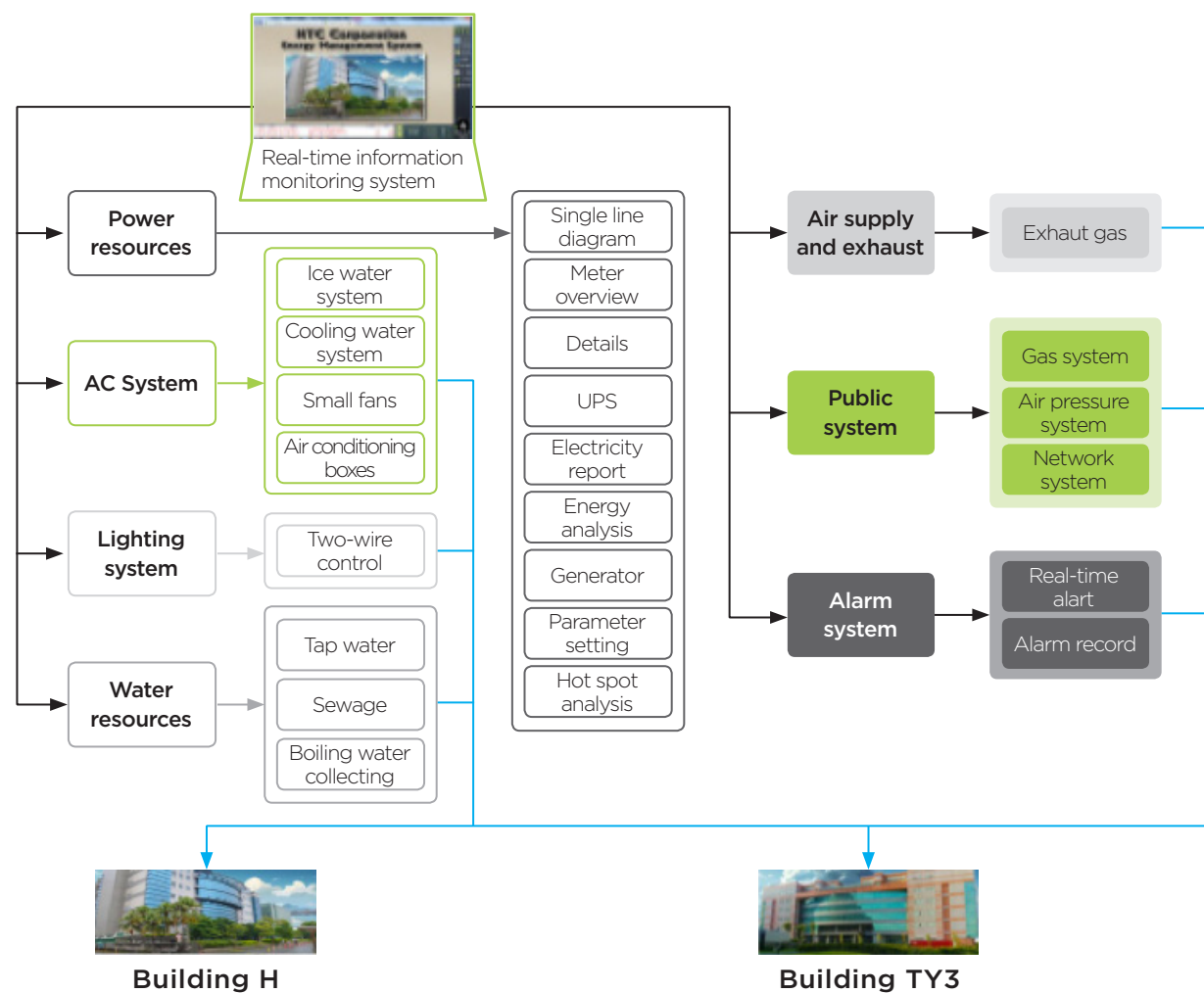
HTC introduced an energy management system as per ISO 50001 to gain a full picture of internal energy use. The applicable regulatory requirements and energy benchmarks were implemented and HTC set energy performance indicators, and short-, middle-, and long-term improvement goals. And gradually develop and implement energy-saving action plans with the target of "conserving electricity and reducing carbon emissions" was set up to eliminate the waste of energy caused by bad habits or incorrect information.





In order to achieve the goal of saving 1% of electricity consumption, energy management has become our key energy saving direction. Since the manufacturing center and the factory facilities and computer rooms are the places where equipment energy consumption is concentrated, different energy-saving strategies and measures are adopted according to the conditions of each plant.

Targeting the HQ & Plants area, HTC plans to build a new energy management system. Through the additional monitoring system, the energy-consuming equipment inside buildings can be monitored. Through monitoring, control, management, analysis, and other steps, an insight is gained into equipment operations and energy consumption situations. Then, based on the judgment made through the comparative analysis of the monitoring system big data, continuous energy conservation improvement can be made. In addition, according to the equipment deployment and operation time during factory working hours and off-work hours, the equipment is turned on and off according to the automatic scheduling. This project was completed in August 2019, and energy-consuming equipment was included in the centralized management of the monitoring system to achieve the goal of continuous energy saving.



## 2020 Energy Saving and Carbon Reduction Results

Program	Energy Savings in kWh	Amount of Money Saved in NT\$	Carbon Emission Reduction in Kg-CO <sub>2</sub> e/kWh
HQ & Plants			
Air handlind unit energy saving in H-1F C stairs	1,234	3,702	658
Air handlind unit energy saving in H-1F B stairs	3,089	9,266	1,646
Lamps change from T8 to LED in TY3- 4F & 5F Front Building	79,358	238,075	42,298
Wharf mercury lamps replaced by LED cast energy-saving lamps in TY3	2,160	6,480	1,151
Lighting change from T8 to LED in H-B1F & 7F	20,160	60,480	10,745
Lighting change from T8 to LED in H-7F	43,956	131,868	23,429
Energy saving solution of FFU fan in maintenance room in TY3- 5F	2,925	8,775	1,559
Air handlind unit energy saving in H-2F C stairs	8,580	25,740	4,573
Fan Coil Unit energy-saving solution of toilet in H-1F A stairs	528	1,584	281
Lobby Fan Coil Unit energy-saving solution in H-1F	5,832	17,496	3,108
Fan Coil Unit Power consumption and energy saving in H-1F A stairs	864	2,592	461
Exhaust System energy saving of male toilet in TY3-5F	1,074	3,223	573
Exhaust System energy saving of female toilet in TY3-5F	1,074	3,223	573
Lighting change from T8 to LED of toilet in TY3	14,400	43,200	7,675
Exhaust System update of toilet in TY3-4F	9,316	27,947	4,965
CHP5 ice water pump energy saving scheme in ice machine room in H-B1	64,454	193,363	34,354
Lighting change from T8 to LED in TY4-2F-4F	10,080	30,240	5,373
Lighting change from T8 to LED of Stairwell in H building	15,120	45,360	8,059
Lighting change from T5 to LED of Underground Parking Lot in P-B1F-B3F	84,288	252,864	44,926
Exhaust System update of toilet in TY3-5F	10,742	32,227	5,726
Exhaust System energy saving of male toilet in TY3-6F A stairs	144	432	77
Exhaust System update of toilet in H-1F C stairs	2,744	8,232	1,463
Energy saving scheme for secondary ice water pump in ice machine room in H-B1F	111,060	333,180	59,194
Taipei Office 1			
B2F UPS machine room- split-type air conditioner replacement	32,105	96,315	17,112
#1, #2 Elevator machine room- split-type air conditioner replacement	33,724	101,172	17,975
#3, #4 Elevator machine room- split-type air conditioner replacement	19,270	57,810	10,271
Total	578,281	1,734,846	308,226

Note:

1. The money saved through energy conservation is calculated on a basis of the industrial electricity price announced by the Taiwan Power Company in 2020: NT\$3/kWh.

2. The CO<sub>2</sub> carbon emission coefficient is calculated on a basis of the 0.533 kg/kWh standard announced by the Bureau of Energy

Results of Online Meeting on Carbon Reduction

In response to COVID-19, our meetings were all changed to online conferences using Teams in 2020. Around 37,552 online meetings were held in 2020. We are able to reduce about 24,784.32 kg CO<sub>2</sub> emissions every year. The largest conference is the year-end party/lucky draw in January 2021. 1,300 employees around the globe participate in this event online. We estimate to reduce 30,776.8 kg CO<sub>2</sub> carbon emissions due to the traffic reduction of this event.

Region	Attendee No.	Estimated Distance (Km)	Carbon Emission (kgCO <sub>2</sub> )
ASIA	4	1,000	292.0
CN	64	500	2,336.0
EU	24	10,000	17,520.0
TW	1,161	68	992.8
US	11	12,000	9,636.0
Total	1,264		30,776.8

Remark:  
1.9,388 meetings in 90 days were held. Therefore, 37,552 meetings per year is estimated.  
2.An estimated meeting time is one hour. Carbon emission of projectors is about 0.66 kgCO<sub>2</sub>/1000 W/hr. We can save 24,784.32 kg CO<sub>2</sub> emission every year after moving meetings to online conferences.  
3.Around 30,776.8 kg CO<sub>2</sub> carbon emission from traffic is saved.

The Use of Green Energy

To create a low carbon life, we use only green energy, which includes the use of solar panels, eco-cooler air conditioners, and other low carbon emission sources like electric cars.

Energy-saving program	Descriptions
Solar panels	1. Taipei Office 1 has solar panels that generate electricity used for lighting the staircases and basement in 2012. The cumulative total number of solar panels since it was built has reached 117,276 kWh, including 13,918 kWh in 2018, 11,418 kWh in 2019 and 14,963 kWh in 2020. 2. Taoyuan plant is set to install solar energy system on the roofs; the total capacity is 180kW. By means of internal line parallel series, the power was sold in bulk and included in Taipower supply system to solve the power shortage problem in Taiwan.
Heat pumps for air conditioning	We installed a heat pump system in the Taipei offices to provide hot water for showering in the staff gymnasium and hot water for cleaning in the kitchen. Besides providing heat, it can also provide partial cooling energy. The iced water produced during the heat exchange can be used for air conditioning. This system provides hot water and cold air at the same time.
Electric vehicles and bicycles	Four Tesla superchargers were installed, and bicycle parking is provided in our Taipei offices. This encourages our staff to use transportation vehicles with low emissions and high energy efficiency. The total power charged at the superchargers is 378kW in 2020 (including solar energy).
R22 refrigeration split system air conditioners are gradually replaced by R410A	Traditional R22 refrigeration includes chlorofluorocarbons (CFCs), the culprit of ozone layer destruction. We gradually replaced the current R22 refrigeration split-system air conditioners with R5410A refrigeration to save the ozone layer that protects the earth against most ultraviolet (UV). We replaced two 10 kW dual split-system air conditioners in 2020.



Electric vehicle charging area



Free bicycles for rides



Solar Power Generation System



Solar panels at Taipei headquarters



Infrared switch of safety ladder lighting

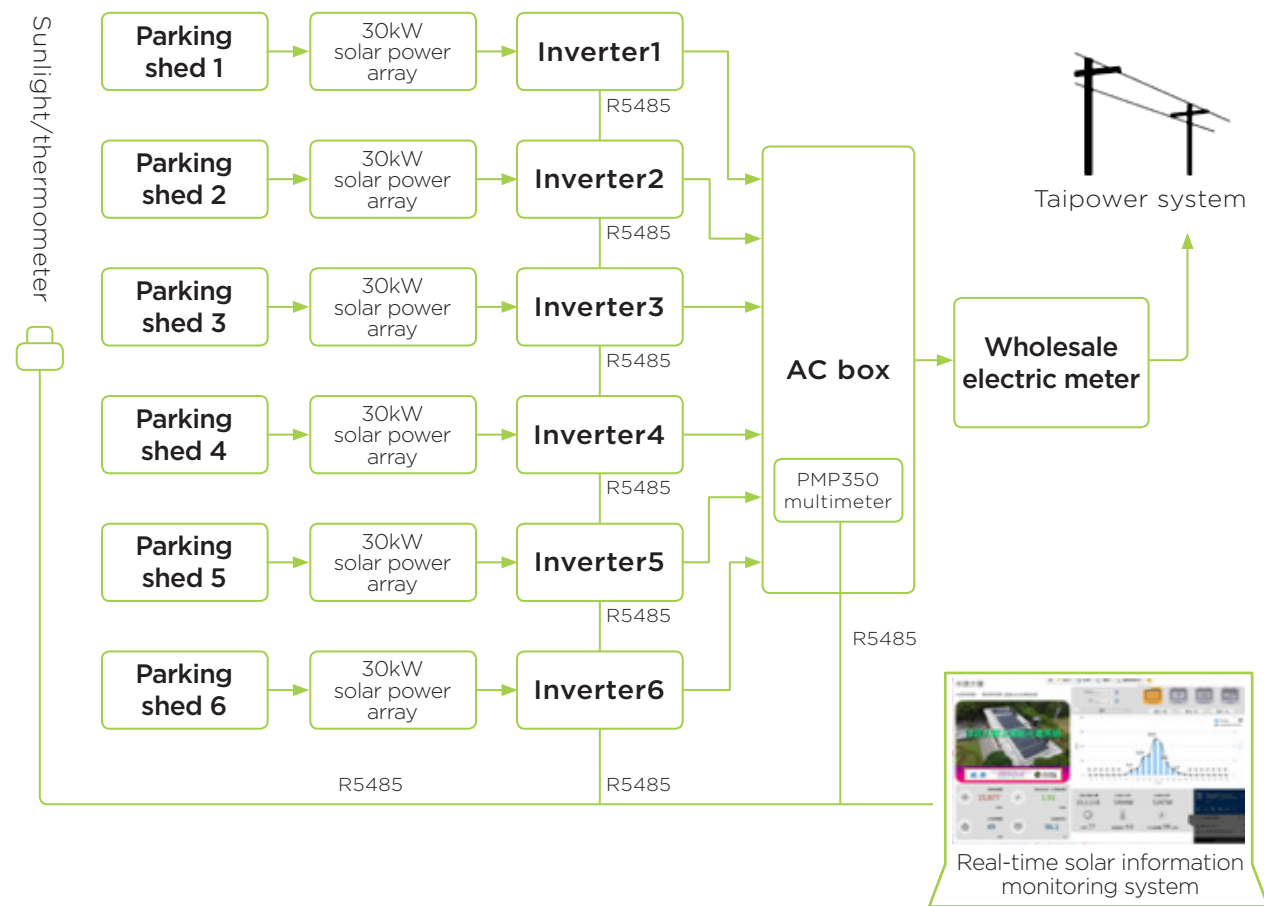


Setup of Renewable Energy Devices

Targeting the construction of a new parking shed in the Headquarter, HTC used its roof to build a solar power generation system, replacing the metal roof of the parking shed with solar panels, a total generating capacity of 180KW. By means of internal line parallel series, the power was sold in bulk and included in Taiwan Power Company's power supply system, thereby relieving Taiwan's power load and supply constraints and reducing carbon dioxide emissions. This project was completed in September 2018 and put into parallel trial operation, and started electrical energy in in bulk. From the trial operation to December 2020, the cumulative total power generation has reached 354,288 kWh.

Year	2018	2019	2020
kWh	29,464	160,240	164,584

180kW Solar Power Generation System



Last two years's Resource Consumption Statistics

Environmental Indicator	Unit	2019	2020	
			HQ & Plants	Taipei Office
City water consumption	degree/year	213,237	63,133	67,778
Wastewater	River		Taipei Office- City dedicated sewer HQ & Plants- Dongmen Creek	
Total city water discharge	Metric Tons	153,729	78,211	54,222.4
The amount of rainwater recycled	Metric Tons/year	1,501	NA	2,673.68
Total amount of water recycled/reused	Metric Tons/year	55,094	23,741	NA
The ratio of water recycled/reused to total amount of water consumed	%/year	16.32	37.6	3.94
Total amount of waste incinerated - Information product	Kg/year			13,944
		958,273		
Total amount of waste incinerated - General	Kg/year		504,306	0
Total amount of waste reused	Kg/year	0	0	0
Total amount of waste incinerated	Kg/year	170,510	135,700	48.32
Waste disposal expense	NT\$/year	1,414,308	828,240	302,400
Environmental management and recycling amount - Information product	NT\$/year			837,591
Environmental management and recycling amount - General	NT\$/year	3,061,345	454,160	0

Note:  
1.Domestic garbage at Taipei Office consists partly of recycled cartons that are unquantifiable. A recycling company has been commissioned for handling.  
2.Waste materials, as put into statistical data, are divided into categories ranging from plastic, paper, scrap iron, scrap aluminum, scrap galvanized iron, waste edge board, scrap computer products, waste wood (pallets), miscellaneous types of plastic, scrap parts, disused desktop computers, disused screens, disused laptops ,kitchen refuse, recycled domestic material and general rubbish.



Innovative R&D Management



- VIVE Pro Eye eyeball tracking upgraded; set a new standard for high-end VR HMD(Head-Mounted display).
- The VIVE COSMOS and the VIVE Reality System has unleashed the unlimited imagination of the VR world.
- HTC collaborated with content developing partners to create a new pattern of VR content.
- VIVE FOCUS won the gold medal of IDEA 2018 (2018 International Design Excellence Awards).
- VIVE Pro Eye won the “CES 2020 Innovation Awards”.
- VIVE Cosmos series won “Fast Company Innovation by Design Awards”.
- HTC collaborated with Chunghwa Telecom to launch VIVE Sync- the VR virtual conferences with 5G network featuring high speeds and low latency.

**HTC's Challenge**

Expediting patent layout  
Strengthening advertising of product innovation

Engaging Diversified R&D Talent

In 2020, a total of 1,146 R&D workers joined HTC globally. In addition to those in Taiwan, we have many R&D employees coming from, or based in, other countries, such as Europe, America, and Asia. We expect that the different cultural backgrounds of our diverse employees will fuse and fuel innovative thinking, so as to support HTC in the development and launch of products that meet consumer needs in different regions and with different cultural characteristics.

Investment in Innovative R&D

	Unit	2018	2019	2020
Fixed R&D Investment	Million(NT\$)	7,070	5,652	3,585
Total Revenue	Million(NT\$)	23,741	10,015	5,806
Percentage	%	30	56	62

Note: The related figures are those listed in the consolidated statement.

Since our establishment, HTC has invested heavily in cultivating R&D talent and developing technical innovation. Currently, our in-house R&D employees make up 43.99% of all HTC's global employees, the investment of which is about 62% of the total operating revenue. With this strength of innovation, HTC has special insight into industry trends and the outstanding capability for meeting consumer demand. This puts HTC always in the lead.





## Smart Innovative Products

With this strength of innovation, HTC has special insight into industry trends and the outstanding capability for meeting consumer demand. This puts HTC always in the lead. In October 2019, HTC launched EXODUS 1S, the world's first smartphone that natively supports Bitcoin full nodes, continuing the integration of HTC EXODUS 1's revolutionary blockchain with innovative smartphone technology, and offering mobile encryption and reliable blockchain application to new customers. Another innovative product is the VIVE Cosmos that can be equipped with an external tracking faceplate. Therefore, users can easily upgrade this themselves and reduce electronics waste.

### THE FIRST SMARTPHONE TO PUT A FULL BITCOIN NODE IN YOUR POCKET-EXODUS 1S

The belief of EXODUS is “rebuilding trust, one phone at a time”. Users’ personal data, likes, and even assets are controlled by large enterprises. The data is part of our assets; however, it is detained and even used by the conglomerates to profit themselves. EXODUS believes in returning data to users, which is also part of the core values of blockchain’s “decentralization”. On the other hand, EXODUS collaborates with partners with the same belief to guard users’ data instead of collecting it.

EXODUS 1S is the first smartphone with full node function, which contains a complete Bitcoin blockchain to provide a truly decentralized experience. Having a complete node is the only way to realize the full privacy of using Bitcoin and full nodes are the key to ensure the future development of Bitcoin. EXODUS 1S can make users from the emerging economies or those who want to explore the encryption world to enter this field more easily, helping promote mobile encryption technology and blockchain applications to the public, and increase their popularization and usage around the world.

Phil Chen, HTC Blockchain Chief, said: “EXODUS is about empowering the user. We gave users the ability to own their own keys, and now we’ve gone one step further to allow users to run their own full Bitcoin node. Make it easier for more people to use high-tech methods to achieve a truly free world.



### VIVE Cosmos External Tracking Faceplate



The design concept of VIVE Cosmos is to create a high performance product with more convenience and multi-functionality to meet users’ demands of virtual reality. The brand-new VIVE Inside-out tracking system provides an easy setup without any external positioning devices that can maximize physical space with flexibility. You can use it no matter whether you are at home or on the go. The display of VIVE Cosmos uses a 2880 x 1700 resolution that is 88% enhanced compared to the first generation of VIVE. It also presents crystal-clear texts and graphics.

Moreover, an adjustable module design is the core function of VIVE Cosmos. Current VIVE Cosmos users can choose different combo packs according to the equipment in hand, and upgrade by changing the faceplate of different specifications and levels. Accordingly, users are able to expand to multiple types of functions, thereby reducing electronics waste. The “VIVE Cosmos exchangeable external tracking faceplate” was launched in May 2020, and is compatible with SteamVR basestation 1.0 or 2.0, VIVE Controller 1.0 or 2.0, and supports all VIVE accessories, including VIVE tracker and VIVE wireless modules. Hence, users can enjoy an unprecedented VR experience without boundaries.

The VIVE Cosmos series even won the “Fast Company Innovation by Design Awards” given by the American heavyweight business magazine, Fast Company. Being able to stand out among all world-class products is a tremendous recognition for VIVE hardware design.

Protection of IP Rights

HTC regards R&D and innovation as an essential force needed for the company to remain sustainable and competitive. In particular, the protection of intellectual property rights is a key to maintaining our brand value. The protection we put on our intellectual property rights covers four areas: patents, trademarks, copyright, and trade secrets. Of these, patent protection is particularly valued and is realized at two levels:

Internal

- Positive filing of patent applications to protect the results of our various product R&D and technical innovation.
- Organize regular training courses for R&D personnel to promote the company's intellectual property policy to establish a correct intellectual property concept.
- Encouraging our employees to invent and create.
- Setting up a dedicated unit under the Legal Affairs Division for the protection and dispute resolution of intangible assets such as patents, trademarks, copyrights and business secrets.

External

- Engaging in technical cooperation with leading domestic and foreign research institutions, providing top talents with the opportunity to receive practical training in HTC, thereby fueling our R&D with innovative thinking.
- Mergers and Acquisitions Company to obtain key technologies and patents to speed up research and development.

In terms of patents, HTC has not only actively defended patent lawsuits against patent trolls, as well as filing an infringement lawsuit against HTC in courts in America, China and countries in Europe in order to protect the rights of HTC. In order to strengthen the competitive advantage of products, HTC has also obtained patent authorization from major international companies in order to rule out obstacles of patents.

In terms of trademarks, HTC has actively applied for trademark registration in various countries in order to acquire important trademark rights. HTC has also actively and closely worked with customs and local police agencies in various countries to crack down on counterfeited goods and protect HTC's business reputation. HTC has also actively investigated the situation of HTC's registered trademark abuse in various countries, and actively took legal actions with law enforcement agencies in various countries to protect the company's rights and interests.

Additionally, in terms of copyrights and business secrets, HTC clearly stipulates employees' intellectual property rights in the employment contract and demands employees to comply with HTC's intellectual property related regulations. The Ministry of Justice also collaborated with the Information Center, strictly restricting employees' internal data access authorization, such as software program codes, R&D data, unlisted product business information, etc. In addition, in order to prevent leakage of business secrets, program codes, or confidential Information, HTC has also set up relevant regulations for the management and has signed a confidentiality contract with specific persons in order to protect business secrets.

Overview of Patent Performance and Outcome



Besides applying patents aggressively to protect the R&D achievements of the Company, we also examine the portfolio of patents regularly in line with the direction of product R&D. We adjust the portfolio in accordance to the principle of survival of the fittest, so that we can maximize the patenting budget more effectively. Towards the end of 2020, HTC owned 8,074 valid patents belonging to 2,262 patent families. 7,845 patents are derived internally from the Company and 229 patents were purchased externally. The number of inventions relevant to 5G has accumulated to 83 patent families, standing at an irreplaceable position in the development of 5G and patents in Taiwan.

In terms of prizes, HTC on the list of the Derwent Top 100 Global Innovators in 2020. Because of the award of HTC for the first time, innovators listed from Taiwan were increased from three to four. In the National Invention and Creation Award in 2020, HTC employees, Li-Wei Chen, Yen-Chun Kuo, Hung-Yu Chen, and Meng-Sheng Chiang won the golden prize of creation category with their head-mounted display of patent number D190775. HTC employees, Chang-Hua Wei, Shih-Hsiu Li, and Yu-Chuang Chang won the silver prize of creation category with their head-mounted display of patent number D194927.

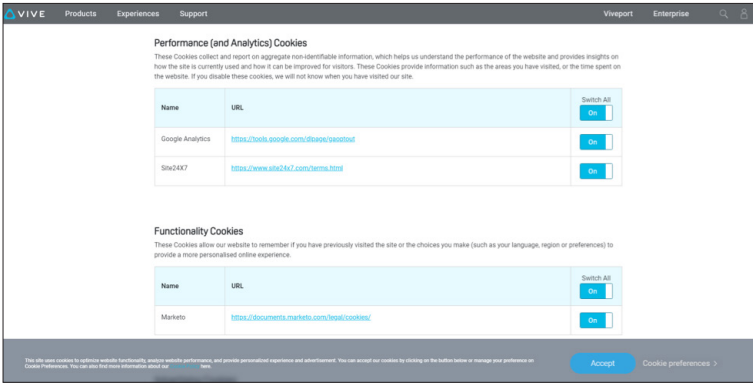


# Customer Management

While HTC makes mobile phones and VR devices bearing our own brand, we also work with the world's leading ICT dealers in the development of customized handheld devices for them, or in the launching of ‘co-brand’ handheld devices to further present our products to mass market around the world.

## Protection of Customer Confidentiality

HTC makes a promise of “Strict observation of contractual obligations and confidentiality commitment” to all customers. All information we provide to our customers is subject to clear policies and a system of strict internal control. In addition to technical data and hardware and software, information related to patents and other intellectual property rights of customers may be incorporated into our controlling system. We complete confidentiality agreements with all customers and suppliers in advance to maintain the absolute security of all the confidential information belonging to our corporate customers.



The HTC privacy policy is also incorporated in the orientation training of new employees. Every employee is trained in all aspects of maintaining confidentiality when working with customers. Under our solid control mechanism, there was no damage to the rights or interests of any customer caused by a breach of privacy or from lost data in 2020.

HTC introduced the Personal Information Management System (PIMS) in 2018 to protect personal information during the product and internal management processes. HTC pays close attention to privacy protection laws in different countries (such as the EU, USA, Taiwan, China, Japan, Australia, and New Zealand), the relevant guidelines released by different authorities (such as regulations regarding cookies or other similar tools), and verdicts made in courts in other nations (such as verdicts regarding cross-border privacy rules in European courts).

For example, to cope with the California Consumer Privacy Act that was activated on January 1<sup>st</sup>, 2020, HTC set up several channels for consumers to exercise their rights, depending on their locations. Besides the exclusive email inbox provided for consumer rights (including the right to know, delete, and modify consumer data that HTC possesses), HTC added a customer service line for customers in California. In addition, HTC introduced a users’ cookie management center and brought this mechanism to other countries to give the control of cookies or similar tools back to users to protect their privacy.

## Corporate Customer Satisfaction Management

HTC has established “Customer Satisfaction Management Procedure” to meet the specific needs of all our customers and to respond to customer expectations and requests. A Quarterly Business Review is made to determine customer satisfaction. Each Business Unit proposes corrective action for any nonconforming project and regularly track any action taken to ensure that the customer has been perfectly satisfied.

The HTC customer satisfaction management index, in addition to product quality, delivery, and after-sales service, includes evaluation of corporate social responsibility. We have designated a department to regularly collect HTC CSR information for communication and response.

## Customer Warranty Maintenance Service Flow Chart, Locations, and Performance Description

### Customer Service Center :

HTC established customer service centers in five continents around the globe; EMEA (Europe, the Middle East, and Africa), China, North Asia, South Asia, and South America. We provide multi-language services for communication according to different locations so that the communication barriers between HTC employees and customers is minimized.

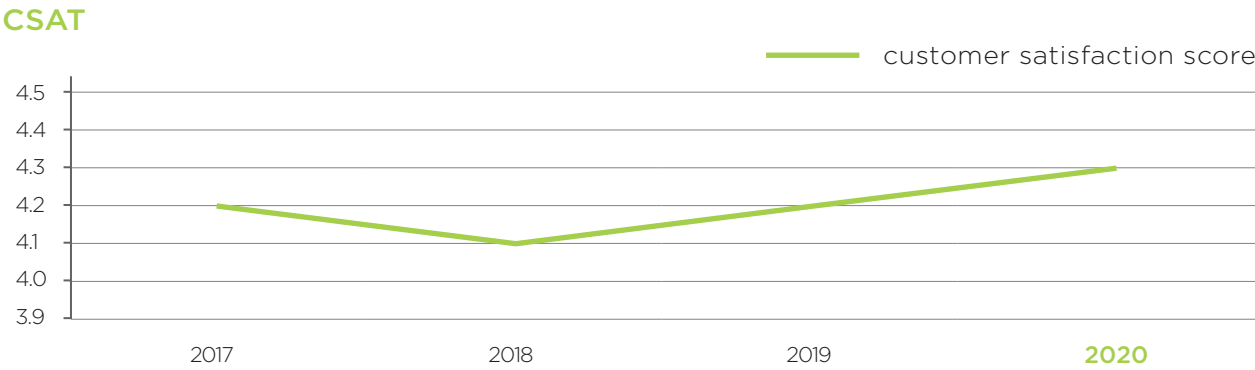
### Satisfaction survey after receiving customer service:

We invite consumers to participate in our service satisfaction survey after an issue is resolved so that we can understand how satisfied our customers are. Moreover, we take the initiative to contact unsatisfied customers and help them resolve their issues, to put our promise and goal of understanding our clients into action.



Customer Satisfaction Survey

The customer satisfaction survey is used to understand the overall satisfaction level of the consumer experience of those who recently contacted HTC. The internal benchmark of the customer satisfaction management index is above 4.0 (scale 1 to 5).



Note:Calculation Method: The average is calculated by dividing each score with the total number of survey responses.

Customer Service Mechanism Improvement Plan

System Support	<ul style="list-style-type: none"><li>● System Integration: Introduce a new customer relation management tool, Zendesk. Let supporting teams in all regions join Zendesk to achieve uniform service efficiency.</li><li>● Replace 50% of HTC's legacy systems to enhance customer service efficiency and sustainability.</li><li>● Customer records are now stored in the same place to facilitate the management and tracking of cases within the company.</li></ul>
Customer Service Integration/Merger	<ul style="list-style-type: none"><li>● Customer service surveys correspond to the original ticket numbers of Zendesk.</li><li>● Questionnaire System Integration: The quality service team will manage all collected questionnaires with a more systematic processing method.</li><li>● Execute weekly evaluation between HTC and customer service partners so that partners can shorten the response time to customer feedback.</li></ul>
Global Reporting Optimization	<ul style="list-style-type: none"><li>● Reporting is transformed from manual to automated processing.</li><li>● This is time-saving as a manual report can take at least four days. The consolidation into Zendesk reporting tool allows to generate the latest reports at any time.</li><li>● The work of customer service is dedicated to modifying actions instead of only screening the information needed from the original data.</li></ul>
Customer Service Center Merger	<ul style="list-style-type: none"><li>● Optimizing the scope of support of customer service centers to improve its efficiency.</li><li>● Prioritizing the understanding of customers' interests according to their specific language and channels.</li><li>● Cultivating the ability of multi-channels, skills, and brands of customer service staff to expand the scope of support.</li></ul>

Customer Warranty Maintenance Service Flow Chart

HTC has 91 maintenance offices and 42 collection offices around the globe depending on the country; for example, a pick-up and delivery service is available in Taiwan. The services provided differ based on traffic and different regulations in other countries. For example, the number of days needed for maintenance in different locations vary according to such.

HTC provides a pick-up and delivery service in Taiwan for a more convenient and swift maintenance service; this service took up to 18% of the total number of maintenance services delivered in 2020. As long as consumers contact the customer service teams through available contat channels such as email, chat and phone, the customer service representatives will arrange a pick-up or delivery from or to home, with HTC bearing the shipping expenses bilaterally when in warranty.

There are various and unique procedures and needs depending on specific country. For instance, customers in the USA can replace their products with new ones instead of using the traditional repair model. The replacement model took up to 95% of the total number of repair work done in 2020.

Testimony

In August 2020, an issue related to the online store was discovered in a conversation between a customer from Australia and a customer service representative.

When this customer added multiple products into the shopping cart on the HTC online store, the system divided the products to two different carts, resulting in the invalidation of the free shipping policy. The customer complained that he spent US\$ 4,000 to purchase equipment, but he still had to pay an extra US\$1,024 to enjoy free shipping for the accessories. The customer service team resolved the technical problems with the internal e-commerce team immediately during that week, offered an extra discount to the customer, and promised to prioritize his order. In the last email, the customer expressed his satisfaction for HTC's service team.

Thank you,

I think we can see this event a success story. I was indeed very depressed at the beginning. But everything is fantastic now!

Thank you for the assistance to solve my problems.

Cheers! John



# Sustainable Agenda

As a global leader in the innovative design of mobile phones, HTC recognizes that by minimizing the environmental impact of our manufacturing processes we, and our vast number of consumers, can make a contribution to the well-being of our planet. To this end, HTC has set up a “Sustainable Agenda” from five aspects: “a sustainable environment, design, processes, product, and supplier chains” we have put this concept of environmental sustainability into action, have positive control, and are reducing the impact of our operations on the natural environment.

Note:Energy and climate change related action, please refer “Risk Management” section





HTC provides and maintains a safe and healthy working environment as part of our environmental protection, safety and health, and energy management efforts. In order to achieve our commitment to protect the safety and health of our employees, HTC has established the exclusively responsible unit for environmental issues and the occupational safety dept. (OSH Dept.) in accordance with the law, and are responsible for the implementation of the entire safety, health and energy management system. It also assists the various factories in continuing to promote occupational safety and health management and environmental management systems and promotes environmental protection in an all-around way, the fundamental work of safety and health management and pollution prevention.

Every year, we also formulate an occupational safety and health management plan based on the state of safety and health management. The implementation focuses include: compliance with safety and health regulations; hazard identification to reduce risks; standardization of hazardous chemical labeling and general rules; the promotion of occupational safety and health information; and the establishment of a system to manage contractors. All these measures are aimed at reducing risks.

We have emergency response plans that will be implemented in the event of an emergency caused by human error or natural disasters, such as fire, explosion, typhoon, an accidental leak, mechanical injury, infectious disease, or an earthquake. As identification of the nature of the emergency, taking the necessary measures and examination of standard operating procedures. We hold fire all measures impact on the health and safety of the workers and also try to least damage or company property.

HTC has introduced the ISO 14001 Environment Management System and verified by third-party authorities. To implement and be in accordance with environmental policy, relevant targets are set up and the systematic measure of environment management in the daily management.



## HTC Environment Protection, Occupational Safety, Health, and Energy Policy

HTC strives to provide a safe and healthy working atmosphere for all of our employees while adhering to sustainability best practices which protect our environment. HTC follows the guidelines below to achieve sustainable development and to ensure a better quality working environment for our employees, customers, suppliers, and contractors.

1. We regard environment, safety, health, productivity, quality, and effective energy management with equal importance.
2. We regard the safety and health of employees, customers, suppliers, and contractors with equal importance.
3. We require our employees to observe all guideline regarding safety, operating procedures, environmental protection, hygiene, health and energy management.
4. We are committed to preventing foreseeable dangers and loss control.
5. We are committed to ensuring the organization establishes and implement a process for consultation and participation of workers.
6. We follow required laws and regulations.
7. We are committed to give priority to the purchase of green products.
8. We will continue to practice and improve on our environment, safety, health and energy management systems.



## Sustainable Environment



HTC smart mobile devices combine new models of operation, life, work, study, and travel involving smart mobile devices help users save energy and reduce carbon emission. To this end, we have devised a dual-aspect strategy composed of “adopting an energy management system” and “performing energy-saving practice”. On one hand, we strive for optimizing our management system to reduce energy consumption, and on the other, we use energy-saving technology to improve the energy efficiency of our products.

## Green Plant

The factories and offices disclosed in the boundary organization report this year have been established in industrial and commercial areas after environmental consideration and evaluation. The relevant environmental protection has been implemented in compliance with local regulations and internal environmental policies and specifications that have no significant impact on the local ecosystem and animal and plant species.

However, we still encourage all our plants and offices to go on with their efforts to beautify the environment. As for the new buildings, we aim to improve the employee’s working environment through the introduction of green building design.

### Office Environment with Plants and Green Landscaping

We uphold the concept of environmental sustainability and we regularly increase our green space in HQ & Plants and Taipei Office. The HTC outdoors green area now totals 30,700 m2 and the Taipei Office building horticulture planning adhered to the concept of environmental protection and open parks. The planting area on the first floor reached 41% of the total base area. According to the topographic planning, large trees totaling 260 were planted, including camphor trees, Liquidambar, Podocarpus, Taxodium distichum, and cherry trees. Additionally, the plan designated eight shrub planting areas and one ecological pool area to plant about 3,200 plants. In HQ & Plants area, there are around 131 tree species native to Taiwan on the grounds, such as Camphor and the Taiwan Golden-rain Tree. Our employees can enjoy the lush green surroundings of their work environment.

Taipei Office planning covers B1 to 17F. In every floor, the indoor foliage was widely planted, totaling 450 pots. Different plants added for different festive holidays in order to enhance different festive atmospheres. In addition, we also planted beautiful green plants, such as the round pepper, the tiger-tail orchid, the lime pothos, the philodendron, etc., in the lobby of H Building and TY3 Building in Taoyuan. The 2020 annual management fees for our green environment maintenance amounts to NT\$ 1.26 million which is used to provide a fresh and green office environment for HTC employees.



HTC’s Taipei office, The Golden LEED Certified Green Building

In 2013, HTC's Taipei office received the green building mark from Ministry of the Interior and the golden LEED (Leadership in Energy & Environmental Design) certification from the U.S. Green Building Council (USGBC), offering its employees an excellent and comfortable low-carbon and take the responsibility of environmental sustainability. The fully-integrated energy management system was utilized to attain a full real-time management and enhance the efficiency of energy use. The total amount cumulated for the reduction in carbon emission since the inauguration of the building has reached 16,148 t- CO<sub>2</sub>e, and including 1,181 t-CO<sub>2</sub>e in 2020.

The fully-integrated energy management system is constructed in the Taipei Office, which covers over 7,000 spots of on-site monitoring, total monitored spots amounted to 20,000. Under the effective control and analysis, the EUI (Energy Usage Intensity) of Taipei offices amounted to only 113 kWh/m2 annually in 2020, which was quite a marvelous result.

		Unit EUI		
Building	Year	2018	2019	2020
Taipei office 1		102.91	114	113
Taipei office 2		170	172	170
HQ & Plants H TY3		187.06	97.20	73.16



LEED gold certification Green Building Label

Green Procurement

Our strategy is to buy environmentally friendly products to substantiate our environmental protection concept of “recyclable, low pollution, and resource-saving”. We express the purchase of environmentally friendly products as a priority in our procurement specifications to firmly integrate the concept into our daily operations.

In 2019, the amount of green procurement reached NT\$ 650 thousand. From 2012 to 2020, the accumulated expenditure for products with green-product stamp was about NT\$ 31.45 million.

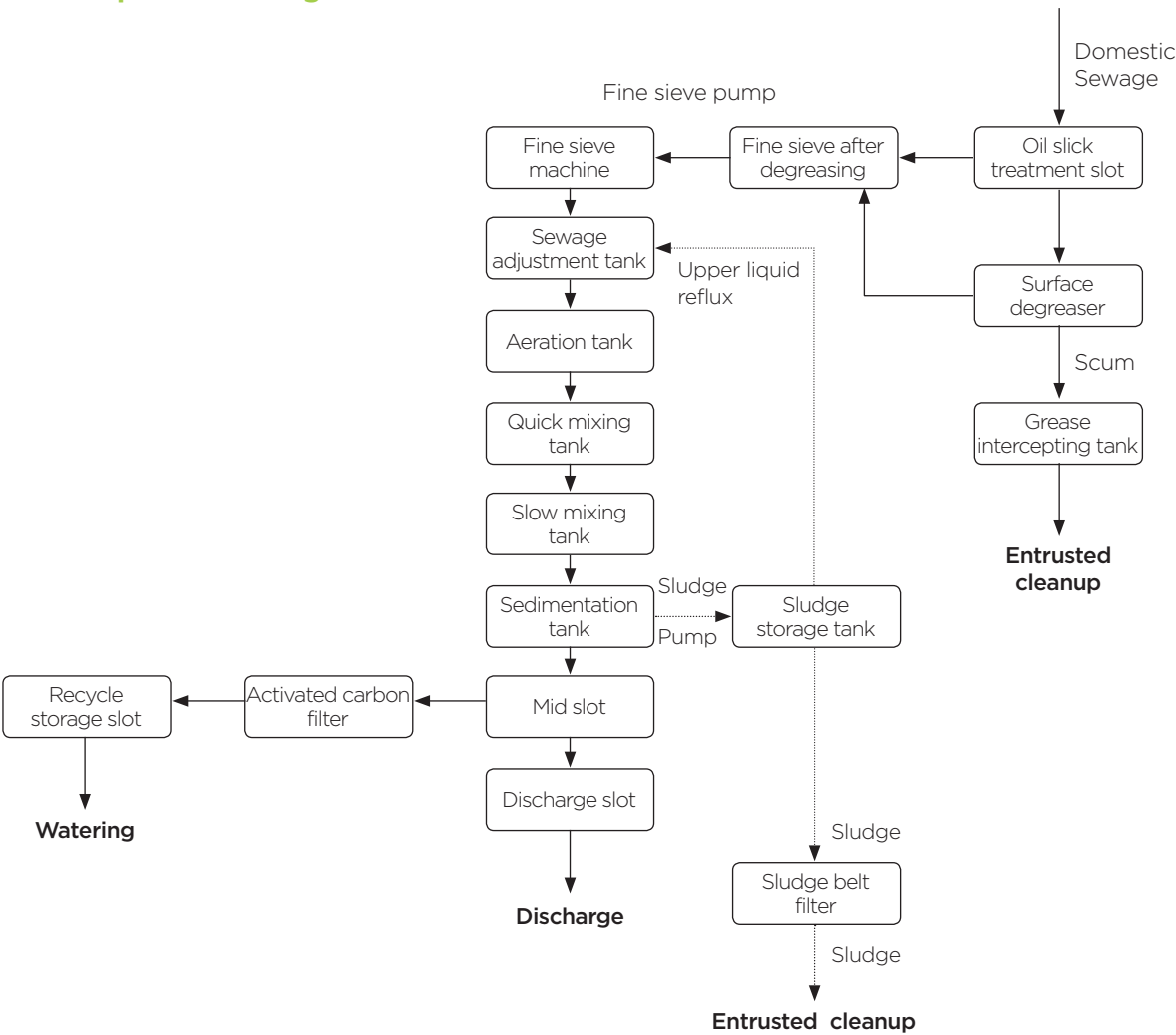
Water Resource Management

The water used by the HTC headquarters and the factory is used by employees for office and life, and the production lines are all dry processes, so there is no industrial wastewater generated. The wastewater generated by our facilities is mainly domestic sewage for other cleaning uses and from the washroom and restaurant wastewater. It will not have the negative impact on any neighboring water body.

Sewage Treatment

We invested NT\$ 27,760,000 in building sewage treatment equipment in 2010 and spent NT\$ 975,078 on operation and maintenance in 2020.

HTC Description of Sewage Treatment Unit Facilities



Note: Sewage management includes managing domestic wastewater of tenants living in the area.

To substantiate sewage control, we have implemented daily maintenance and inspection in accordance with the “Procedures for Sewage System Operation, Repair, and Maintenance.” We abide by all the laws and regulations and the sewage is tested every six months by an institution authorized by the Environmental Protection Administration. The final test results are published on the Internet and show that the effluent and recycled water are in full compliance with all the standards.

Domestic sewage is discharged into the sewage sewer. Based on the average concentration of effluent BOD and COD from 2016 to 2020, there will be no adverse effects on the nearby water bodies. Since 2017, a self-initiated test of effluent heavy metals has shown ND or lower than the test value. Starting January 2013, the average daily treatment capacity of the sewage treatment plant reached 604 metric tons, sufficient to replace the use of tap water for park landscape irrigation and for toilet water use.

The Amount of Water Discharge and Recycled Water, and the Average Concentration of BOD

Year	Amount of Water Discharge (Metric Tons)	Amount of Recycled Water (Metric Tons)	Average Concentration of BOD(mg/l)	Average Concentration of COD(mg/l)	The Suspended Solids(mg/l)	Test of Effluent Heavy Metals
2018	108,459	53,593	715	32.2	12.7	N.D.
2019	46,903	26,259	3.38	10.55	<2.5	N.D.
2020	78,211	23,741	5.15	24.28	6.00	N.D.

NOTE:  
1.Tested items of heavy metals: Cd. Cr. Cr+6. Cu. Zn. Ni.  
2.The scope of statistical data is HQ & Plants

Sewage Recycling

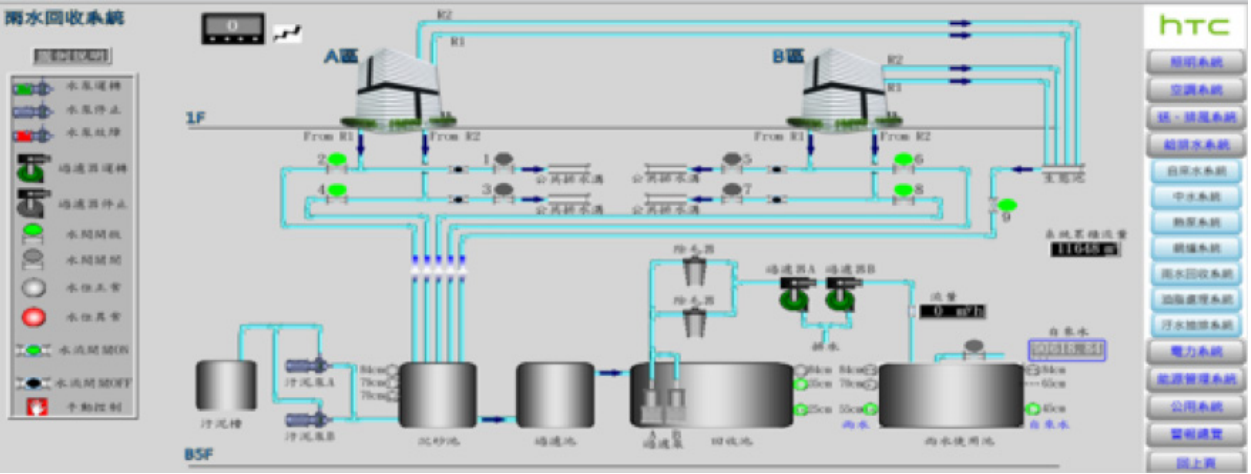
The domestic wastewater is discharged into the sewer system and delivered to the wastewater treatment plant. The treated wastewater is discharged into the Dongmen River, which eventually flows into the Nankan River. In 2020, the total domestic wastewater treatment volume was 73,796 metric tons, and the recovered volume from the treatment of domestic wastewater was 22,136 metric tons. The green fields and planted areas inside the factories are irrigated with recycled sewage water without increasing the total amount of water consumed. The Taipei building selected water-saving water equipment, using air conditioning condensate and recovered rainwater. The overall daily water-saving rate was 78% (including toilets, urinals, faucets and showerheads).

Starting from 2012, HTC setup and implemented water conservation plans. We examine results each year to examine whether or not to adjust the goals. From 2014 to 2020, the amount of recycled water used for irrigation was 1,012,031 metric tons. It's about 404 standard swimming pools (each standard swimming pool is calculated at 2,500 tons)

Rainwater Storage and Recycling System

HTC has established a rainwater storage and recycling system to collect rainwater for flushing toilets and watering plants. A total of 2,673.68 metric tons of rainwater was recycled from the Taipei office Building, effectively saving water resources.

Rainwater monitoring system



Water-saving Sanitation Equipment

HTC gives top priority to the use of sanitary equipment with a water-saving label. The faucet device installed with water-saving spiral allows the faucet to reduce the amount of water outflow and each faucet can save 77 liters of water a day. More than 12,942,745 liters of water have been saved since installation in October 2012. All the toilets and urinals in the bathrooms should be energy efficient and have the Water Sense Label of the United States Environmental Protection Agency and Water Label of water resource agency, MOEA.

Note: For a total of 500 faucets have been installed and each faucet can save 231 liters of water per month. Since the installation, it has been 111 months up to the end of 2020. Therefore, it is calculated as: 111 months \* 231 liters \* 500 = 12,820,500 liters. For a total of 126 faucets (70% water saving) have been installed on December, 2020. Therefore, it is calculated as: 6 months \* 231 liters \* 0.7 \*126 = 122,245 liters.





### Photocopying Paper Management

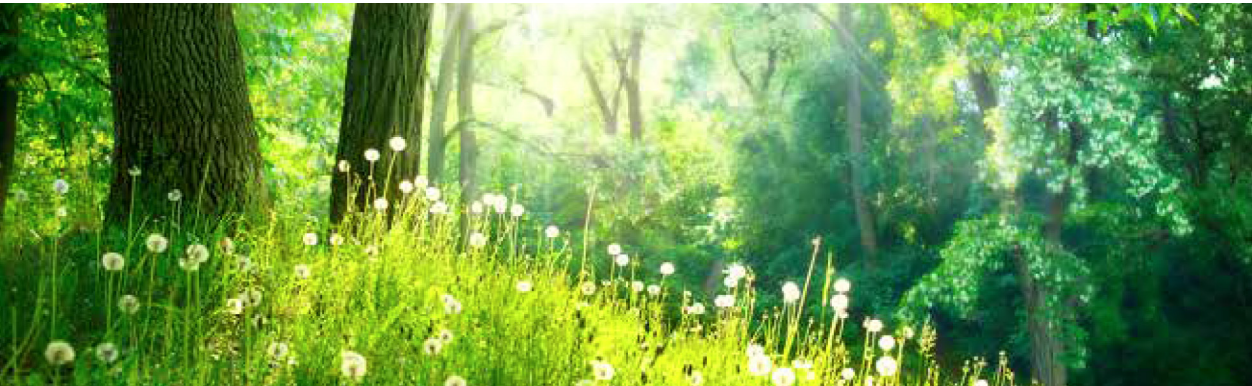
HTC aims to reduce photocopying paper consumption by 1% per year and bring the use of paper down to an absolute minimum.

By the end of 2020, the total number of paper saved was 457,500 sheets, achieving the best paper saving management. Compared with 2019, NT\$ 70,673 was saved, which is equivalent to a saving rate of 44.53%

Print	<div><div></div>Use photocopying papers with carbon footprint labels to support green, low-carbon products</div> <div><div></div>Link the computer with the employee number, the employee card must be sensed in front of the business machine before printing, effectively reduces the unclaimed printed documents</div>
Fax	<div><div></div>Unified management in the entire factory area, select fax function to send faxes with the employee's computer to eliminate the paper waste with paper fax in the past</div>
Screen	<div><div></div>Documents can be scanned after the employee card is sensed and reply to the employee's email immediately after the scan is completed</div>
ERP System	<div><div></div>Through the introduction of ERP and various electronic online approval systems, the process that originally required paper approval is converted to online approval, which not only simplifies the process and saves time, but also because many forms or signatures do not need to be printed by a printer. To save paper and electricity bills.</div>

### HTC Paper-Saving Performance

Year	2018	2019	2020
Paper Use (Piece)	2,010,000	1,027,500	570,000
Paper saving (Piece)	3,017,500	982,500	457,500
Paper saving target	1%	1%	1%
Achievement rate	60%	48.88%	44.53%
Amount saved (NT\$)	340,460	127,005	70,673
The average amount of paper used (Piece/ Person)	418	263	219



### Environmental Protection Education and Promotion

HTC continues to promote and enhance environmental protection consciousness and awareness in employees using a diversified interface. Through the new employee educational training and the provided training materials, the idea of environmental protection is promoted within the organization. Moreover, corporate policy posters are displayed on important bulletin boards to deliver continuously the information on environmental sustainability, allowing employees to feel HTC's efforts in environmental protection and give their full support through actions as well as everyday life habits.



Environmental Policy Poster

2020 Goals and Measurement		
	Goals	Measurement
Environment Protection	Power consumption reduction (GHEG reduction)	More than 1%
	Waste recycling	More than 85%
	Water conservation	More than 50%
Occupational Safety and Health	Reduce disabling injury frequency rate (FR) (Injury numbers/Every Million man-hours)	Less than 0.3 incidences/ Every Million man-hours
	Reduce disabling injury severity rate (SR) (Lost working days/Every Million man-hours)	Less than 1.8 days/Every Million man-hours
Health Promotion	Improve health examination rate	Achieve 100%

### Environmental Protection and Safety and Health Education

#### New employees and on-the-job staff education training in the past 3 years

Course	Hour	Frequency	Responsible Unit	2018		2019		2020	
				Person	Total hours	Person	Total hours	Person	Total hours
Environmental protection and safety and health education training	3	On board	OSH Dept.	1,499	4,497	-	-	120	360
Hazardous substance use	3	On board	OSH Dept.	1,499	4,497	-	-	-	-
Operational equipment hazard notifications	3	After arriving at the department of work	Equipment Dept.	89	267	54	162	21	63
General labor safety and health in-service education training	1	Annual(On-job training)	On-Site	3,601	3,601	1,694	1,694	988	988
Hazardous chemical use notice	1	Annual(On-job training)	On-Site	1,538	1,538	779	779	458	458
Prevent illegal violations of duties	0.5	Annual(On-job training)	On-Site	1,978	989	1,583	791.5	973	486.5

Note:The number of participants in the course "Prevent illegal violations of duties" in performing duties accounted for the total number of employees in Taiwan: 44.6%

### Encourage Employees to Carpool

HTC runs a shuttle bus service on many commuting routes in HQ & Plants and Taipei offices. This transportation arrangement together with car-pooling makes it easy for employees to move to and from work. By cutting down on the number of vehicles travelling to and from the plant the amount of greenhouse gas emitted, in the form of vehicle exhaust, can be significantly reduced

**Annual comparison table:**  
**The overall reduction of carbon emissions by approximately 76,750 KgCO<sub>2</sub>e (45%) in 2020 compared with 2019**

	2019	2020
Shuttle bus total driving distance	294,523km	165,850km
Shuttle bus total gas consumption	49,087L	27,642L
Total carbon emission volume	169,350.44 KgCO <sub>2</sub> e	92,599.58 KgCO <sub>2</sub> e

### Annual gasoline consumption and carbon emissions of shuttle buses in 2020

	Bus	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
Miles (km)	Wenn-chin	9,310	12,635	14,630	13,300	13,300	13,300	14,945	13,230	13,230	11,970	13,230	13,860	156,940
	Taoyuan Bus	280	380	440	400	400	400	460	420	210	190	210	220	4,010
	total	9,590	13,015	15,070	13,700	13,700	13,700	15,405	13,650	13,440	12,160	13,440	14,080	160,950
Oil consumption (liters)	Wenn-chin	1,552	2,106	2,438	2,217	2,217	2,217	2,491	2,205	2,205	1,995	2,205	2,310	26,158
	Taoyuan Bus	47	63	73	67	67	67	77	70	35	32	35	37	670
	total	1,598	2,169	2,512	2,283	2,283	2,283	2,568	2,275	2,240	2,027	2,240	2,347	26,825
Carbon emissions (KgCO <sub>2</sub> e)	Wenn-chin	5,198	7,055	8,168	7,426	7,426	7,426	8,344	7,387	7,387	6,683	7,387	7,739	87,626
	Taoyuan Bus	156	212	246	223	223	223	257	235	117	106	117	123	2,238
	total	5,354	7,267	8,414	7,649	7,649	7,649	8,601	7,621	7,504	6,789	7,504	7,861	89,862




NOTE:  
1.Kilometers per month=kilometers per ride\* total rides per month.  
2.Fuel consumption calculated as 6km per liter (km per month/6km). (Informaiton Source: Wenn-chin Bus)  
3.Carbon emissions per km calculated using the coefficient of diesel fuel of 3.45 L/Kg CO<sub>2</sub>e. (Information source: the carbon footprint calculation service platform).  
4.Round-trip distance from Taipei to HQ & Plants is 35km/trip and HQ & Plants to Taoyuan Train Station is 2.5km/trip. (Information source: Google Map)  
5.The average daily number of passengers is about 80

## Sustainable Design



HTC starts from the product life cycle, analyzes the product process in detail, and adopts different measures at various stages through innovative thinking, especially in the product design and development stage, it uses the concept of The Precautionary Principle to carefully select the ones with lower environmental risks. The material confirms that it complies with the internationally Restriction of Hazardous Substances Directive, reduces the environmental impact of products, and develops sustainable products that are more environmentally friendly.

### Green Marks Obtained by HTC

Green Mark	Description	Applicable Area
	Verified by a third-party verification company (UL) as meeting North American (US and Canada) energy efficiency requirements.	Power supply units
	Verified by a third-party verification company, through the US Department of Energy (DOE) and the Canadian Department of Natural Resources (NRCan), the energy consumption requirements for battery products	Mobile phones, virtual reality(VR) device, including Accessories with rechargeable batteries, etc.
	Working with Call2Recyle (RBRC) to properly recycle used batteries in North America.	Batteries

HTC actively seeks to reduce the use of environmentally harmful substances, through a design concept that can increase the recycling rate, increase resource reuse, and reduce its negative impact on the environment. At present, HTC's actual practice of sustainable design of products mainly focuses on the three major directions of improving energy efficiency, product recyclability design and hazardous substance management to enhance the green competitiveness of products.



Enhancement of Energy Efficiency

We concentrate on energy saving from the early design and research and development phase. All power supply devices used for HTC products must comply with the relevant international energy consumption specifications: Energy Star (U.S.), California Energy Commission (U.S.), Energy-related Products Energy-related Products and are approved with energy efficiency verification by third-party verification companies, and the energy efficiency has reached the highest level of Level VI requirements, of which the Level VI standard requires standby power of less than 0.1W, and the currently used chargers are lower than 0.075W or 0.03W, which has greatly exceeded the standard requirements.



Type	Product	Energy Efficiency	Standby energy consumption 115V
TC P5000	Smartphone (U20, Desire20+, Desire20 pro)	Level VI	<= 0.03W
TC NE5W	VR (Cosmos Elite)	Level VI	<= 0.03W
TC NE18W		Level VI	<= 0.075W
TC NE30W		Level VI	<= 0.03W

For the energy consumption during battery charging, we use the regulations of the US Department of Energy (DOE) and Natural Resources Canada (NRCan) as standards to try our best to improve the efficiency of charging and reduce the loss of energy consumption when the battery is fully charged to minimize the overall energy consumption. Compared to the headsets of VIVE Focus Plus in 2019, the new VIVE Focus Enterprise launched in 2020 increased the efficiency in terms of 24 hour energy consumption in accordance with the current values required by legal regulations.



Product	VIVE Focus Plus	VIVE Focus Enterprise
Year	2019	2020
24-hour energy consumption power (Wh)	29.923	26.91
Represented value of UEC kWh/yr	4.172	2.886
Regulatory limits kWh/yr	4.844	5.137

Note: The unit of energy consumption (Represented value of UEC) is tested and calculated according to the regulations of the US Department of Energy. It represents the additional energy consumption in addition to the power obtained by the battery during the charging process. The lower the number represents the charging process; there is Better power conversion efficiency and lower standby power

Energy efficiency regulations for battery charging products by the US Department of Energy(DOE) and Natural Resources Canada(NRCan).

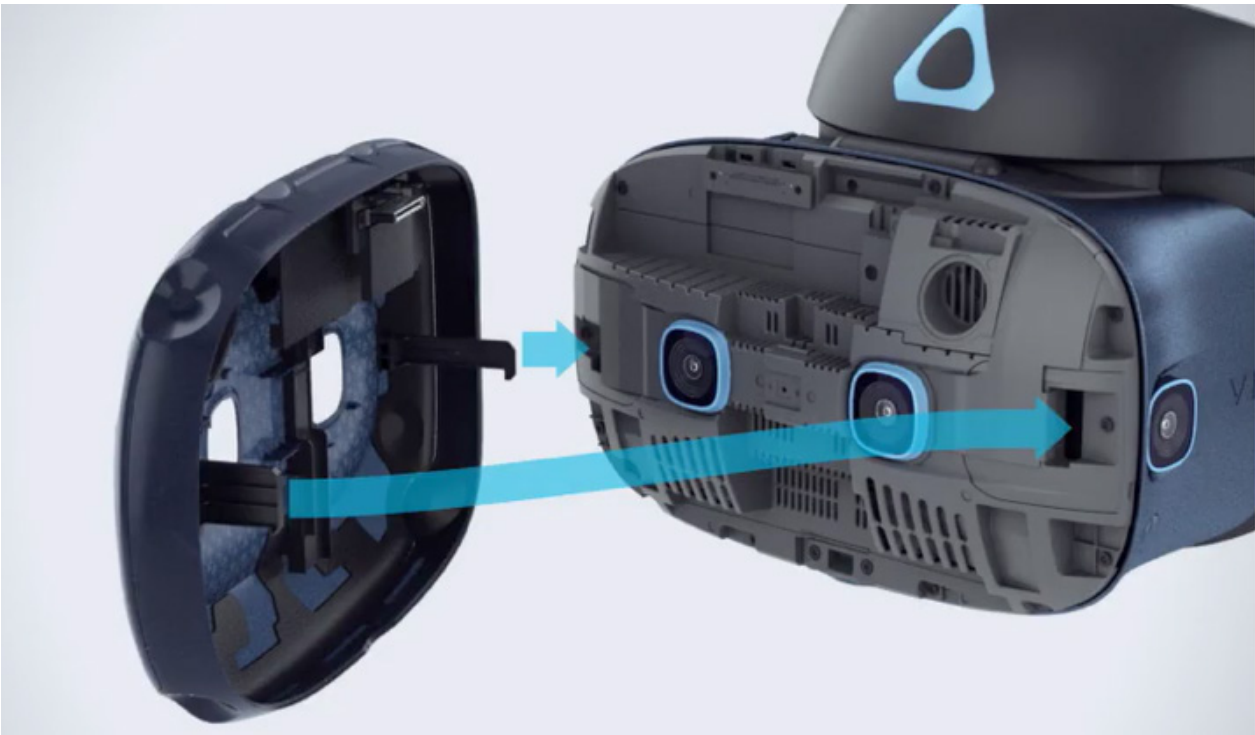
The US Department of Energy (DOE) issued the energy efficiency regulations for battery charging (BC) products in 2016, which was implemented in June 2018. All BC products sold in the US market must comply with the DOE regulations and be registered. Natural Resources Canada (NRCan) enforced the same regulations in June 2019.

Prior to this, the California Energy Commission (CEC) began implementing energy efficiency regulations for battery charging systems in February 2013. These requirements cover almost all electronic products that use rechargeable batteries, including mobile phones and notebook computers. Nevertheless, the DOE regulation focuses on the unit energy consumption (UEC), that is, the amount of electricity consumed during the charging process must not exceed the limit.



Product Recyclability Design

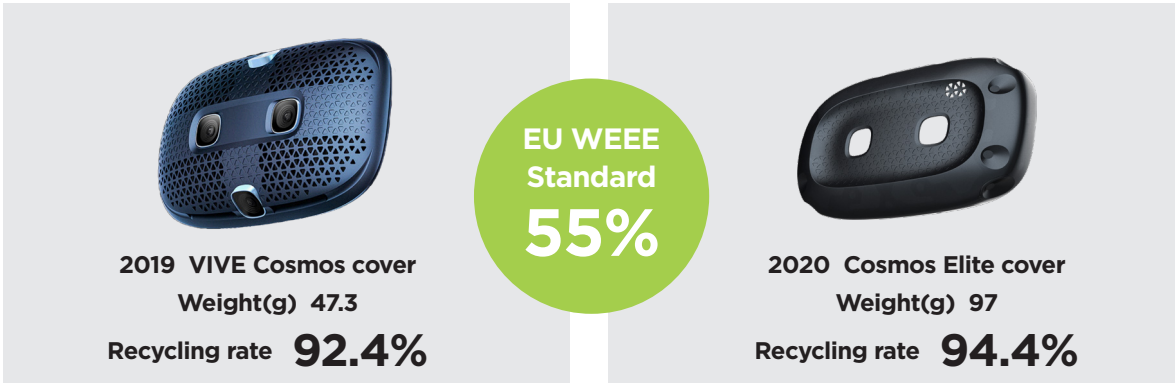
HTC take waste deduction and resource reuse into consideration from the first stages of product R&D. We evaluate the recyclability design of products thoroughly through product breakdown and material simulation, and estimate the material composition and relative recyclability rate of products. In addition, consumers can easily exchange and upgrade their exchangeable external tracking plate so that they can expand to multiple applications by themselves, thereby simultaneously reducing waste. As a result, we can reduce and reuse material resources and extend a product’s lifecycle - this is an achievement of optimal environmental protection design.



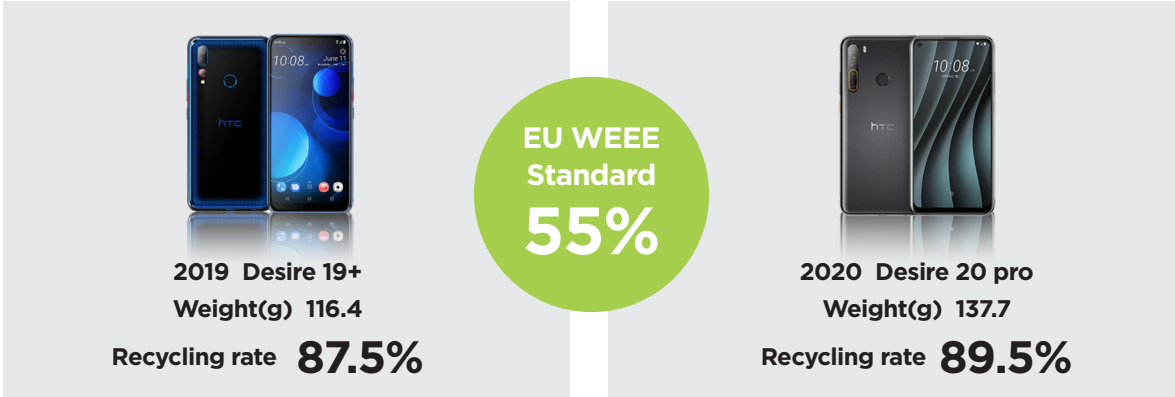
We give valuable feedback to the R&D team through particular strategies that carry out generic identification and marking of materials (ISO 11469, ISO 1043), simplification of parts, and easy decomposition design. All HTC product designs at the current stage and for future products is in accordance with the regulations of product recyclability rates.

When we design our products, we take into account whether materials are easy to dismantle and recycle. The new generation of products is heavier because we want to provide more functionality. However, the overall recyclability rate is higher than the previous generation. Furthermore, third-party authorities verify the material recyclability rate by dismantling and analyzing the products. The recyclability rate of all our products, including VR and mobile phones, is largely superior to the standard of the same category set up by the EU WEEE regulations (55%). In the future, as a principle, we will continue to design our new products in the direction of decreasing the weight and increasing the recyclability rate.

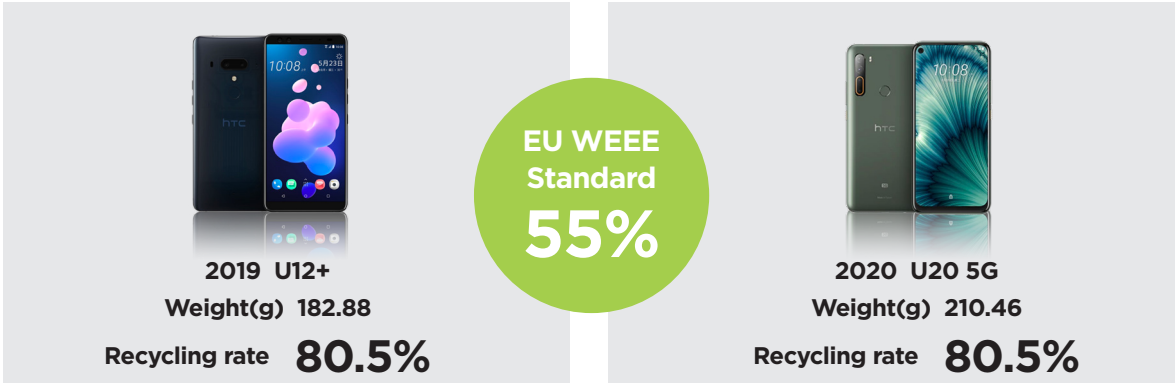
VIVE VR Products



Smartphone – Desire Series



Smartphone – U Series





## Phone and Battery Recycling

To properly fulfill their responsibilities as a manufacturer, HTC, which is 100% in line with EU WEEE requirements, has also promoted the US and Canadian related electronic product recycling program. To reduce the undue disposal or handling of old mobile phones and the impact of this upon the environment.

1. HTC began operating its own mail back device recycling program in 2020. Customers can contact HTC's customer care team and request a free mailing label to send their phone, tablet, or VR headset to our ISO 14001 certified recycling partner for proper disposal. For more details, see <https://www.htc.com/us/recycling/>
2. HTC also participates in the industrial management program Call2Recycle that is currently implemented in the United States. The program provides for the collection and recycling of batteries, including cell phone lithium-ion batteries, as well as the recycling of cell phones in Canada. We pay a fee to Call2Recycle for every mobile sold in the United States and Canada. In 2020, the project recycled 3.81 million kilograms of batteries in the United States and Canada, an increase of 11% compared to 2019. The COVID-19 pandemic and stay home orders impacted Call2Recycle's rechargeable battery collections, which declined by 10% from 2019 °



3. HTC takes part in the state-owned e-waste programs of more than 20 states in the US, responsible for recycling Nexus-9 Tablet PC. Due to different recycle mechanism of life cycle termination determined by each state, many states establish the weight of the Company's annual recyclable electronic products by market share, some states charge the cost to the manufacturer based on the price of unit weight of the recycled products, while the remaining states allow the mail recycle plan, and pay the annual registration fee, without having to set the recycling target. For example, in Washington State, we pay a certain percentage of expenses according to the market share of the tablet PCs, the local government is responsible for the recycling collection operations across the entire state, and the recycle firms legally registered with the state ecological department recycle the electronic products to ensure that the recycling operation is held responsibly and appropriately. From 2009 to 2020, there was a total of 192,969,707 kg of electronic waste recycled in the Washington state area.

VIVECOSMOS



VIVECOSMOS  
ELITE



VIVE



VIVEPRO  
EYE



VIVEFOCUS



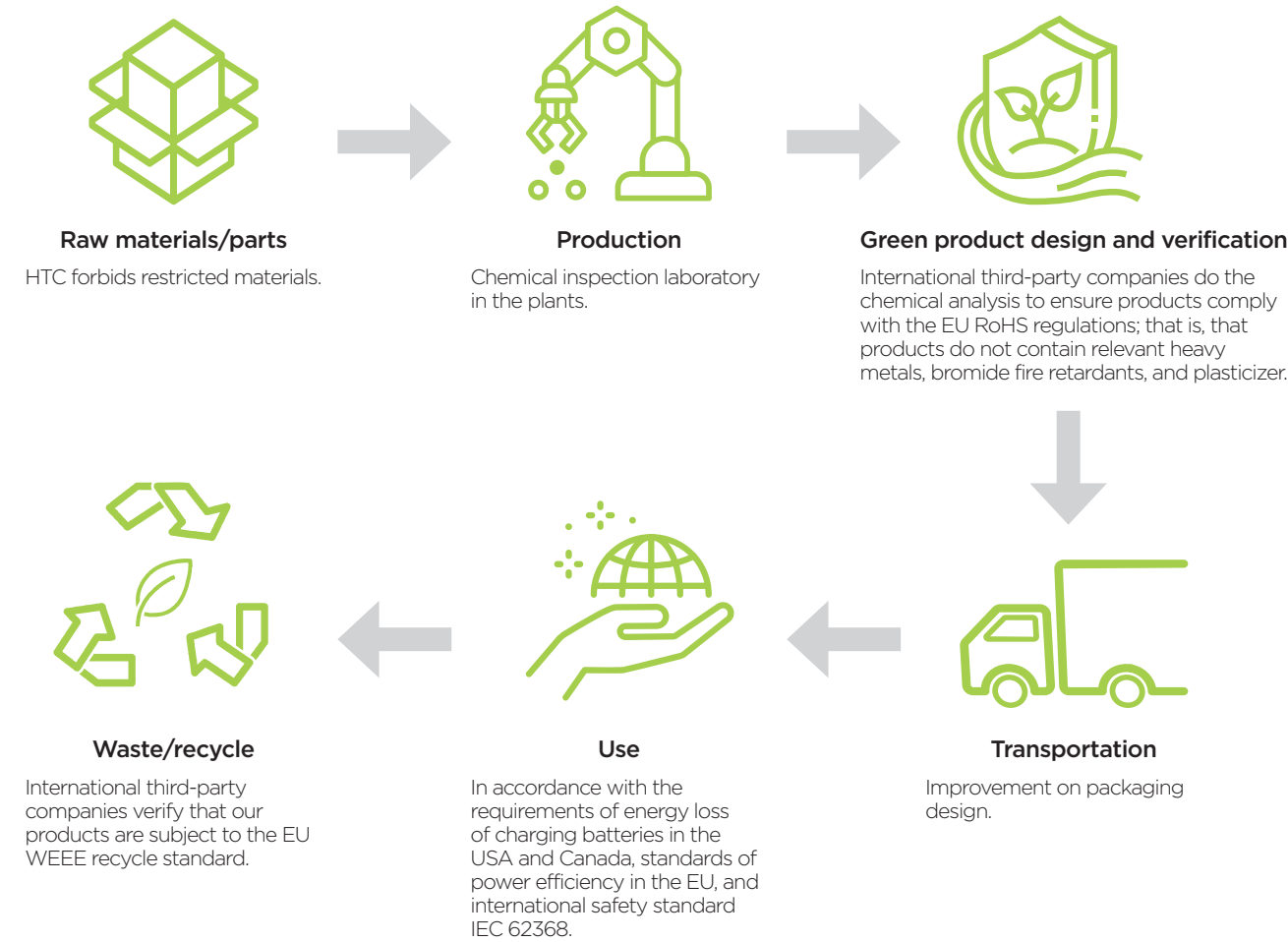
VIVEFOCUS  
PLUS



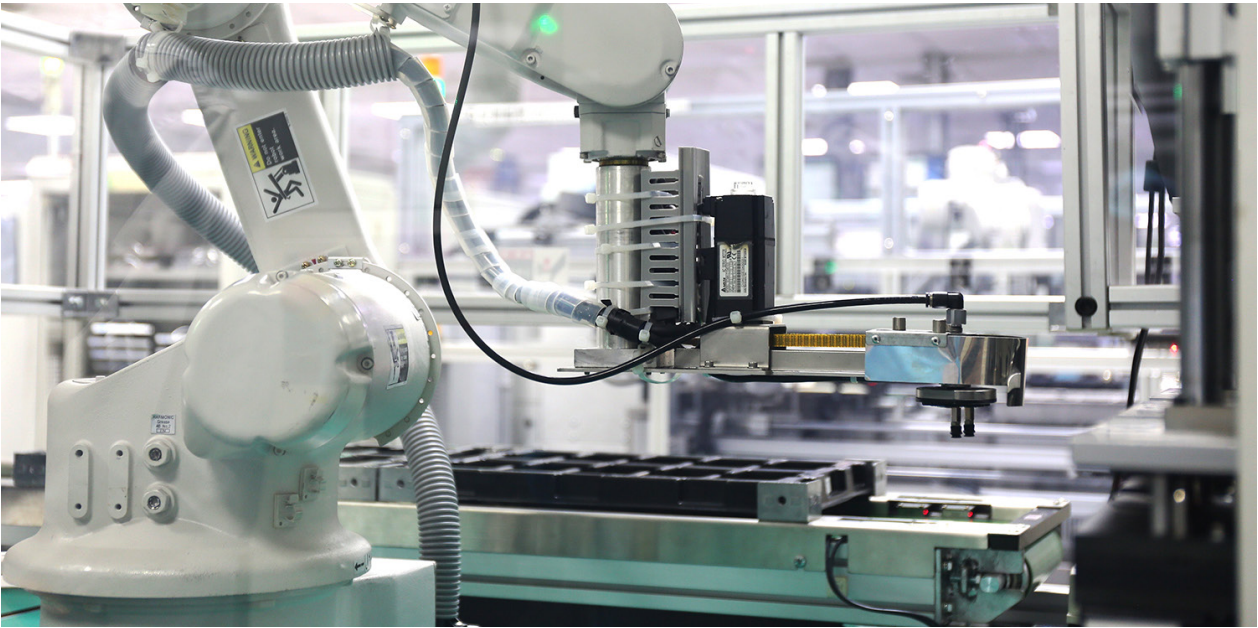
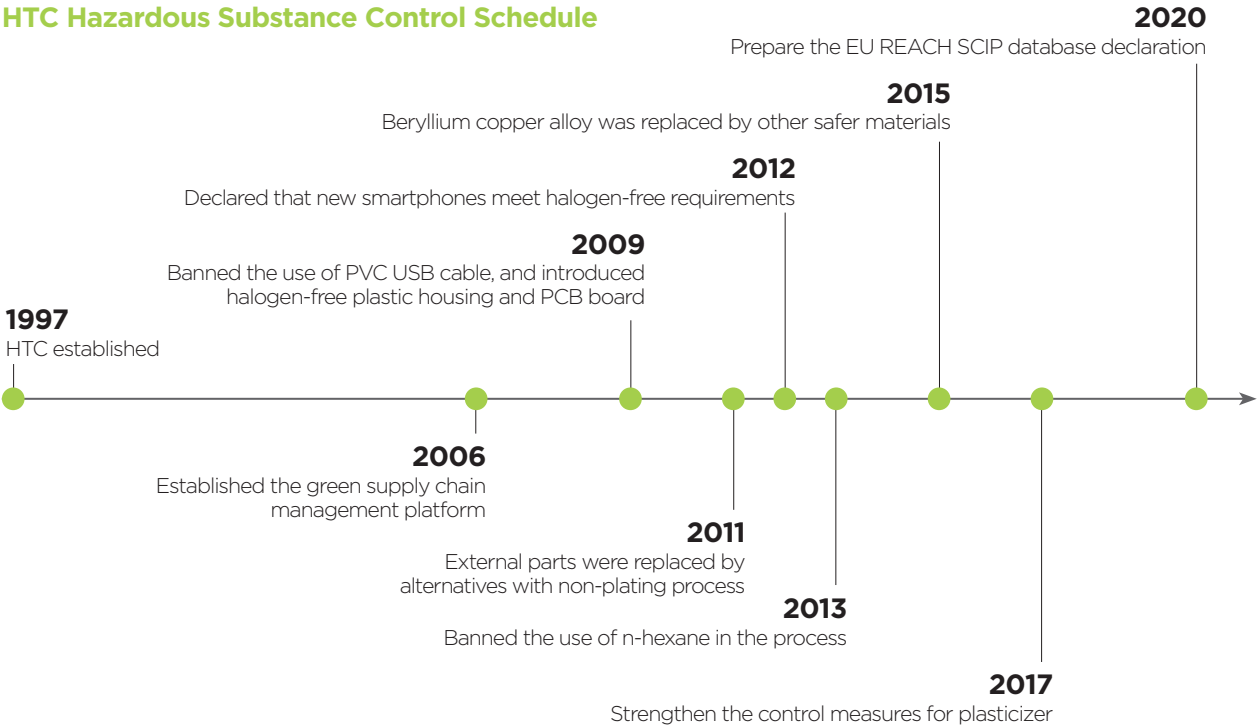
# Hazardous Substance Management

During the initial design stage of products, HTC considers the impact of the production process on the environment and whether it is harmful to users. Therefore, all the used parts, modules, and materials are on the list of HTC's specifications of hazardous substance management. The list covers not only the ten items restricted by the "Restriction of the use of Certain Hazardous Substances Directives, RoHS), but also those flagged by international environment protection regulations and international customers. For instance, we ensure to enforce the ban of PVC, halogen-free of brominated flame retardant, and pollution-free gas, and waste that contaminates the environment and ecosystem is not produced during the production process. We uphold the goal of being pollution-free, environmentally friendly, and sustainable in operation. We also request that our upstream and downstream suppliers to work together to comply with relevant regulations, to ensure that our consumers are free from hazardous substances.

## Description of the HTC product lifecycle and its different stages



## HTC Hazardous Substance Control Schedule





### EU RoHS-Restriction of the Use of Hazardous Substances

RoHS is the abbreviation of the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment. Currently, the major Directives include 2011/65/EU and EU 2015/863.

In the Directives, Pb, Cd, Hg, Cr6+, PBBs, PBDEs, and four newly added plasticizers, DEHP, BBP, DBP, and DIBP are all restricted. HTC had already published the latest HTC Toxic Substance Control List R7 edition in 2018. The content includes ten restricted substances outlined by RoHS, and it enforces suppliers to provide test reports as necessary documentation for parts approval procedures. In the future, HTC will continue to pay attention to new entries of legal regulations to ensure our Toxic Substance Control List is updated in line with international standards.

### EU WEEE Waste Electrical & Electronic Equipment

WEEE is the abbreviation of Waste Electrical & Electronic Equipment. The major directive numbers include 2002/96/EC and 2012/19/EU. In the Directives, electronics manufacturers in the European Union (EU) shall bear the expenses of scrap recycling, processing, and reuse. Products sold in the market shall have corresponding labels. Electrical and electronics equipment shall meet the objectives of reuse, recycling, and recovery (3R).

At the design stage, HTC chooses materials that are easy to recycle and reuse. Besides marking products in the EU market with recycle labels, products are also verified by third-party companies to ensure that they are in accordance with the 3R recycle rate. As a result, we can reduce the number of final-stage electronics scraps to decrease contamination of the environment whilst enhancing the use of natural resources.

### EU REACH (Registration, Evaluation, and Authorization of Chemicals)

REACH (Registration, Evaluation, and Authorization of Chemicals) are regulations governing chemical product registration, evaluation, authorization and limitation. In 2020, 209 SVHC was announced and expected to enforce products/parts that contain 0.1% SVHC to pass the SCIP (Substances of Concern In [articles or in complex objects] Products) database for more information. This measure prompts the use of alternative substances to replace hazardous chemicals to further enhance a safer circular economy system.

HTC requests that our suppliers provide the latest data related to SVHC, and encourages them to reduce the use of such chemical substances. On the other hand, in order to ensure the application content of the EU SCIP database that will take effect soon, we will review the overall SVHC performance by verifying products through third-party certification companies, and supply the investigation results to GSM systems and suppliers.

### EU ErP Directive of Eco-design Requirements for Energy-using Products

On July 6<sup>th</sup> 2005, the European Parliament confirmed a new framework of directives to set mandatory ecological requirements for energy-using products. On July 22<sup>nd</sup> in the same year, the new energy-using product Ecodesign Directive (2005/32/EC) was announced. The Ecodesign Directive EuP was replaced with the new Energy-Related Products directive (ErP) 2009/125/EC. ErP is the abbreviation of Energy-Related Products. The EU's Ecodesign 2019/1782 regulations governing external power supply efficiency went into effect on April 1<sup>st</sup> 2002.

HTC's AC adapters have been upgraded to the latest ErP standard in accordance with the regulations of the new directive governing efficiency requirements for external power supplies. Compulsory new labels are introduced and energy performance technical documents are required. The new AC adapters will fully comply with the new directive in the future.

### EAC RoHS

Beginning on March 1<sup>st</sup> 2020, RoHS certification will be mandatory for electronics and radio-electronic products that are placed on the market in the Eurasian Economic Union. Products must conform to the Technical Regulation (EAEU TR 037/2016) – Restriction of Hazardous Substances (EAC RoHS).

Based on the EU RoHS testing foundation, products of HTC sold in Europe and Asia must submit documents complying with RoHS to ensure they are in accordance with the local requirements for certifications and EAC RoHS.

### Active in Compliance with Standards

All HTC mobile phones are verified by international public certification companies, such as SGS, TUV, and ITS. Chemical analysis is carried out to ensure compliance with the EU environmental directives. In addition, a brand new international product safety standard IEC62368, entered into effect on December 20th 2020. This new standard aims at mandating manufacturers to build a safer environment for product design on the basis of known hazards. HTC has updated to the latest version of IEC62368 for all products in the market with CB certificates provided.



TEST REPORT IEC 62368-1 Audio/video, information and communication technology equipment Part 1: Safety requirements
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Sustainable Manufacturing Process

Hazardous Waste Management

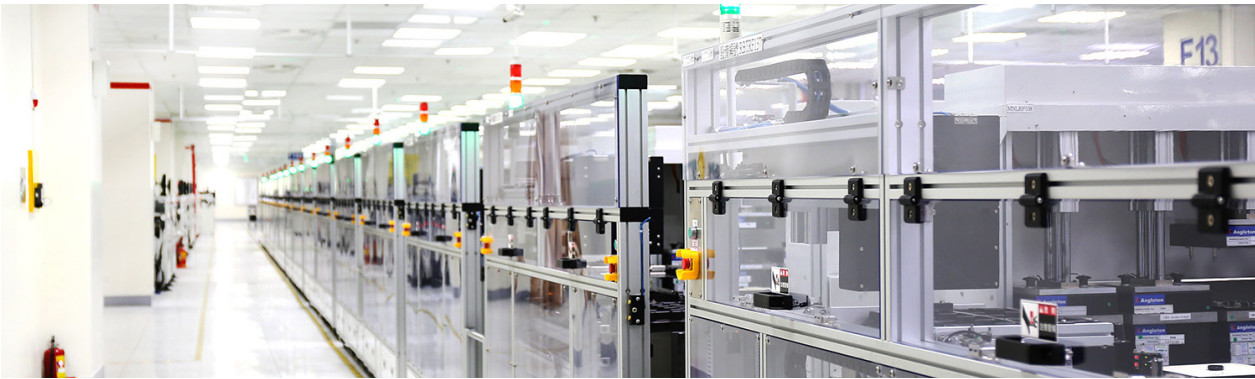
HTC’s main manufacturing business is the assembly of smartphones and virtual reality devices. We process and dispose of waste according to our self-regulated “Process for Removal and Handling Business Waste” and practice good resources recycling to ensure cleanliness of the working environment and reduce environmental impact.

Regarding management measures, besides entrusting legal disposal authorities to properly dispose of the waste in accordance with the government policy, we also follow disposal trucks to check and confirm their cleaning status on site from time to time. Regarding plants, we inspect waste storage and temporary storage zones through inspection checklist regularly, and request corrections for non-compliance within a limited time. We also establish environmental safety and health self-assessment form and perform audits, to accomplish effective management and evaluation mechanism. In the event of environmental concerns, HTC can be reached via the information on the company's website to ensure that we respond and handle it promptly.

Measures	Methods
Set up recycling bins and commission manual sorting of domestic waste.	Set up recycling bins and encourage and propagandize staff to sort domestic waste. The employees recycled 504.307 kg of domestic waste in 2020.
Used batteries, light tubes and information technology objects must be recycled.	We have recycling stations for used batteries and light tubes available to the employees

In the process of mobile phone and virtual reality device assembly /manufacturing, HTC inevitably generates general business waste and small amounts of harmful business waste. HTC upholds and implements proper disposal of waste, commissioning legal waste removal and processing companies and choosing the best handling approach based on the nature of waste.

	2018	2019	2020
Waste weight of each unit manufacturing (kg/unit)	0.0007	0.00044	0.00074
Weights of each unit recycled (kg/unit)	0.00281	0.00325	0.00497



2020 HTC’s waste disposal methods

HTC Waste Statistics

Unit: Metric tons

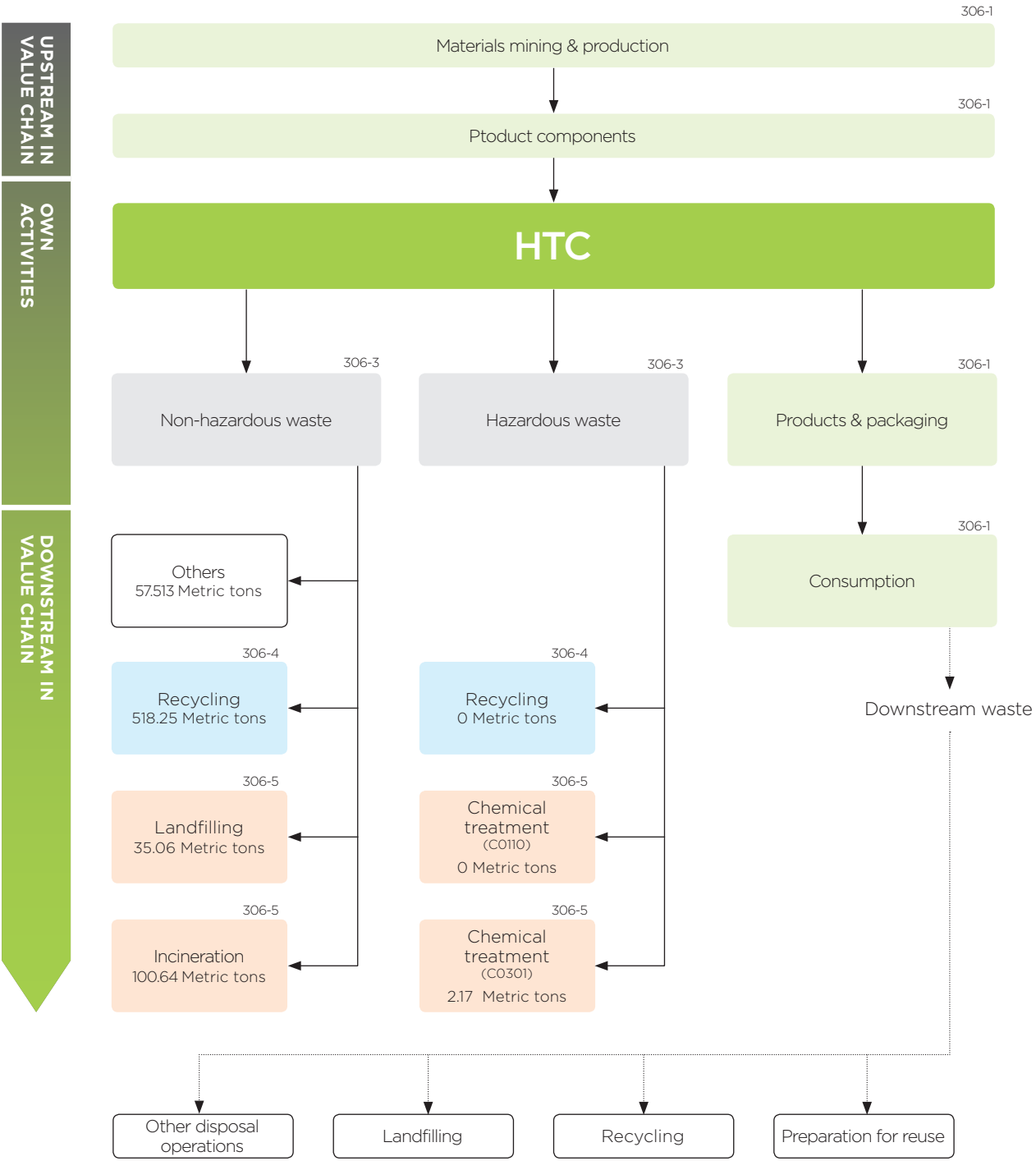
Type	Recovery Operations	Offsite Weight		Outsourcing	Descriptions
		2018	2019	2020	
Non-hazardous waste	Preparation for reuse	0	0	0	
	Recycling	1,771.481	958.273	518.25	Including Tray plate, foam, miscellaneous plastic, waste wood pallets, Computer peripherals (host, screen, laptop, electronic waste)
	Incineration	415.51	170.51	100.64	Domestic garbage
	Landfilling	23.56	0	35.06	Waste bakelite
	kitchen leftover	179.997	146.343	57.513	The amount of leftover is calculated on a barrel of 189 kilograms.
Hazardous waste	Preparation for reuse	0	0	0	
	Recycling	0	0	0	
	Chemical treatment	0	1.785	0	C0110- Harmful waste liquid containing copper The chemical treatment shall be conducted once every two years for the treatment according to "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste".
	Other				
	Chemical treatment	0	2.78	2.17	C0301- Harmful waste liquid The chemical treatment shall be conducted once every two years for the treatment according to "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste".

Note:  
1. The computer host and screen are estimated based on the weight information obtained from the official website.  
2. Preparation for reuse: Checking, cleaning, or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived  
3. Recycling: Reprocessing of products or components of products that have become waste, to make new materials.





Flow chart of activities for significant waste-related impacts in 2020



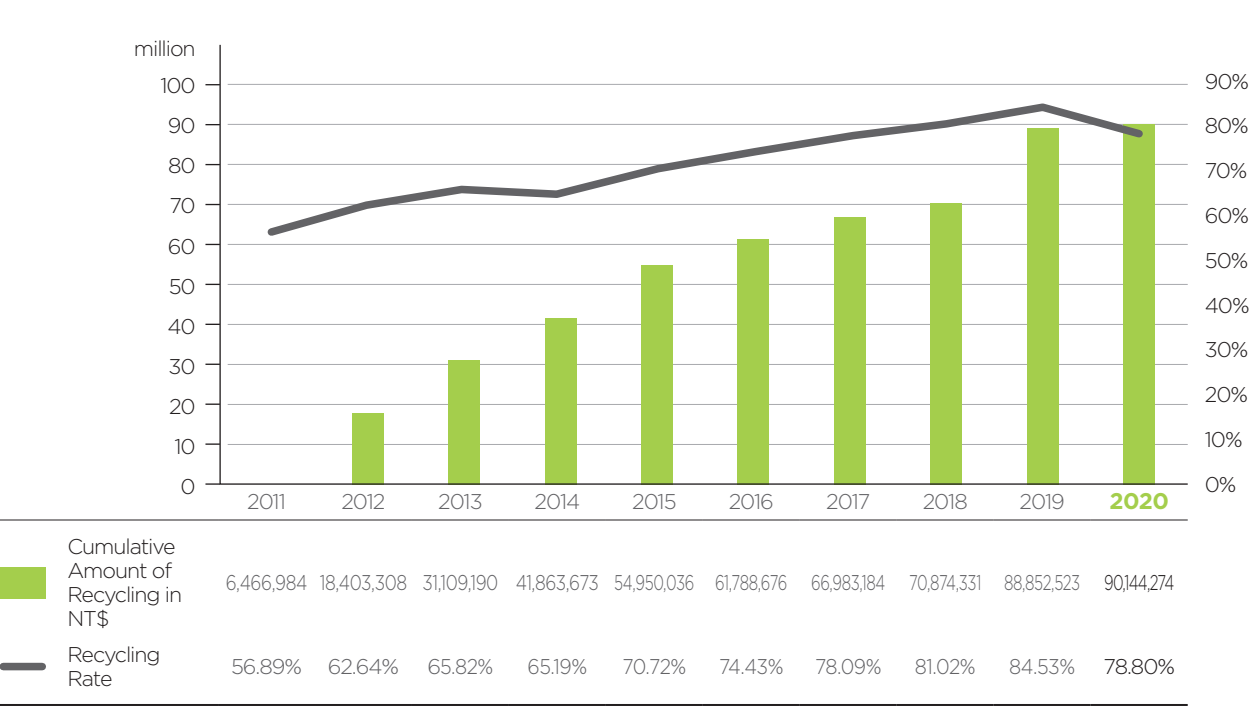
Waste Reduction, Recycling and Reuse

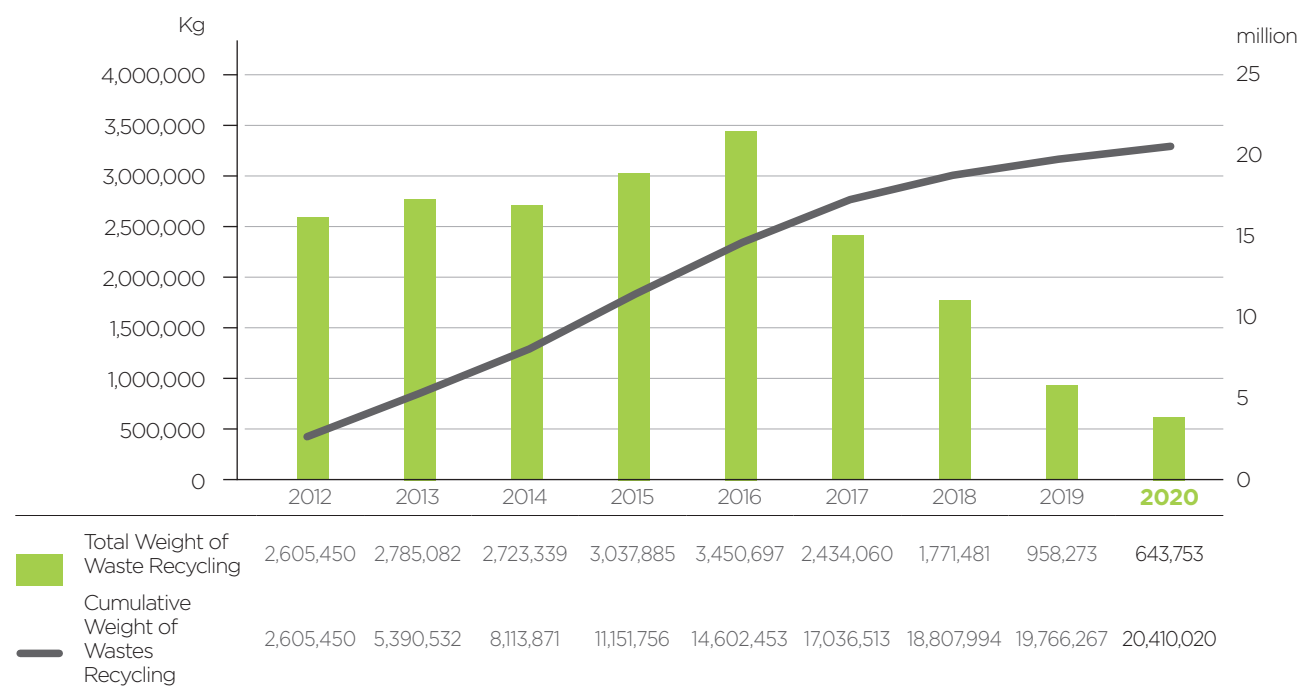
HTC waste reduction strategy involves the reduction of the generation of waste from the source by means of sorting and advocacy. The reuse of waste is also a priority and is essential for an increase in resource recycling efficiency.

We have been taking steps to handle the treatment of waste materials according to type. As an example, we commission contractors to collect and recycle waste trays. In addition, a number of other licensed contractors are employed to recycle other material and much of the waste is purified and turned into industrial raw material. Other waste goes through physical classification which increases reusability. For example, the source control strategy is adopted when the recyclable plates and sponges can be recycled to the production line for reuse. The material that is not recyclable goes to a final destination. We also publish the condition of temporarily stored waste material on the Internet. Our recycled resources reached 643.753 Metric tons in 2020.

From 2011 to 2020, a series of measures such as sorting and recycling, the money earned or saved by recycling waste rose year by year to reach NT\$1,291,751 in 2020. The waste recycling rate increased from 56.89% in 2011 to 78.80%. By the end of 2020, the accumulated savings and earnings from the recycling of waste had reached NT\$89,306,683.

Waste Recycling Effect and Rate





## Hazardous Substances and Chemical Control

HTC understands that in the green competition between corporations around the world, the active management of harmful substances and chemicals is the only way to ensure the reliability of the manufacturing process and product compliance with the standards of the different countries and customers. In so doing, we reduce the legal risks that our products might suffer. We completely banned four chemical substances, including n-hexane, n-heptane, benzene, and toluene. According to customer requirements, international standards, and domestic regulations, we restricted the use of 527 chemical substances such as hydrazine and dichlorobromomethane. Besides, we take the following measures to control the condition of chemicals used during the manufacturing of components and parts. These include:

1. Specially-assigned employees make an inventory of the chemicals in the plant on a regular basis. They also have to inspect the chemicals and ascertain their condition. Including:
  - Use types, quantities and the storage status of the chemicals (includes storage container management)
  - Whether the chemical's label of the using unit is complete
  - Whether the information about the chemicals is complete, such as the safety data sheet (SDS, Safety Data Sheets)
  - Personnel are required to wear basic safety protective gears when using the chemicals
2. Compressed gas fire extinguishers should contain safe eco-friendly agents:  
Replace CO2 fire extinguishers with safe halogen compound fire extinguishers.
3. Emergency lights should be powered by eco-friendly batteries:  
Replace lead-acid batteries with nickel-cadmium batteries.
4. Set up regulations for the management of chemical agents for cooling water towers:  
Choose cleaning solutions with safety certification.
5. Make sure that suppliers and contractors properly manage the chemicals they sell:  
The chemical management that suppliers enforce covers aspects ranging from environmental protection, safety and health, to corporate social responsibility. This must include the investigation and auditing of supplier internal management systems and an assessment of the risk levels.

## HTC Hazardous Substance Process Management Policy

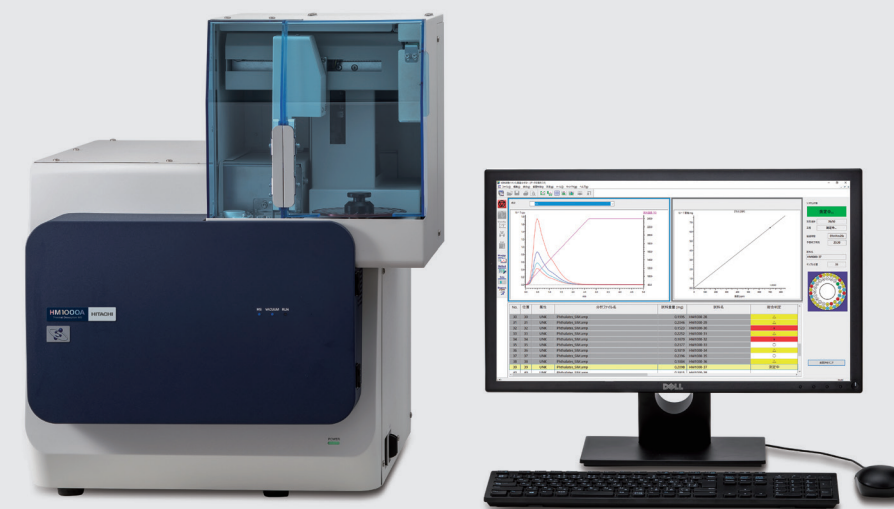
HTC analyzes the international environmental protection regulations and complying with the environmental protection requirements of international customers, with reference to the relevant international technical standards, and then establishing the IP-00000106-01 Toxic Substance Control List, and holding suppliers meeting regularly to work with parts suppliers together seeking for the use of non-toxic materials under the Company's hazardous substance control policy with green supply chain management, so that the procurement of raw materials, that is, using the principle of the source management to conduct strict control of hazardous substances. In the product development stage, the R&D department will deliver the relevant parts materials to the ISO 17025 qualified laboratories, such as SGS, TUV, to ensure that the materials used in the product conform to the international environmental protection specifications.

In terms of production management, factories regularly conduct hazardous substance tests on materials according to the "Incoming Toxic Substance Control Work Instructions". This is done to ensure that these materials comply with the RoHS 2.0 requirements, are all non-toxic, and are harmless green products.

X-ray fluorescence analyzer testing heavy metals and halogen elements



TD-GC/MS is used to check plasticizer





Green Production Process and Smart Factories

A Combination of Human and Material Resources

Our Taoyuan plant provides stable job opportunities, salaries and benefits, as well as an excellent job environment and opportunities for growth and learning for locals. We comply with the relevant regulations of labor law, create good interactions with communities, and promote local economic development. We combine human resources and systems automation to increase efficiency, whilst simultaneously decreasing human capital loss.

Automation

HTC introduced test automation procedures on the product line. We use robotic arms to test different functionalities using the appropriate jigs and equipment to replace traditional repetitive human operation. By doing so, not only do we elevate test efficiency, save testing manpower, and operate 24 hours, but we also lower the margin for human errors in operations or the wrong judgment of testing results. We also introduced the “one out of ten” random test at the end of plates to enhance testing efficiency.

Production Line	Manpower saving ratio (Test function)
PCB Plant	80%
System Plant VR production line	60%
System Plant SP production line	68%



Information system process optimization

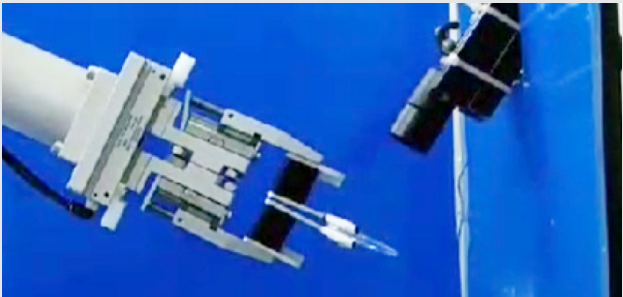
The process of receiving company products is adjusted to lead to electronic sign-off for material requisitions, and the concept of proper storage of company assets shall be strengthened. All products of the receiving company shall be in accordance with the standard process, and must be registered by the custodian for safekeeping. The custodian shall apply for the return or disposal of products after use. If this is not done, the custodian must bear the responsibility of storage or reparation of those products. In order to reduce manual upload errors and improve accuracy, each system process has been combined and officially launched. This can speed up the production process and reduce the waste of manpower.

Smart Lamination Factory

Lamination factory is responsible for the installation, calibration, and functionality tests of the headset, VR HMD Tube, in the class 100 clean room. In 2020, we gradually developed and introduced the automated blowing and Tube post-optics inspection equipment, in the search for higher production efficiency and lower production costs. We successfully made a big step in production automation.

The Lens/ Tube/ Cover Automated Cleaning Equipment

During the installation process of the VR tube, low fraction detection of foreign objects is highly important. Before the installation of the tube, we conduct a 100% manual dust blowing of the raw materials. After we introduced robotic arms for the dust-blowing procedure, it saved production costs up to NT\$ 132,603/month (NTD\$ 1,591,236/year).



The LCD/ Tube Automated Testing Equipment

After the tube is installed, it requires a 100% functionality test. We introduced automated testing equipment and enhanced the production efficiency and lowered the demand for 15 operators. We saved production costs of NTD\$ 132,603/month (NTD\$ 1,591,236/year).



Control Center

The control center shows instant testing statuses and defective conditions of various products and testing stations. It also shows specific equipment environment calibration displays and warning notifications. We continue to expand functions, such as equipment traceability, maintenance records, and instructions.

- 2020 Online Function Description: Provide instant testing status, defective fraction information, and certain equipment environment calibration display warning notifications.
- 2021 New Functions: We expect to add large screens on equipment, add maintenance records, and instant remark function of the maintenance equipment. We also expect to provide warnings of repeated testing problems to the engineers to ensure better understanding of the machines.

Production Line Combination And Energy Saving Plan

We centralized the SMT scheduling and production with double production lines. We saved a total amount of NT\$7,664,298 on nitrogen and electricity a year. HTC also developed relevant production and testing equipment that can effectively share and recycle jigs and accessories at the same time. As a result, parts can be recycled with zero waste.



Material Recycling And Reuse

Through the recycling and reuse of materials, we saved a total amount of NT\$161,960 in 2020.

Materials recycled in 2020

Material	Quantity
Aluminum plate	1,330kg
Tin solder paste	51.77kg
Tin dross	15.44kg

Materials saved from reuse in 2020

Material	Quantity
Synthetic stone carrier(used on M/B production)	200
Synthetic stone carrier(used on FPC production)	150
Steel plate	138

Improvement of Production & Enhancement of Yield Rate

Through the overall improvement of the production, quality, personnel educational training, raw material quality control, jig improvement, production automation and testing, and precision testing, etc., we increased the life and lifecycle of products, and decreased electronic waste that damages the environment. In addition, we increased the production efficiency through trial production line adjustments.

Energy and Paper Saving Measures

Paperless daily/ weekly/ monthly report/ SOP/ testing specs with OQC were introduced. Around 15,000 pieces of A4 paper (70kg) were saved annually. In 2021, we plan to adjust the testing frequency according to material quality risks so we can reduce the time taken to use equipment and instruments. Annually, we can save up to 38% of electricity (about 1,121 degrees), 30% aluminum plate consumption, and extend the lifespan of X-Ray light pipes by 50%.



# Sustainable Product

## Taking circular economy as the direction for development

In order to achieve the goal of sustainable development, the thinking of circular economy is adopted to design and manufacture HTC products. We think about how to use the limited resources of the earth cautiously so that maximum efficiency can be generated and the effectiveness can be maintained within the industrial system to achieve sustainable operation. The following are some of our practices

- Easy to recycle product design
- Extend the lifetime of products, including continuous software updates and good after-sales service
- Use recycled materials for manufacturing and packaging
- Reduce the environmental impact of the manufacturing process, use recycled water and renewable energy
- Innovative business model, launching HTC VR rental service

### Carbon Footprint and Lifecycle Assessment Related Planning and Reporting Memorabilia

HTC has been conducting product environmental impact investigation and analysis in accordance with life cycle assessment methods since 2010. The annual action plans are set out below:

1. In 2010, we participated in the Product Environmental Information Disclosure Program of the Industrial Development Bureau MOEA and completed the Environmental Protection Declaration (EPD) with 19 suppliers.
2. In 2011, we participated in the Low Carbon Product Design Program of the Industrial Development Bureau MOEA, and completed carbon footprint analysis and low carbon design counseling with 15 major suppliers.
3. In 2013, we cooperated with 11 suppliers to complete the ISO/TS14067 product carbon footprint inspection.
4. In 2014, our main action plan is to establish carbon reduction targets and action programs by providing the major suppliers with detailed life cycle investigation data analyses.
5. In 2015, cooperated with 8 suppliers, fulfilled two products carbon footprint inspection.
6. In 2016, water footprint inspection and third-party verification have been accomplished.
7. Starting from 2016, the supplier GHG autonomous inventory was initiated. Suppliers are required to submit GHG inventory data in the first half of each year. The response rate in 2020 reached 98%.
8. In 2018/2019, HTC join a CDP supply chain program member. In the first year, major suppliers were invited to participate in the CDP Carbon Disclosure Questionnaire and the annual response rate reached 48%. In 2019, Invited more major suppliers to participate in the survey and the annual response rate reached 61%.

## Environmentally friendly with sustainable packaging

The packaging material used for HTC smartphones is subject to product safety and appearance requirements. We take into account the impact of packaging material on the environment. We uphold the promise of being environmentally friendly and sustainable. Thus, we make efforts to reduce product packaging. Our considerations include:

Reduction of the amount of material used;

- 1.The use of biodegradable raw material;
- 2.Printing with environmentally friendly ink (soy ink);
- 3.The facilitation of shipment;

All the packaging materials for HTC products are compliable with the EC directive on packaging (EU 94/62/EC) and the US requirement on packaging (Model Toxics in Packaging Legislation of USA). The printing ink used on the packaging material is low-volatility ink or soy ink certified by the American Soybean Association. These efforts minimize the impact of our product packaging materials on the environment.

This packaging is  98% recyclable  79% fast renewable 

### One pallet can carry more packs and help reduce freight

Material	Weight(g)	Recycling Weight (g)	Recycling Rate (%)
Chipboard	96.9	82.4	85
Others (such as calendered paper, PET membrane of plastic bags)	96.2	0	0
Sum	193.1	82.4	42.7

### 2020 VR Packaging Material Analysis

Material	Weight(g)	Recycling Weight (g)	Recycling Rate (%)
Clay-coated paper	445	378	85
E flute	787	708	90
Others (white cards, plastic bags, PS Tray)	478	0	0
Sum	1,710	1,087	63.5

## History of HTC “Sustainable Packaging”


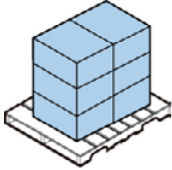

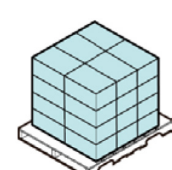

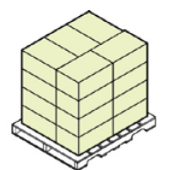

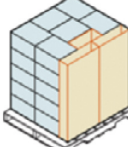

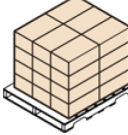
### Weight

Has been reduced, helps to reduce CO<sub>2</sub> emission resulting from transportation.

### Transportation

One pallet can carry more packs and help reduce freight.

## The material of VR packaging- Utilize recyclable packaging materials and lightweight design

	Photo & Dimensions	Weight(g)	The number of pallets	Transportation Carbon Footprint (kg CO <sub>2</sub> eq)	ECO Features
<b>2015</b> Rigid Box	 574x420x212mm	3000	 6pcs	28.14	● Printed with two colors and reduce the ink use.
<b>2016</b> Pizza Box	 415x295x181mm	1800	 24pcs	16.88	● Volume reduced by 55%. ● Weight loss by 40%. ● Printed with two colors and reduce the ink use.
<b>2017</b> Pizza Box	 532x344x185mm	2250	 20pcs	21.11	● Reduce printing with ink. ● Share to reduce the generation of new packaging materials.
<b>2018</b> Pizza Box	 418x338x188mm	1200	 30pcs	11.26	● Reduce printing with ink. ● Extremely simplified packaging design
<b>2019/2020</b> Pizza Box	 520x302x182mm	1570	 24pcs	14.73	● Reduce inner packaging with plastic ● Use higher recycled materials on the outer box

## Sustainable Supplier Chain

Suppliers are a vital factor for the continued success of HTC, we were founded in Taiwan and are a Taiwanese company whose operations and procurement drives the development of the related sectors. Besides key components, we try to purchase local raw materials and related equipment. The amount of local raw materials purchased accounted for 67.19%. While demanding high-quality services and products, we also use high ethical and environmental standards to manage our supply chain.

HTC follow the Responsible Business Alliance Code of Conduct and formulated an “HTC Supplier Code of Conduct”, which aims to protect the environment with our supply chain partners, safeguard the human rights of our workers, their ethics, safety and health, and extend this social responsibility to the supply chain system. And organize irregular supplier meetings every year to promote relevant topics.

### HTC Supplier Code of Conduct

The HTC Supplier Code of Conduct details the responsibilities and regulations that have to be followed by all suppliers doing business with HTC. In addition, HTC also conducts a regular assessment of the implementation of the Code as the basis for our further selection of business partners. At the end of 2020, there were a total of 175 suppliers signed the Supplier Code of Conduct, with the rate of signing reached 100%.

The provisions about labor issues, health and safety, and ethics were framed with reference to Responsible Business Alliance Code of Conduct and the related documents issued by the United Nations Universal Declaration of Human Rights. For more information about the “HTC Supplier Code of Conduct,” please visit <http://www.csr.htc.com>

### Statement on Uyghur Human Rights Issues in ASPI Annual Report

2020 ASPI report mentions the HTC’s supply chain factories include p.31/O-Film Technology Co. Ltd and p.34/Hefei Bitland Information Technology Co. Ltd.

As a condition of doing business with HTC, we require all suppliers, including O-Film Technology Co. Ltd., to sign the HTC Supplier Code of Conduct and to work with their suppliers to implement these standards. HTC routinely conducts audits of our suppliers to ensure systems and controls are in place to safeguard against illegal or unethical activity in all business dealings. In the case of Hefei Bitland Information Technology Ltd, HTC has not had a business relationship with them for several years.

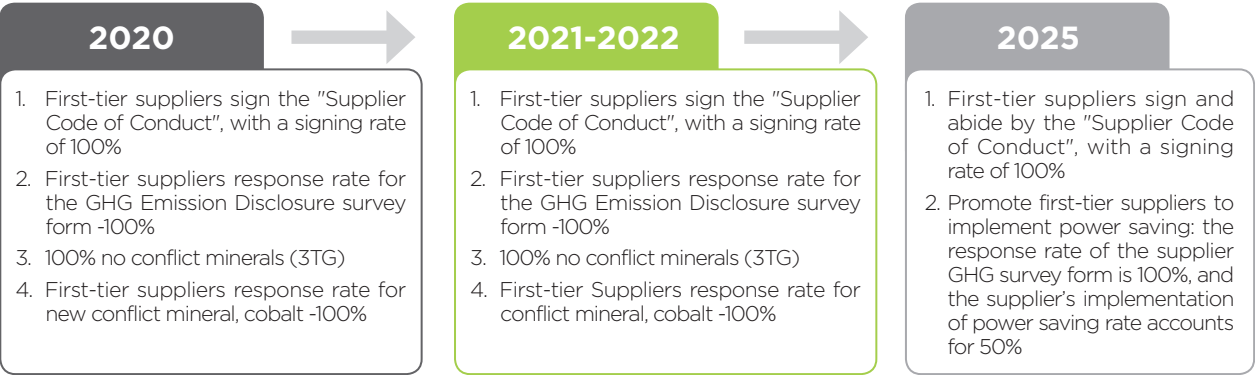
HTC is committed to the highest standards of social, environmental and ethical integrity. HTC fully respects human rights and workplace rights, and has a zero tolerance approach to worker abuse of any kind, and we hold all of our vendors to the same high standards of corporate responsibility.

Please also refer to the following link, HTC’s Modern Slavery Act statement, which addresses our concerns about forced labour.

<https://www.htc.com/uk/modern-slavery-act-statement/>



Mid- and Long-term Goals for Supplier Management



2020 Supplier Management

	Amount (NT million)	Percentage of Total Purchase Amount (%)	Relation to HTC
A	410	16	None
B	349	13	None
Others	1,872	71	-
Total Purchase Amount	2,631	100	-

The Green Supply Chain Management System

HTC has setup the Green Supply Chain Management platform since 2006 to assist R&D engineers to select green materials from the product database that comply with both International regulations and customer requirements. Green materials are used from the start of design to significantly enhance the reliability and related validation process and schedule of green products.

Since 2018, the CDC (Component Data Collection) subsystem has been added to the Supplier Portal System to address the issues required by the Supplier Code of Conduct, such as conflict minerals, banned and restricted substances, and greenhouse gases Emissions, etc., set the annual supplier targets, tracked and summarized through the system.

The survey of new suppliers shall comply with the HSF scoring standard. As for the existing suppliers, the HSF performance evaluation was added to the Supplier Performance Management System since 2016. Improvements are reviewed and checked via the implementation of the quarterly supplier meeting.

The HTC Supplier CSR Assessment and Audit

In addition to implementing corporate social responsibility of our own brand, HTC also delivers the concept and requirements of CSR to the supply chain. We established the CSR unit in 2010 and then initiated investigations of those suppliers who had implemented CSR. This was not only to verify their compliance of the HTC Supplier Code of Conduct, but also to provide supplier consulting and coaching functions to build and enhance CSR concepts and actions.

A Quick Look at the HTC Supply Chain Management

Definition of HTC Critical Supplier	Owing to differences of industry characteristics and supplier category, HTC identifies critical supplier and major audit for reference by following two principles: 1. Suppliers' annual amount of transaction representing more than 10% of total purchase. 2. According to the components which vary based on technology, markets and purchase annually, CSR and sourcing departments define critical suppliers of current year based on different situations every year.	
Management Mechanism	Self-assessment Survey	<ul style="list-style-type: none"><li>All candidate suppliers are required to fill in the Self-assessment. Since 2016, the weight of CSR-related questions in the Self-assessment survey for new suppliers was increased. During each quarterly supplier review meeting, the CSR-related performance of major suppliers will be check and the results will act as the reference for the supplier screening process.</li><li>For new suppliers, the CSR self-assessment questionnaire must be filled and returned. The content of the questionnaire is designed based on the five major aspects of HTC's Supplier Code of Conduct: labor, environment, health and safety, ethics and management system. Supporting information is provided for inspection.</li></ul>
	On-site Audit	<ul style="list-style-type: none"><li>"Supply Chain CSR Compliance Audit" has been implemented since 2011, based on initial risk determination (including geographic, location, products, news, etc.)</li><li>In 2017, added new audit item for the RoHS and REACH directives, hazardous substances subject to control are required to be audited in the manufacturing process.</li><li>On-site audit for 9 suppliers had been completed in 2020.</li></ul>
On-site Audit Results (Total of 172 Noncompliance Items in 2020)	Labor Rights	71 cases, mainly about wages and benefits and overtime issue.
	Health and Safety	74 cases, mainly on insufficient occupational safety measures in the operating environment.
	Environment	19 cases, mainly about Inadequate hazardous waste management measures.
	Ethics	8 cases, mainly for the failing of establishing management procedures for employees to accept inappropriate payments and gifts
	Treatment and Responses	In response to the above findings, besides requesting the suppliers to respond with improvement measures, HTC also provided management system and implementation experience to suppliers for reference and put them in the priority list for on-site audit in next year in order to prevent similar incidents from happening.



## Responsible Procurement of Minerals

HTC has responded to the global boycott of conflict minerals, supports the Conflict-Free Smelter Program, has promised not to use conflict minerals, and refuses to accept primary ore material from the Congo and the neighboring Central African countries in conflict.

In addition, through a responsible procurement practice, our suppliers and we shall comply with the “HTC Conflict Minerals Procurement Policy” and reply the “CMRT” and “Conflict-Free Material Assurance Letter” in a concerted effort to avoid all use of conflict minerals. HTC has not only monitored and managed its supply chain and prohibited the use of electronic parts produced with the minerals but also supports the audit and certification process of the minerals to ensure all the minerals HTC uses are conflict-free.

Based on Conflict Minerals Reporting Template, HTC set up KPI, tracking the progress of sign-back, in order to effectively manage the supply chain and reduce the risk of breaching the contract. We have completed the development of products using conflict-free minerals in 2016. All minerals used in HTC products from the end of 2017 are CFSI qualified smelters. At the end of 2020, all suppliers also signed an agreement to ban the use of conflict minerals, which will be updated annually. In response to international trends, HTC began to investigate the sources of "cobalt" metal mines of all suppliers in 2020, with a response rate of 98.6%.

### The intended use of conflict minerals



**Point of use**  
Contact in the circuit boards  
**Intended use**  
As circuit board contacts to ensure proper connection



**Point of use**  
Soldering in the circuit boards  
**Intended use**  
Solder to mount circuit board electronic components



**Point of use**  
Tungsten Alloy used in Vibrator  
**Intended use**  
Tungsten alloy used in the phone vibration motor

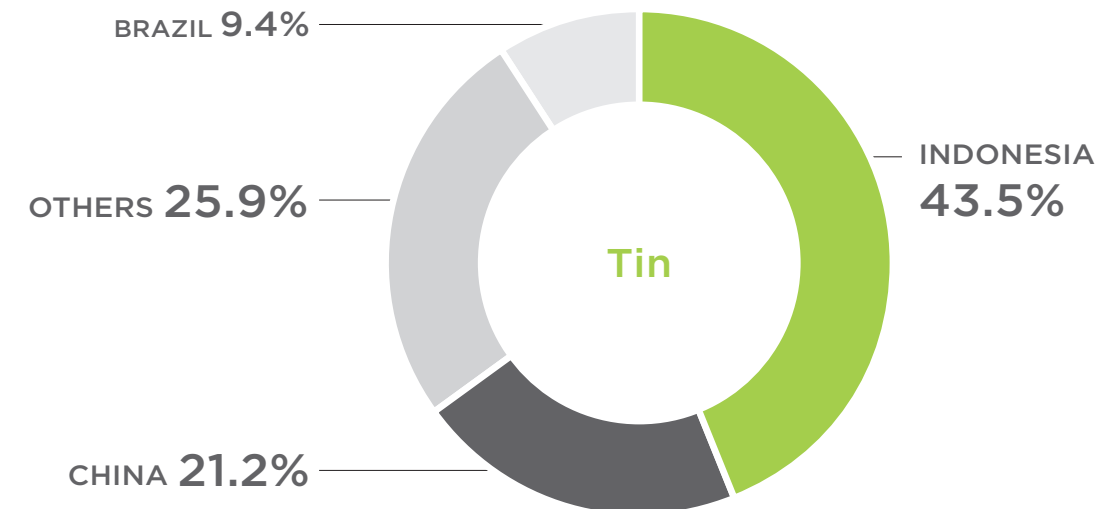
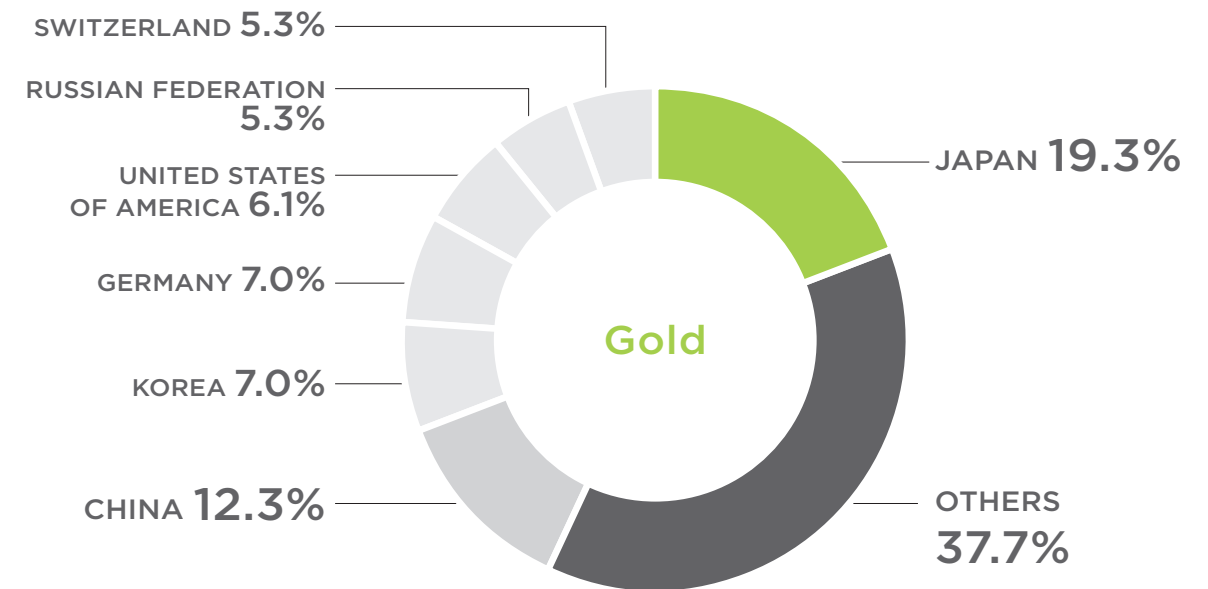


**Point of use**  
Tantalum-Capacitor  
**Intended use**  
An element used in tantalum capacitors

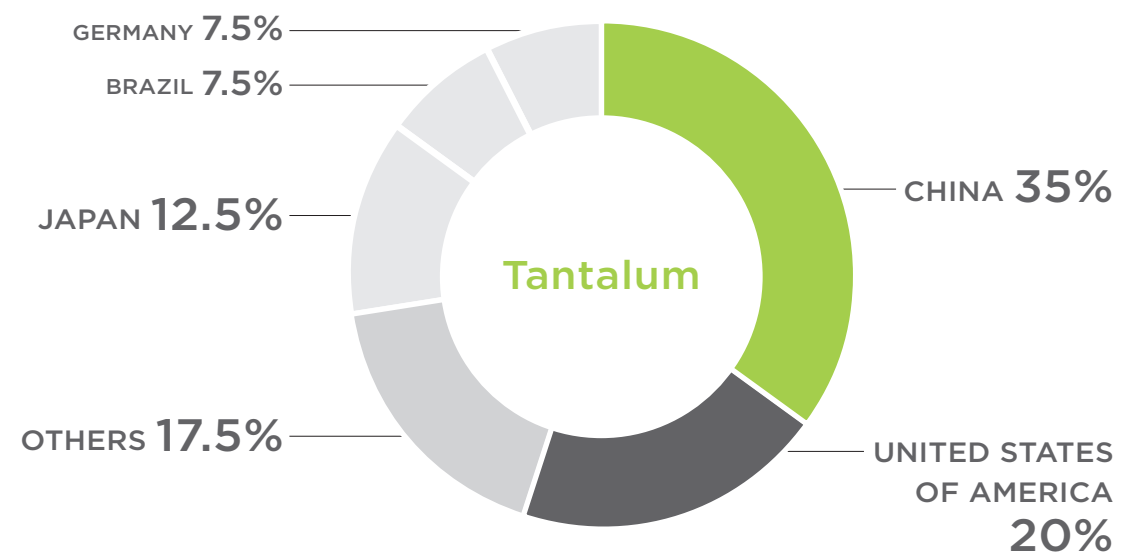
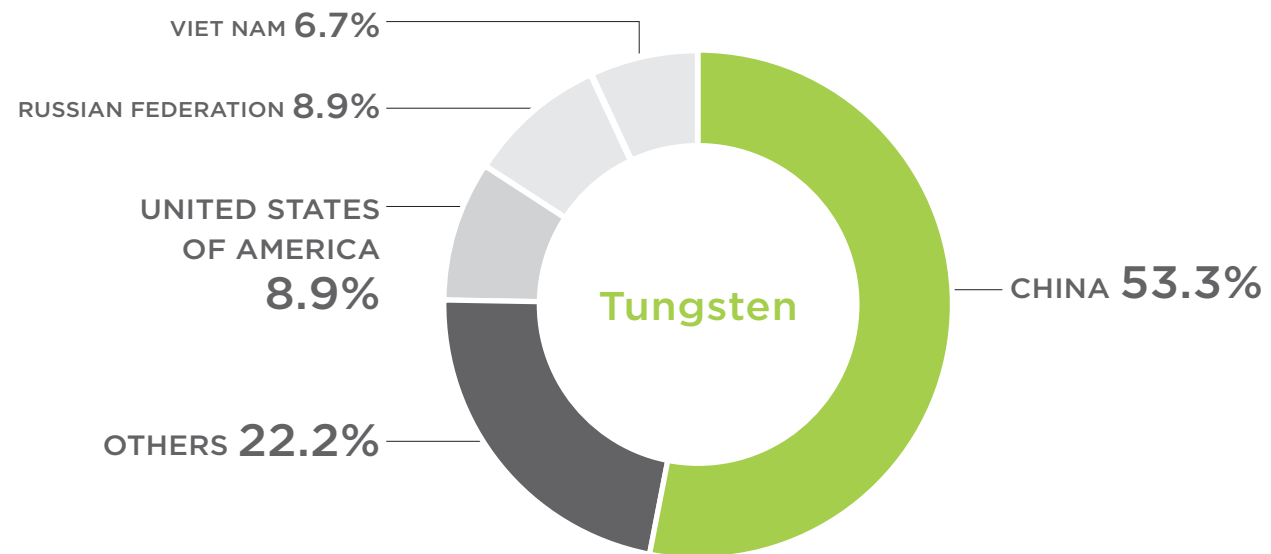


**Point of use**  
Used on lithium batteries  
**Intended use**  
As electrode material for lithium battery

### Distribution map of countries where smelters mainly use minerals







**Note:**

In the smelter country display graph, the others category is countries with a percentage value of less than 5%. The countries of conflict mineral smelters in this category are as follows:

1. Smelter countries of Gold include: Italy , Brazil , Canada , India , Kazakhstan , South Africa , Taiwan , Turkey , United Arab Emirates , Uzbekistan , Andorra , Australia , Austria , Belgium , Chile , Czechia , France , Indonesia , Kyrgyzstan , Mexico , Netherlands , Philippines , Poland , Singapore , Spain , Sweden , Thailand

2. Smelter countries of Tantalum include: Estonia , India , Kazakhstan , Mexico , North Macedonia , Russian Federation , and Thailand

3. Smelter countries of Tin include: United States Of America , Bolivia , Japan , Thailand , Viet Nam , Belgium , India , Malaysia , Myanmar , Peru , Philippines , Poland , Rwanda , Spain , and Taiwan

4. Smelter countries of Tungsten include: Germany , Japan , Korea , Austria , Brazil , Philippines , and Taiwan



**VIVE**  
htc



# Friendly Workplace

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Staff management

Human Rights and a High Standard of Professional Ethics

HTC is an international corporation, and follow the Responsible Business Alliance Code of Conduct, we attach great importance to the human rights of labor, and the principle of equality and anti-discrimination is our core concept for multicultural employees. We provide equal and fair employment opportunities for employees. There is no race, gender, age, physical and mental disabilities, religion, ethnicity, or any other form of discrimination protected by relevant laws.

HTC is committed to the highest standard of social care, environmental protection, and ethical integrity. We fully respect human rights and workplace rights. We have zero tolerance of any form of abusive labor conditions. HTC requires all suppliers to maintain the same standard of corporate responsibility and announces the “Modern Slavery Act Transparency Statement” (please refer to <https://www.htc.com/uk/modern-slavery-act-statement/>). We collaborate with suppliers to abide by the latest statement to embody justice and human rights.

No Child Labor

HTC strictly prohibits the use of child labor in our own manufacturing facilities as well as those of our manufacturing suppliers. We mandate proof of age for employment to ensure we meet all local labor laws and the requirements of the jurisdictions where we operate. Even student workers need to be 16 years old.

HTC Code of Conduct

We place great importance on employee integrity and uphold high ethical standards. The company has established the “HTC Code of Conduct” as the prime directive that directs all our employees in the performance of their work. Every person in our employment, in any of our branches and subsidiaries, no matter their position, level and location, must comply with these ethical standards. In countries where HTC has a manufacturing presence, this Code is higher than any local regulations unless a provision is inconsistent with a legal order issued by the local government.

New employees undergo an orientation training session on the same day they report for duty. They learn about the HTC corporate policy, the Code of Conduct for employees, ESH policy and corporate social responsibility and anti-corruption, sexual harassment and human right issues such as Prevent illegal violations of duties courses were also included. An e-learning program for new employees is also provided that explains the HTC corporate principles using exemplary cases. There are physical and online courses for retraining for all employees every year. In any case of conflict with the laws in force in places where HTC operates, the local HTC HR team shall submit the context of the laws at issue to HTC HQ for review. Except for a case such as the above, any violation of the “HTC Code of Conduct” can lead to serious disciplinary action, including the termination of employment.

To ensure that the “HTC Code of Conduct” is fully implemented, we conducted the external third-party compliance verification for the implementation of the “HTC Code of Conduct” in 2018. The verification was passed and relevant certificates were obtained. We will continue to improve and practice the Code of Conduct in the future.

Overview of Human Resource Structure

HTC recruits promising talent from all around the world. At the end of 2020, HTC global employee workforce totaled 2,605. Of these, 28.69% were foreign supervisors, accounting for the total number of executives worldwide; foreign supervisors and professionals accounted for 19.21% of the total number of global executives and professionals, and 25.93% of the supervisors were women.

HTC’s turnover rate of direct workers in 2020 was 6.8%\*, with the statistical frontier encompassing the Taiwan region (including students involved in industry-university cooperation programs, interns, and foreign workers). The indirect workers turnover rate was 17.36%, with the statistical frontier covering the world.

\*Note: Turnover rate= the number of employees leaving the company/ the total average number of employees per year. The figure does not include employees who were involuntary resigned employee

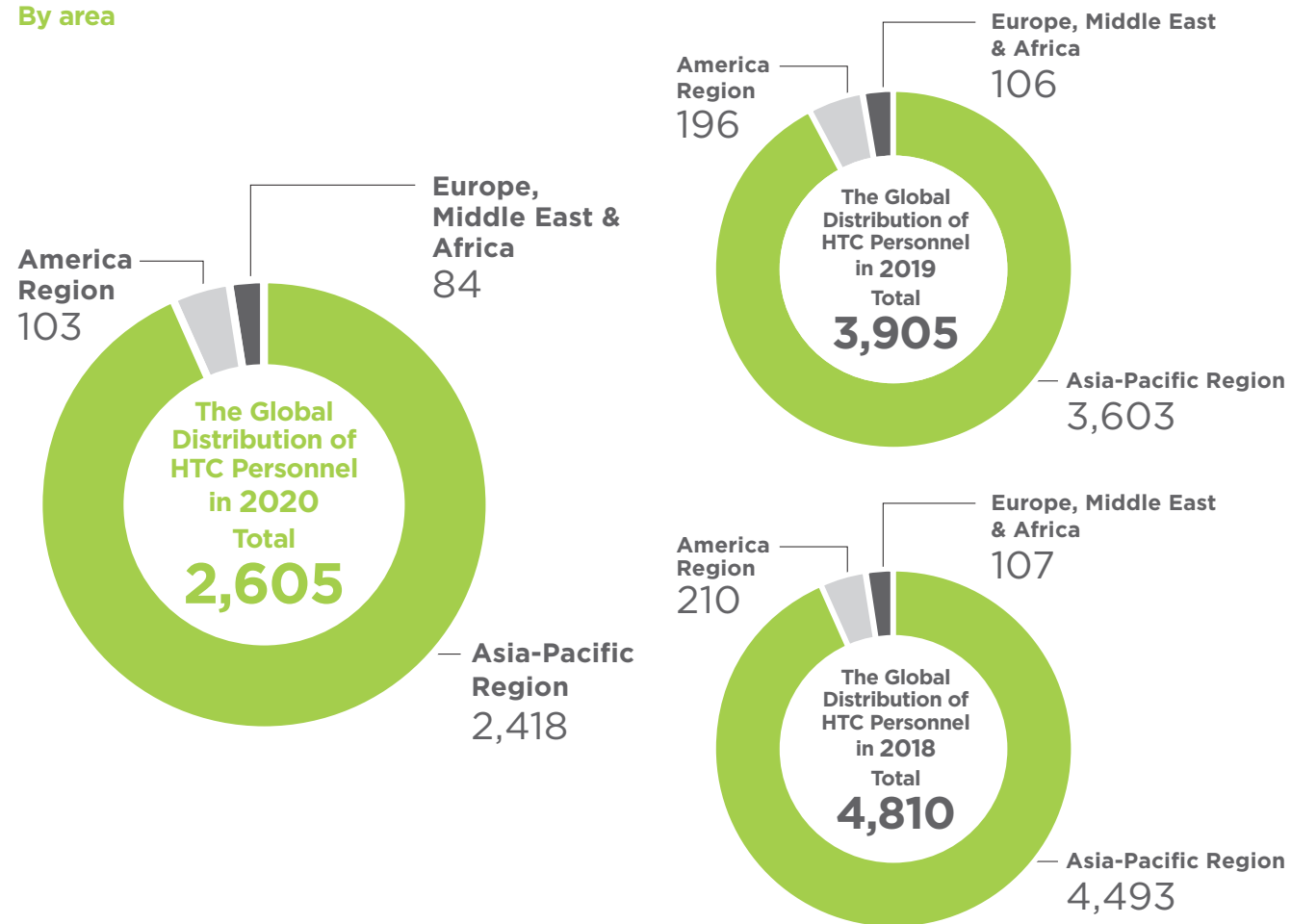
HTC Human Resource Structure Overview

	Gender	2018	2019	2020
Global Employee	Male	2,679	2,304	1,557
	Female	2,131	1,601	1,048
Employees under indefinite contract	Male	2,641	2,269	1,537
	Female	2,105	1,555	1,029
Temporary Employees under fixed-term contracts	Male	38	35	20
	Female	26	46	19
Manufacturing employees	Male	629	359	221
	Female	1,212	709	429
General employees	Male	2,050	1,945	1,336
	Female	919	892	619
Taiwan dispatch personnel	Male	2	1	0
	Female	0	0	0
Part-time personnel	Male	35	29	20
	Female	32	31	25
≤29 years old	%	27.90	23.10	17.27
30-50 years old	%	66.82	70.91	75.28
≥51 years old	%	5.28	5.99	7.45

Note:  
1. Employees under indefinite contracts include 2511 general employees, 0 global employees, 32 people in Research and Development Substitute Services, and 23 interns, totaling 2566. Part-time personnel are not included in the total number.  
2. The dispatch personnel worked as supportive assistants. No dispatch personnel in 2020

## The Global Distribution of HTC Personnel

### By area



### By Country

	Domestic Personnel		Foreign employees	
	Male	Female	Male	Female
2018	2,198	1,603	481	528
2019	1,856	1,285	448	316
2020	1,312	888	245	160

### By Age

Male								
Age	Manufacturing Employee	%	General Employee	%	Middle supervisor	%	Senior supervisor	%
≤29	29	1.11	233	8.94	25	0.96	0	0.00
30-50	166	6.37	164	6.30	815	31.29	30	1.15
≥51	14	0.54	4	0.15	61	2.34	16	0.61
<b>Total</b>	209	8.02	401	15.39	901	34.59	46	1.77
Female								
Age	Manufacturing Employee	%	General Employee	%	Middle supervisor	%	Senior supervisor	%
≤29	26	1.00	122	4.68	15	0.58	0	0.00
30-50	320	12.28	129	4.95	329	12.63	8	0.31
≥51	71	2.73	5	0.19	18	0.69	5	0.19
<b>Total</b>	417	16.01	256	9.83	362	13.90	13	0.50

### By Position

Year	Position	Senior	Middle	General	Total
2018	Male	52	1,239	1,388	2,679
	%	1.08	25.76	28.86	55.7
	Female	12	453	1,666	2,131
	%	0.25	9.42	34.64	44.3
2019	Total	64	1,692	3,054	4,810
	Male	58	1,180	1,066	2,304
	%	1.49	30.22	27.30	59
	Female	16	444	1,141	1,601
2020	%	0.41	11.37	29.22	41
	Total	74	1,624	2,207	3,905
	Male	46	901	610	1,557
	%	1.77	34.59	23.42	59.77
2020	Female	13	362	673	1,048
	%	0.50	13.90	25.83	40.23
	Total	59	1,263	1,283	2,605

Note:  
1.Senior: CEO, CMO, CFO and other executive positions above Vice GM.  
2.Middle: Director, Managers, Assistant Manager, Supervisor and Special Assistant.  
3.General: Engineers, Specialist, Leader, Foremen.



2020 HTC New Recruits of Employees Worldwide Statistics

Age	Unit	Asia		America		Europe, Middle East, Africa	
		Male	Female	Male	Female	Male	Female
29	Person	59	42	3	4	0	1
	%	2.44	1.74	2.91	3.88	0.00	1.19
30- 50	Person	35	31	7	4	1	7
	%	1.45	1.28	6.80	3.88	1.19	8.33
51	Person	5	1	0	0	1	0
	%	0.21	0.04	0.00	0.00	1.19	0.00
Sum	Person	99	74	10	8	2	8
Total by Region	Person	173		18		10	

Note: Percentage of new hires by each age range = number of new employees in each category / total number of employees in each region

2020 HTC Turnover of Employees Worldwide Statistics

	Unit	Asia		America		Europe, Middle East, Africa	
		Male	Female	Male	Female	Male	Female
29	Person	217	165	12	16	2	3
	%	8.97	6.82	11.65	15.53	2.38	3.57
30- 50	Person	532	375	47	16	17	10
	%	22.00	15.51	45.63	15.53	20.24	11.90
51	Person	30	58	11	4	0	1
	%	1.24	2.40	10.68	3.88	0.00	1.19
Sum	Person	779	598	70	36	19	14
Total by Region	Person	1,377		106		33	

Note: Percentage of trunover by age = number of retired employees in each category / total number of employees in each region

Care for Foreign Employees

The top priority for HTC when dealing with foreign employees is to raise the awareness of anti-discrimination regulations, to eliminate repulsion harassment and the lack of proper discipline in the workplace. The provision of an open communications channel and an appeals system is also necessary to ease the disquiet many foreign employees feel when working and living abroad in Taiwan and to allow them to concentrate on their work. In addition, the health check of foreign employees is included in the system management, and the data tracking management after the health check is carried out to ensure good health.

HTC’s dormitory area offers air-conditioning, prayer rooms, TV entertainment and other facilities. The public space in the dormitory area is managed by the cleaning unit to carry out regular environment sanitation. We regard foreign employees as regular employees without any discrimination. In Oct. 2019, based on the decision of foreign employees, we decided to change the 2020 employees traveling subsidy into PX Mark gift certificate, appreciating foreign employees hard work throughout the year.

In addition to providing comprehensive orientation, we also emphasize life care for foreign employees. Apart from hiring translators, administrators and counselors who are skilled in native languages, providing life, language, culture and mental health assistance. In 2020, a total of 758 foreign employees were counseled. Most issues were related to living regulations, such as accommodation, transportation, Epidemic prevention measures, etc.

All contracts of foreign workers are due in August 2020 and HTC helped arrange flights for these employees to return home. Due to the pandemic, six foreign employees’ flights were delayed or canceled multiple times. Therefore, in order to support them, HTC provided free accommodation, three meals a day, health education regarding the pandemic, temperature measures in the morning and afternoon, shuttle services on their departure day, and international shipping until the day they left the country.

The following precautionary measures are conducted in response to COVID-19:

- Measuring temperature daily
- Disinfecting the dormitory weekly
- Promoting pandemic prevention information in line with government policies
- Separation of beds and people in the dormitory
- Managing cluster contagion risks by filling out forms of contact history when going in and out

Talent Attraction and Retention

HTC deeply understands that “The key to maintaining the momentum of innovation in a company lies in its having competent and talented employees”. In addition to encouraging our employees to explore the unknown and commit to bringing innovative designs to daily life, HTC remains committed to providing a multi-cultural, highly challenging and vital working environment. In this way, talented people from both the East and the West can try their best and play to their strengths.

HTC is globally based, and adheres to the business philosophy of “Choose People with Talents” by actively recruiting outstanding R&D talents at the location of its operation bases. To ensure that the knowledge and skills of the talents are in compliance with the needs of the company, HTC regularly participates in the recruitment activities and symposiums held by universities, offering opportunity for students to interact and exchange information with the company. Each year, internship program is offered to undergraduate students, allowing them to get the first taste and adapt to corporate culture, which will help them to develop the workplace skills that are required. After the internship is completed, potential talents will be selected to become the full-time employees of HTC when they graduated from university.

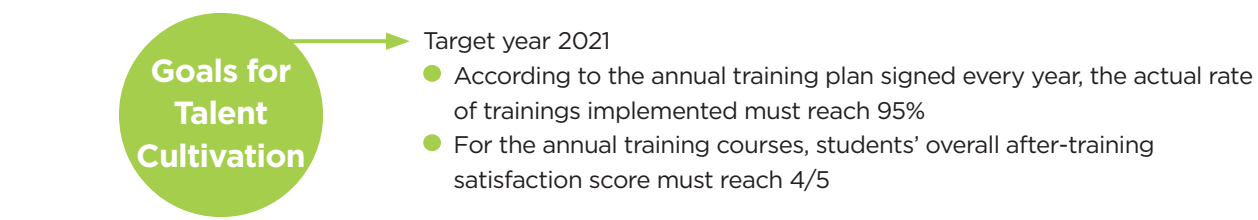
Engaging Diversified Talent

HTC offer job opportunities for diversified talents. At the end of 2020, 25 disabled people (weighted) were employed, which is 3 more than the required number (the required number is 22). In addition to relying on talent-job matching conducted by the supportive or sheltering bodies, we also allocate jobs in consideration of the characteristics of individual handicapped workers. We can also tailor job descriptions and the working environment, to allow the handicapped to have the opportunity to prove their abilities. Through education and training is also provided to allow the handicapped to make a contribution to society and enhance their own quality of life.

	2018	2019	2020
Disabled employees(male)	31	25	11
Disabled employees(female)	20	17	10
Total	51	42	21

Complete Education and Training Plan

The cultivation of talent is the foundation of a going business concern. HTC, while engaged in the pursuit of growth and profit, is also committed to helping employees grow with the company. The creation of an environment that will help them continue to do this is very important. HTC is guided by business needs as well as personal career development. The company strives to provide employees with enhanced professional skills, in addition to assisting them to seek a good career development direction; HTC has classified talent management and development as an important management indicator. Employees should improve and grow with the company.



Diversified learning channel

- The design of the internal training courses is centered on the five core occupational functions and the learning effect is substantiated through a series of diversified channels.
- There are physical and online courses for learning skills and drills.
- Hold the creative thinking forums, inviting experts from various fields around the world to share industry trends and future technology blueprints.
- Library (physical and online magazines) and online learning platforms and other tools to encourage employees to learn independently



After reporting to work, Comprehensive training courses will be provided in the following week. “Newsletter” will be sent to colleagues every week within the month after reporting to work to blend into HTC culture and develop all the necessary knowledge and skills as soon as possible. This training also helps them appreciate the corporate environment and recognize the “Quietly Brilliant” culture of the company.



Comprehensive Education and Training

To develop employee capability to meet global technology challenges and grasp the movement of the industry, we construct a complete education and training system coupled with internal and external training, providing employees with professional and life skills. The design of the internal training courses is centered on the five core occupational functions and the learning effect is substantiated through a series of diversified channels.



Newcomer Training Courses

HTC provides a complete training system for new recruits. Starting from their reporting, we assist newcomers in quickly integrating into HTC’s culture and develop a full range of knowledge and skills through a variety of physical and online courses. Newcomers are encouraged to share all kinds of matters taking place at HTC with a senior employee, Newsletter will be sent to colleagues every week within the month after reporting to work to help newcomers getting familiar with HTC culture quickly, and blending into HTC’s big family.



Cultivating Key Leaders

HTC actively promotes company culture in the face of rapid changes in the global industry and new patterns of global enterprise competition and cooperation. HTC quickly adapts to a constantly changing environment and cultivates management talent with an international vision, expecting their excellent managers to become present and future drivers who will continuously lead HTC towards steady growth and development in times of hardship and challenge. In 2020, leadership-training courses were given to 158 person-time.

To cultivate key leadership teams, the company tailored a series of leadership courses for leaders at different levels. The design of the course not only combines the core values of HTC and the direction of organizational development strategy, but also strengthens the three functional aspects of company leadership management:

- Leading People
- Leading Change
- Strategic Thinking & Decision Making

HTC Manager Week

To allow supervisors (management) to learn new ideas and concepts from the best practices in the industry, change their inherent thinking patterns, and trigger new behaviors or approaches in work and management, we implemented the Manager Week event. In this event, we shared with supervisors articles that are related to the 3 major management competencies. In 2020, a total of 25 articles have been shared, allowing supervisors to get the latest management information by reading the shared articles every week during their busy work, and keeping them connected with the world.

Training and Performance Integration

HTC is expanding and moving steadily forwards. We hope that our employees will grow with the company. This is why we enforce the performance evaluation system and hope that every employee has a very clear career goal that will both improve their own job performance and coincide with company business policy for the achievement of better performance. This mechanism allows employees to become more proficient at their work through their own efforts to create a brighter future for both themselves and the company.

The HTC training and development system is closely linked to performance management. General employees sets their own performance goal at the start of the year. They can provide updates about progress any time over the following months. However, at mid-year and at the end of the year their performance is evaluated by an immediate superior, in terms of how much of their set goal has been achieved. On the basis of this evaluation, they are required to set a goal for the next year as well as a focus for learning and development. For manufacturing employees, on-the-job training will be provided and assessment will be given based on the quality of work and the degree of cooperation.

## Thinker Forum

We continue to promote the “Thinker Forum” which is a space for employees to understand new or different types of knowledge and to expand their vision. Furthermore, in 2020, we invited professor Yuan-Tseh Lee to give a speech on “global warming and sustainability in Taiwan”. In this speech, the professor discussed energy transformation in Taiwan, as well as helping employees gain the relevant understandings and commitment to this important issue.

### Thinker Forum- Global Warming and Sustainability in Taiwan

On August 27<sup>th</sup> 2020, we invited professor Yuan-Tseh Lee to visit the HTC HQ and give a speech on “global warming and sustainability in Taiwan”. The audience included students of UC Berkeley in Taiwan. He also experienced our VR products, such as the Mona Lisa and brain blood vessel operation. Professor Li was very complimentary of HTC's developments in the VR industry. The scope of his speech covered the following topics: global warming, the supply and demand of human life, and sustainability in Taiwan.



Since the mid-19<sup>th</sup> century, due to the population and consumption surge, humanity has overcrowded the planet. In other words, the sun is not able to sufficient provide in nature what all human beings would require. The destruction of the environment makes sustainability on earth a serious problem. Extreme weather conditions and possible mutations become threats to human survival on the earth.

One of the crucial factors of environmental changes is the energy we use. After industrialization, we have over depended on fossil fuels. The increase of CO<sub>2</sub> produced from the combustion effects the energy balance of “absorption” and “release” on the earth. It is evident that the energy absorbed is greater than that which is released, resulting in rising temperatures and climate change. In the COP21 conference that took place in Paris in December 2015, 195 leaders from different nations came to the consensus that humanity needs to reduce carbon emissions as soon as possible. This also means that the globe needs to come to a “carbon balanced” status in the latter half of this century so that nature can fully absorb the greenhouse gases human society produces.

The economic development in Taiwan in the past half century was achieved under the conditions of unlimited CO<sub>2</sub> emission in the atmosphere and energy (fossil fuel) availability in the world market. When these two conditions do not exist anymore, the transformation of energy and society becomes an urgent issue. In this speech, the topics covered the transformation of the world to the transformation of Taiwan's energy policy, as well as the necessary understandings and motivations we should have.

## English Leadership Resource and External Training Subsidy

As an international brand, in order to encourage employees to continue learning, a total of 20 English courses have been conducted in 2020, providing themes needed for work so that employees can improve their English proficiency.

All courses are guided by professional foreign teachers and the topics of discussion are based on situations that may be encountered in the workplace. Topics of the courses that have offered include: business email, business negotiation, customer complaint handling, business meetings, etc., allowing employees to make full use of the weekly gathering at noon to strengthen their English communication skill and apply it in the workplace!

In addition, HTC encourages employees to continue to absorb professional knowledge and to match their study program to their work to ensure growth. Also encourages employees to improve their professional knowledge via schools or other academic institutions, and apply the acquired knowledge to their work. The cost of the external training can be reimbursed at the end of the training upon application (reimbursement is based on the actual expenses). The subsidy provided for external training in 2020 was about 1.49 million.

## e-Library

HTC relocated its library to the Taipei Headquarter Building in 2018. HTC helps staff develop good reading habits mainly by the provision of a wide range of reading activities and a rich collection of library resources; employees can enjoy a rich literary atmosphere and reading environment. Electronic magazine services are also made available for employees so they can view and read the current editions on their computers or mobile phones anytime anywhere. At present, the cumulative number of users of e-magazines in 2020 has reached 3,571, in order to enhance HTC's workplace reading atmosphere, promote a good reading culture, and make learning never stop.

## Learning Management System (LMS)

The HTC Learning Management System LMS gives employees a range of learning tools and more flexibility to study according to their needs and without the limitations of time, location, and the associated stress. They can also watch and listen to recordings made by experts or browse the rich collection of books in the library online. It is very easy and convenient to learn professional and occupational skills without unnecessary interruption. In addition, an extra after-course interactive discussion area assists employees in exchanging learning experiences, browsing and reviewing substantive courses and highlights of celebrity lectures, continuously strengthening learning skills and demonstrating professional performance. In 2020, when the epidemic is severe, employees can still keep up with the times and continuous learning progress through multiple online learning platforms.

序號	課程名稱	課程類別	課程狀態	課程負責人	課程日期	課程時間	課程地點	課程內容	課程說明
1	Thinker Forum-Global Warming and Sustainability in Taiwan	Leadership Development	Completed	Yuan-Tseh Lee	2020-08-27	14:00-16:00	HTC Taipei	Professor Yuan-Tseh Lee's speech on global warming and sustainability in Taiwan.	HTC Taipei
2	Thinker Forum-Global Warming and Sustainability in Taiwan	Leadership Development	Completed	Yuan-Tseh Lee	2020-08-27	14:00-16:00	HTC Taipei	Professor Yuan-Tseh Lee's speech on global warming and sustainability in Taiwan.	HTC Taipei
3	Thinker Forum-Global Warming and Sustainability in Taiwan	Leadership Development	Completed	Yuan-Tseh Lee	2020-08-27	14:00-16:00	HTC Taipei	Professor Yuan-Tseh Lee's speech on global warming and sustainability in Taiwan.	HTC Taipei
4	Thinker Forum-Global Warming and Sustainability in Taiwan	Leadership Development	Completed	Yuan-Tseh Lee	2020-08-27	14:00-16:00	HTC Taipei	Professor Yuan-Tseh Lee's speech on global warming and sustainability in Taiwan.	HTC Taipei
5	Thinker Forum-Global Warming and Sustainability in Taiwan	Leadership Development	Completed	Yuan-Tseh Lee	2020-08-27	14:00-16:00	HTC Taipei	Professor Yuan-Tseh Lee's speech on global warming and sustainability in Taiwan.	HTC Taipei



## Training Result

In order to cultivate HTC employees to quickly respond to fierce challenges from global technology and grasp the industrial pulse, in addition to upgrading the professional technical annual training courses and department professional courses, in conjunction with HTC's policy, organizational learning planning was conducted, coupled with external training subsidies and other measures. Between 2018 and 2020, HTC invested nearly NT\$ 12.11 million in employee training-related programs. Training hours totaled 220,000 and there were nearly 11,000 attendees, each person receiving 58.33 training hours.

In 2020, HTC male employees received 24,730 hours of training and female employees received 14,324 hours of training. General staff received 30,133 hours of training, supervisors received 8,624 hours and management 297 hours. The table below lists staff training over the years:

Year	Item	Course (Hours)	Number of Participants	Average Training Hours
2018		108,359	55,633	22.39
2019		73,249	34,713	18.76
2020		39,054	20,225	14.99

Note: Total number of training hours of the year / total number of employees of the year = average number of training hours per person of the year.

## Employees Training Hours and Sex Ratios at All Levels in 2020

Unit: hours

Level	Gender	Total Training (Hour)		Average Training (Hour)	
		Male	Female	Male	Female
基層員工		17,759	12,374	29.11	18.39
一般主管		6,721	1,903	7.46	5.26
高階管理		250	47	5.43	3.62

Note: Average training hours per person of each gender level = total training hours of each gender level / number of employees of each gender level in the current year

## Sound Wage and Welfare System

HTC is committed to fulfilling the needs of its employees and provides all kinds of appropriate welfare measures as well as attractive and motivating compensation and benefits programs. We encourage our employees to do their best and share the growing profits of the company.

HTC hires new employees through open selection procedures, with candidates offered positions and appropriate wages based on academic background, professional years and market standards. The amount of performance bonuses received by employees is based on the company's performance and its work performance and contribution to encourage employees and affirm their contributions and achievements. We promise no discrimination based on ethnicity, skin color, social status, language, religion, political affiliation, country/region of origin, gender, sexual orientation, marital status, appearance, disability, professional association membership or other similar considerations not relevant to job performance.

What's more, the performance evaluation system is implemented yearly. Wage will be adjusted and bonuses will be given based on employees' performance, work commitment, accountability, level of dedication and development in the future. In this way, employees' wage and development will be assured. Performance evaluation system can be integrated into corporate finance to encourage employee's persistent devotion and innovation.

## HTC Regular Earnings Ratio for Men and Women in Taiwan

Category	General Staff		Mid-Level Management		High- Level Management		New Recruits Basic Pay and Taiwan Minimum Wage Rate				
	General Employees		Manufacturing Employees								
	Male	Female	Male	Female	Male	Female	Male	Female	Type	Basic Pay (manufacturing employees)	Minimum Wage
2020	115	100	101	100	117	100	106	100	1	104	Minimum Wage
									2		

Note:  
1. Equation = (Average monthly pay for male / Average monthly pay for female) \* 100%  
2. Type 1—five-day workweek scheme. ; Type 2—monthly rotating shift scheme.  
3. Middle-rank male supervisors are mostly male R&D personnel, while female employees are mostly engaged in administrative work, thus the varied basic salary ratio.  
4. Regular earnings include a base salary with additional benefits.

## HTC Average Compensation Ratio for Men and Women in Taiwan

Category	General Staff		Mid-Level Management		High- Level Management	
	General Employees		Manufacturing Employees			
	Male	Female	Male	Female	Male	Female
2020	118	100	101	100	124	100

Note: The average base salary includes regular earnings and non-regular earnings. For example, an overtime premium.

Employee Salary and Benefit Increase Ratio

Item Description	2018	2019	2020	2020 vs. 2019
Total employee salary and benefits expenses (NT\$)	5,705,420,000	4,201,438,000	3,485,698,000	17%

Note:Total employee salary and benefits (proprietary financial statements)

Mean and median of full-time employees in non-supervisory positions

Item	Unit	2019	2020	2020 vs. 2019
Full-time employees	person	3,447	2,481	72%
Average salary	NT\$	1,097,000	1,125,000	103%
Median salary	NT\$	790,000	886,000	112%

Note:  
1. Total salary: refers to the employee's salary attributable to the current year with accrual basis, including regular salary (primary salary and monthly fixed allowances and bonuses), overtime pay (whether taxable or tax-free) and non-regular salary (non-monthly allowances, bonuses, employee compensation, etc.), but does not include retirement pension.  
2. Supervisory position: The definition of manager is based on the scope of "manager" stipulated by the competent authority's Letter No. 920001301 issued on March 27, 2003, which is consistent with the scope disclosed by the company's annual report.  
3. Full-time employees in non-supervisory positions: refer to the number of full-time employees (including Taiwanese and foreign employees) in the company, which is calculated by deducting those with supervisory positions, employees of overseas offices, part-time employees, and those who are eligible for exemption from statistics from all employees of the company (or permanent employees)  
4. The reason for the adjustment of full-time headcount in 2019 is to follow the unified calculation method prescribed by the competent authority.

In addition to rewards on remuneration, HTC also plans to implement incentives and retention bonuses for employees based on the concept of profit sharing and talent retention. We’ve designed a bonus system for patents, and competitions for quality improvement issues, with competition bonus programs offered.

HTC has an official and lawful retirement and pension plan that was established when the company was incorporated. An amount equivalent to 2% of the monthly salary has been appropriated in the retirement reserve since November 1999. An amount equivalent to 8% of the monthly salary has also been appropriated as a retirement reserve by the Labor Pension Committee since 2004. After implementation of the new pension plan on July 1, 2005, in addition to the legal reserve for those employees who selected the new pension contribution system, those employees with the old seniority system, after presenting the actuarial results to the competent authorities for approval, have their appropriation rate adjusted from 8% to 2%. In May 2020, since the reserve for old retirement pension had reached the standard level, the issuing of old pension was suspended for one year upon approval by the competent authority.

Diversified Employee Welfare

In addition to providing all employees with labor, health insurance, club activity subsidies, departmental dinners and employee gyms, it also provides full-time employees with labor retirement and group insurance, employee health checks, allowance on the Dragon Boat, Mid-Autumn, and Chinese New Year holidays, wedding and funeral subsidies, employee subsidies, and annual travel subsidies and other benefits. The HTC’s Welfare Committee is responsible for all employee benefits matters, including education scholarships for children, festival gifts, department travel subsidies, activity subsidies, and group insurance. The committee is also responsible for the gymnasium and outdoor playgrounds.

Encouragement for Senior Employees

In addition, trophies are presented in recognition of service to employees who been with the company for five, ten, fifteen and twenty years. HTC also has an internal replacement system to provide the necessary assistance to staff needing to be transferred, or to those making application for transfer, or who are seeking job enrichment or a change of career.

Group Insurance

HTC and the Welfare Committee buy group insurance for employees, so that an employee who is hospitalized for sickness, injury, or who dies, can still provide some security and protection for their families.

Activity Clubs of HTC

The available clubs are Badminton, The HTC Child Support Club, The Way club, Basketball and other diverse clubs.

Education Scholarships for Children

The HTC Employee Welfare Committee provides scholarships for the children of employees from elementary school to college. Those who meet the application criteria can apply: NT\$800 for elementary school students, NT\$1,600 for junior high school students, NT\$2,000 for high school and vocational education students, including first, second and third year college students; and NT\$3,000 for college students in their fourth and fifth year. A total of 423 person applied for child education scholarship for the first semester of 2020, while 371 person applied for the second semester.



### Staff Emergency Relief

Employees who become victims of an occupational accident that causes death, disability, injury, or an illness are entitled to receive compensation from HTC in accordance with the Compensation Act. In cases where compensation has already been received by the company in accordance with the Labor Insurance Act or other laws and regulations, this can be offset by the company. The company and the Employee Welfare Committee also offer group insurance coverage.

### Multiple Communications channels

Employee complaints system that has a complaint hotline, suggestion and complaint boxes, a complainant e-mail service, and a sexual harassment complaint mailbox. Labor meetings and employee opinion surveys are held regularly for reference by supervisors in such matters as leadership, internal operations, enhancing employee satisfaction, and work input improvement.

### Meal subsidy program

Generally, employees receive NT\$130 yuan for the whole day on weekdays, and the maximum subsidy for lunch and dinner on holidays is NT\$100. Clock-in employees and manufacturing employees go to work during normal attendance hours, with subsidies ranging from NT\$35 to 50 depending on the shift schedule, and provide daily afternoon tea.

### Transportation Vehicles

In order to take care of employees' commuting safety, energy saving and carbon reduction, HTC provides transportation shuttles. The shuttle bus waiting area is equipped with shuttle bus GPS monitoring system to allow users can keep track of the position of the shuttle bus at any time. Furthermore, shuttle bus questionnaires were sent out to collect the opinions of users, providing better shuttle bus services with more comfort, convenience and safety.



Shuttle buses are equipped with GPS monitoring system, allowing employees to keep track of the arriving time



Shuttle bus timetable and questionnaires

### Travel subsidy

In addition to the basic subsidy, the subsidy amount is also increased according to seniority.

#### Based on seniority, 2020 travel subsidy details as below:

Employee tenure Base date: 2019/ 12/ 31	The HTC's Welfare Committee	HTC	Total
On Board before 2014/12/31	5,000	4,100	9,100
On Board between 2015/1/1 to 2016/12/31	5,000	1,800	6,800
On Board between 2017/1/1 to 2018/12/31	5,000	900	5,900
On Board between 2019/1/1 to 2019/12/31	5,000	none	5,000
On Board after 2020/1/1	none	none	none

### A Five Star Gym

In order to encourage and promote the sports atmosphere and allow employees to develop good exercise habits, HTC has set up a fully equipped professional fitness space in office buildings, Various modern fitness equipment including free weight training equipment and weight training mat floor. HTC has commissioned professional fitness management consulting firms and professional suppliers to manage the gym and to provide full-time services. These include onsite fitness instruction, fitness curriculum planning, and advice about the prevention of sports injuries. Six coaches with an emergency card or sports injury protection license were on shifts at the site. This provides employees with the best health consulting services and the environment, and the establishment of positive sports safety and healthcare.



#### Use of the Gym

Category	Number of Users in 2020
Use of the Gym (person-time)	25,659
Participation in aerobic classes (users)	260

In addition, the gym's courses are planned and arranged on various health topics and activities and employees can participate according to their preferences, such as two-month aerobic courses throughout the year to provide a diverse curriculum for employees. There are Yoga, Pilates, flywheel, core muscle group TRX, Body Combat, and muscle sculpture courses available. Employees can register the courses through HTC's online form, saving on-site waiting time.

Another spectacular sports facility is to be found on the 17th floor of Taipei Office. It is a large hall, practically a stadium, with a 10-meter-high ceiling that can be used for basketball, tennis or badminton. The gym also commenced additional sports massage classes sold at NT\$600-\$800/30 minutes and have employee discount is NT\$400. Through professional sarcolemma stretch, the employees enjoyed a more comfortable exercise experience.

Creating a Happy Workplace

A Working Environment Incorporating Brand Spirit

HTC regards the creativity that stems from brainstorming as one of our most valuable assets. To promote interpersonal communication, the R&D headquarters in Taipei is configured with many staff areas that allow our people to interact and talk, this includes interlacing sky bridges between the buildings that link departments together and interaction rooms that project from the floors like transparent boxes. We hope that these interaction-oriented spaces will encourage and promote cross-department synergism and cooperation, supporting the free extension of creativity. HTC believes sharing is the best kind of interaction. To this end we will share Taipei Office with the community, This HTC Gallery will help young local artists show their creativity and work, promoting social and community interaction. In addition, the HTC Gallery will cooperate with different institutions and artists to regularly showcase new cultural and artistic works. It will be open to the community schools, groups, and the public. Let us all get closer to the arts. All the people who work in this building can also appreciate being in an “art gallery” that will inspire creativity and help HTC launch better and more amazing products.

HTC Gallery

Due to the outbreak of COVID-19 in 2020, the openings of some HTC Gallery exhibitions were canceled. However, given that the HTC Gallery exhibitions create an artistic ambiance in the workplace which is in line with our vision to increase employee satisfaction – our commitment to this remains.

In 2020, the HTC Gallery worked with artists with disabilities and encouraged them to create more works by providing the gallery space to them. In so doing, we also hoped to inspire all staff members to innovate and change by witnessing the persistency of these artists. In 2020, our exhibitions expanded to areas of sculpture, glass, and digital image artwork to enrich and revive the Gallery. Staff and visitors could appreciate both simple artworks as well as 3D pieces, by walking around and experiencing different objects that were represented with colors and lights. Hence, we elevated the quality of the employees’ break time through being able to experience this creativity. Moreover, the ways of appreciating artwork were more diverse and interesting, and the audience and artwork also formed different means of interaction.



2020 End-of-the-Year Appreciation Banquet

Considering the pandemic, HTC’s End-of-the-Year Appreciation Banquet of 2020 was adjusted to an online assembly in January 2021. During the 2021 online HTC Town Hall, the chairman shared the Company’s vision and future, as well as awarding 20 senior employees. Additionally, the Company and chairman hosted a global lucky draw after the online HTC Town Hall in order to thank all the employees for their contributions during the year. The spirit of the Chinese tradition and lucky draw was expanded to share with all our international staff. Besides the top four cash prizes in live stream, there were several different ones, including the chairman’s hike, and 300 HTC 5G smartphones in the lucky draw. Other than that, we separated the appreciation banquets by division in order to properly thank all employees who contributed to such a great outcome in 2020. The banquet symbolized the appreciation from the Company and the chairman, both of which were also subject to the CECC prevention policy.

Employee activities in 2020

Due to the severe situation of COVID-19 in 2020, HTC celebrated Mothers’ Day in a special yet safe way. We prepared carnation soap flowers and an online “Mother’s day photo Show”for all the employees. We envisioned infusing some warmth to our employees during the pandemic so that everyone could face their challenges with more ease. We wanted to give them something to focus on besides just prevention measures.

On Fathers’ Day, we threw a “Health is Wealth” event based on the subject of health. The event included a grip competition, scalp test, and a body composition test to help employees understand and maintain their own health conditions.

In addition, in summer when the pandemic was less severe, we held a “2020 breakthrough the limit HTC Sports Season” including basketball, badminton, and other games. This allowed employees to demonstrate their sportsmanship, unity, and staff cohesion.





Health and fitness corporate certification

HTC has always been a believer of the notion “The health and fitness of our people are intangible assets of our company.” With that in mind, we’ve built a 5-star gym, an indoor basketball court, and a badminton court in our office building located in Xindian. (Detail refer P.152 -A Five Star Gym) We did it to create a physically-active corporation culture, encourage our staff to be more aware of their own health and fitness. In addition to that, we have commissioned sports professionals on-site to provide advice on sports skills and injury prevention, as well as tips on sports safety and health care. In order to adopt our company policy of “Fitness Awareness,” we offer courses on various topics in regard to health care for our staff to join based on their interests. We aim to improve our staff’s health and fitness.

HTC obtained Workplace Health & Fitness Certification in 2020. We’ve been developing a company culture of fitness awareness through offering physical fitness classes and holding a corporate sports day for our staff. Our company has always been supportive of our staff maintaining their physical fitness. After obtaining the Workplace Health & Fitness Certification, we hope all of our staff can see the benefits of exercise, making exercise a habit and really establishing a company culture of fitness awareness.



Valuing Female Employees

HTC regards the female workforce as very important. In view of the increasingly large number and influence of working women, we have continued to improve our software and hardware, in the hope that a diverse culture based on gender equity will help HTC become more competitive. The physical and mental caring mechanisms we provide for our female employees include:

- A female free cancer-screening program is part of the annual health check. This includes the choice of a Pap smear, a breast ultrasound exam, or a mammogram.
- Consideration for the physiological needs of female workers, providing a comfortable environment for rest, the loan of free hot pads, menstrual pain assessment, health knowledge and education, physician consultation or referrals and so on.
- A friendly environment for breastfeeding. We provide a warm and comfortable nursing environment, ultraviolet milk bottle disinfection devices, microcomputer thermos, and comfortable sofa, refrigerator for breast milk storage, and infant breast-feeding-related publications and light music. HTC has 8 Breastfeeding room in Taiwan that was visited 13,574 times in 2020.

Work-life Balance Support

In addition, in order to encourage and support employees to raise the next generation with confidence, HTC has a perfect application system for parental leave to protect employees' work rights so that parents can take care of their newborns with ease.

Employees applying for Family care leave

Year	Male	Female	Total
2018	51	136	187
2019	42	103	145
2020	26	54	80

Employees Applying for Unpaid Parental Leave and Resuming Duty after Leave in 2020

	Male	%	Female	%	Total
The Number of Qualified for UPL for Raising Children in 2020	208	53.89%	178	46.11%	386
The Number of Person Actual Applied UPL in 2020	5	13.16%	33	86.84%	38
The Number of Reinstatement-to-be in 2020	6	12.77%	41	87.23%	47
The Number of Application for Reinstatement in 2020	4	10.53%	34	89.47%	38
Reinstatement Rate in 2020		66.67%		82.93%	
The number of application for reinstatement in 2019	7	12.7%	48	87.3%	55
The Number of Retention Over 1 Year After Reinstatement in 2019	1	4.35%	22	95.65%	23
Retention Rate in 2020		14.29%		45.83	

Note:  
1. The “number of qualified for UPL for raising children in 2020” was based on the number of employees who had taken maternity or paternity leave within 3 years (2018-2020).  
2. The “number of reinstatement-to-be in 2020” includes applied in 2018 and should reinstate in 2020, applied in 2019 and should reinstate in 2020, applied in 2020 and should reinstate in 2020.  
3. The “number of application for reinstatement in 2020” includes applied in 2018 and reinstated in 2020, applied in 2019 and reinstated in 2020 and applied in 2020 and reinstated in 2020.  
4. The “Reinstatement Rate in 2020” = Number of employees reinstated in 2020 / Number of employees that should have been reinstated in 2020  
5. The “Retention Rate in 2020” = Number of employees who had worked one year consecutively after being reinstated in 2019 / Number of employees reinstated in 2019.  
6. The “number of application for reinstatement in 2019” includes applied in 2017 and should reinstate in 2019, applied in 2018 and should reinstate in 2019 and applied in 2019 and should reinstate in 2019.



# Listening to the Voice of the Employee

HTC employs nearly 3,000 people around the world. The establishment of a sound means of communication between management and employees is vital to the growth of a company. Therefore, HTC pays great attention to internal communication with employees to build mutual trust and create a harmonious atmosphere within the company.

HTC is committed to creating an atmosphere of mutual trust between employer and employees while also focusing on internal communications. HTC convenes labor-management meetings every quarter and at least four meetings are held every year. Seven representatives are elected by employees for the meetings while seven others are designated by the company. The minutes of these meeting are referred to in the resulting follow-ups, which include any necessary corrective action. Before the meeting, we will discuss the previous unclosed case and the newly added issues this time. In addition to inviting the relevant authority and responsibility unit directors to participate, all responses to proposals and the follow-up progress of these meetings are published on the HTC Intranet website for review by all the employees. According to internal HTC statistics, the issues most frequently discussed in the labor-management meetings are “the working environment”, “parking and transportation” and “catering management”.

In addition to regular labor-management communication meetings, we also set up diversified feedback channels, including setting up grievance lines, appeal boxes, e-mail address for complaints, and sexual harassment complaint mailboxes. Labor-management meetings and employee opinion surveys are held regularly as a reference for supervisors, internal operations, improvement of employee satisfaction levels and improvement of work commitments. A good communications mechanism results in harmonious labor relations. Labor disputes, bad feelings and losses can all be avoided. And regarding human organization issues in recent years, the company has conducted labor-management consultations in accordance with the law.

In October 2020. HTC was fined by the relevant authority for violating Article 36 Paragraph 1 of the Labor Law: “A worker shall have two regular days off every seven days”. About this case, if employees need to work overtime on the weekend, they shall request this from their supervisors. Furthermore, we also accordingly modified the regulations of the arrangements of staff shifts. For example, if any abnormal overtime occurs, the supervisor of the unit shall provide explanations and examine the work deployment of the unit to the HR department. The HR department then regularly examines an employee’s overtime situation to prevent similar cases from happening in the future.

Note HTC’s labor union was established in 2015, but until the end of 2020, no collective agreement has so far been made.

## Labor-management Agreement and Employee Rights

HTC is committed to creating an atmosphere of mutual trust between employer and employees while also focusing on internal communications. HTC convenes labor-management meetings every quarter and at least four meetings are held every year. Seven representatives are elected by employees for the meetings while seven others are designated by the company. The minutes of these meeting are referred to in the resulting follow-ups, which include any necessary corrective action. In addition to these regular meetings, employees may also reflect their opinions through various communication channels. On the other hand, the shortest notice period for major operational changes shall be handled by HTC in accordance with Article 16 of the Labor Standards Act.

### Major human resource allocation changes in 2020

To effectively use resources and professional skills, HTC carried out an organization optimization plan in 2020. Owing to changes in market and production needs, HTC must ensure that VIVE Virtual reality and mobile phone businesses can be well developed in the future while providing high-quality products. After careful evaluation, we believe that this action is a necessary step to achieve HTC’s long-term corporate goals. We hope the refining of the overall operation can further strengthen the company’s future competitiveness.

In this regard, we are fully committed to assisting the affected employees. We help employees to arrange job transfers and counseling, etc. in accordance with the laws and regulations of the Labor Standards Act to protect employees’ rights and interests, hoping to minimize the impact.

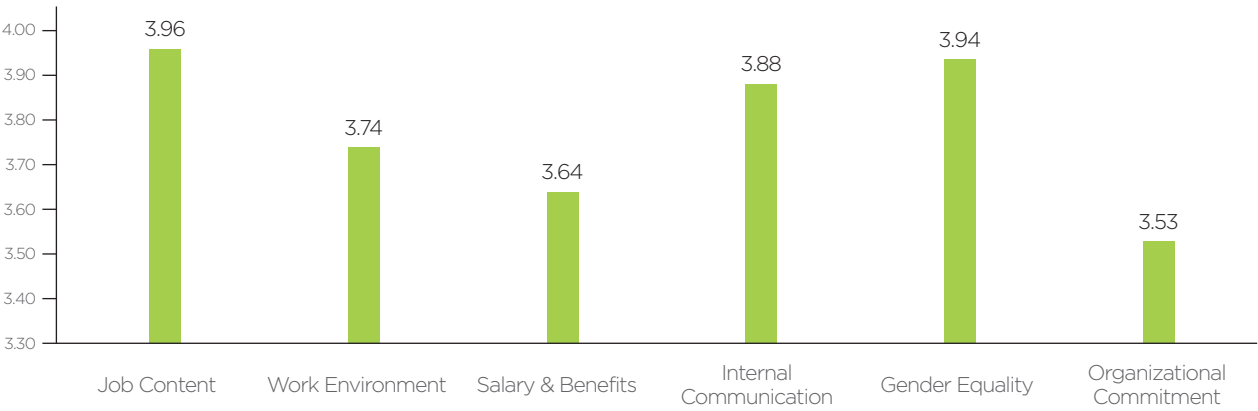


Employee Satisfaction Survey

HTC conducts employee satisfaction surveys through questionnaire surveys to directly understand the voices of employees, which can in turn improve work efficiency and effectiveness, and reduce the turnover rate, HTC conducts employee satisfaction survey through questionnaires. The manufacturing employee’s questionnaire survey conducted in 2020 consists of 6 categories including job content, work environment, salary & benefits, internal communication, gender equality, and organizational commitment. There are 650 HTC manufacturing colleagues and the sample number of this survey is 100, and the questionnaire response rate is 100%. The targeted score for 2020 was 3.50 points (out of 5) and the average score from the actual survey was 3.81 points, reaching the annual target.

In 2020, employees were highly affirmed by HTC’s performance in issues such as the “Implementation of the gender equality law”, “Good internal communication environment” and “Being confident in doing your current job”. After the summary, we will focus on the company’s sense of identity, salary and benefits, and will continue to combine relevant activities and plans will be implemented to enhance employees’ recognition of the company. The questionnaire survey results were also reported to the senior management team for review, and used as the reference for preparing the annual operational targets and plans.

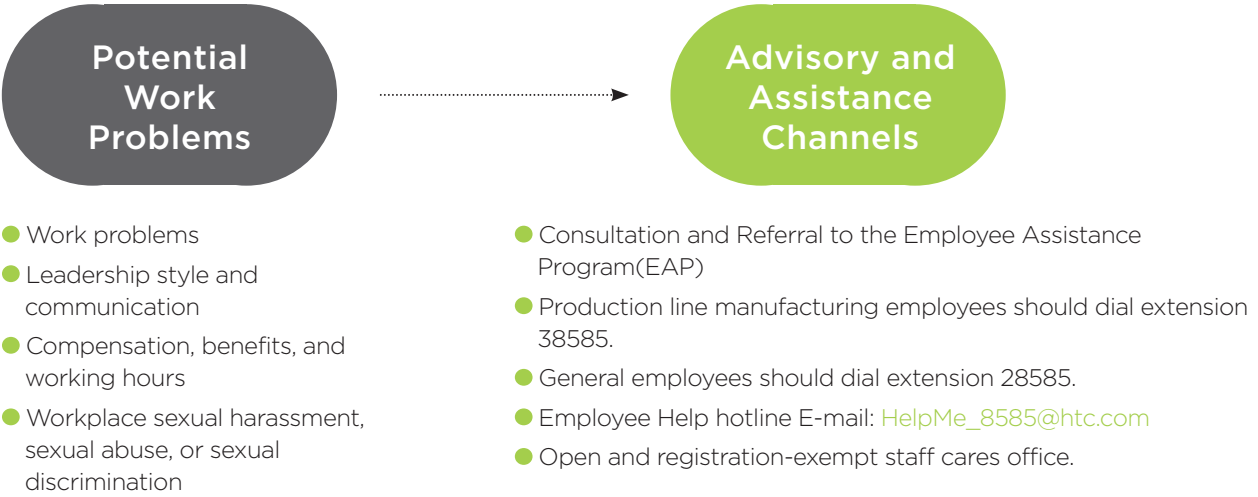
The manufacturing employee’s questionnaire survey conducted in 2020



Effective Advisory and Assistance Channel

To protect the working rights of our employees, we have set up a diversified and smooth communication channel that an employee can use to pass on information about problems and to receive a response without delay. In 2020, employee feedback collected through multiple channels, summarizes the problems as below table. In addition to the employee care office in the major units that provide a relaxing space for communication, timely help with workplace problems can also be sought using the following channels. Also cooperates with EAP professional units to provide employees with comprehensive consulting services.

To protect the working rights of our employees, we have set up a diversified and smooth communication channel that an employee can use to pass on information about problems and to receive a response without delay. In addition to the employee care office in the major units that provide a relaxing space for communication, timely help with workplace problems can also be sought using the following channels. In 2019, employee consultation was focused on largely on the issues of manpower optimization. The company established a dedicated line to provide employees with comprehensive consulting services. There was no gender discrimination cases reported in 2020.



# Occupational Health and Safety

All our facility management systems comply with the OHSAS18001 standard for Occupational Health and Safety Management. The scope of system management includes all operations within the factory area (including contractors), and is changed to ISO 45001 in 2020. Every new employee is given complete safety and health education training upon entry. We have also published the "ESH Management Manual" and "Safety and Health Rules" which have also been posted on our Intranet website for employees to consult at any time.

## Occupational Safety and Health Committee

The Occupational Safety and Health Committee has 15 members and regular meetings are held every quarter. Among them, there are 6 labor representatives, which accounted for 1/3 of the total number, 1 healthcare professional, 1 labor safety related engineer technician and 7 department managers, supervisors and directors.

We work out an occupational safety and health plan each year according to the relevant problems that need to be addressed. The focus is on asking all the people involved to follow occupational safety and health rules; to identify hazards to lower risks; to set up rules for the labeling of dangerous chemicals and a general understanding of them; the promotion of occupational safety and health information; and the establishment of a system to manage contractors. All these measures are aimed at reducing risks.

We have emergency response plans that will be implemented in the event of an emergency caused by human error or natural disasters, such as fire, explosion, typhoon, an accidental leak, mechanical injury, infectious disease, or an earthquake. As identification of the nature of the emergency, taking the necessary measures and examination of standard operating procedures. We hold fire all measures impact on the health and safety of the workers and also try to least damage or company property.



Regularly organize fire drills and exercise evacuation status



## Professional Security Service Team

At HTC, the mission of security guards is not only to maintain security, but also to uphold a service-oriented work attitude. With regard to the handling of and responses to all matters, they need to maintain HTC's assets and equipment as if they were family property, while all employees and visiting VIPs and manufacturers should be seen as relatives and friends in order to demonstrate that it is a trustworthy and professional security service team.

The salary of security guards must not be deducted for any cause other than their due labor insurance and National Health Insurance (family members included). For labor insurance and National Health Insurance, employees should be insured according to the salary level. In addition, according to the provisions of Article 8-2 Security Service Contract, pre-employment education training, three-day symposiums (36 hours), and Party A hazard notification course must be completed before being allowed to be stationed. The professional skills training course content includes security guard duty principles and special response methods, such as the pregnant women screening procedure requiring pregnant women's label to be checked while refraining from contacting or holding a security bar during the inspection. In 2020, 2 hours of training on service SOP and communication skills were conducted for guards and their supervisors. A total of 20 people attended the training, reached 100%. In addition, 15-minute training on recent faults is implemented daily before the service.

## Food Safety - Hearty and Healthy Meals at HTC

HTC collaborates with professional catering vendors to ensure our employees continued health. The menu design uses local Taiwanese ingredients and strictly selects seasonal food. We also work with qualified and certified providers and dietitians to assist with the restaurants. Dietitians design nutritious, healthy, and delicious meals that take into consideration nutritional benefit, calories, portion control, and use seasonal fresh ingredients. Ingredients must be have CAS, TQF, ISO, HACCP, and other certifications. and the use of ractopamine is strongly limited. We also provide several types of healthy drinks that are made on site so that employees can enjoy beverages without worry. The restaurants also have vending machines to satisfy the employees' needs at any time. With all these measures in place, employees can enjoy good quality and healthy catering services.

In addition to food quality, we also actively organize on-site audits for our secondary food suppliers and request that they provide improvement plans. On-site audit items are separated into five categories according to the GHP: plant environment, equipment, personnel, raw materials, and final products. We audited 16 suppliers in 2020 and all related defects were improved after continuous follow-ups.





## Food Safeguards

### Health and Safety Management

Checklists are used to control environmental disinfection, the dress code, waste food control, refrigeration storage temperatures, and the use of energy. Strict audits and checks are carried out and all activities are strictly managed from the sorting of ingredients, to their cutting, cleaning, storage and processing.



Meals are cooked upon ordering. When the meal is ready, SMS text message will be used for notification. The dining environment is designed with floor-to-ceiling windows, designing furniture, green plants and artistic installations to create a variety of styles for employees to enjoy and relax. On the first floor of the Taipei Headquarter Building, there is a tea booth selling selected good tea from Lalashan. With the idea of healthy and nutritious ingredients, carefully selected raw materials are used to provide employees with products that are healthy and delicious. Furthermore, in response to environmental protection, the provided utensils are recycled and cleaned for reuse. To promote waste reduction, customers bringing their own cups will receive discount for their beverages.

In order to enrich the choice of food, the employee cafeteria in HQ & Plants and Taipei Office will organize food tasting event every month. After food tasting, questionnaire survey will be conducted to collect feedback from employees. Based on the survey results, adjustment will be made for improvement. The employee cafeteria also collaborates with professional catering service providers to deliver fun activities and interesting dishes during certain festivals, allowing the employees to enjoy the festive atmosphere. In order to increase the choice of employees, a complex catering and coffee bar is also planned to be stationed on the first floor of Taoyuan Building H, and will start trial operation in 2021/1.

## Drinking Water Quality Control

The drinking water quality directly affects the health of employees and drinking water management is closely related to water quality. Therefore, it is an indispensable part of daily life. HTC has set up a comprehensive water fountain inspection plan to ensure the standard of purity of drinking water. Regular maintenance, water sample testing, and records disclosure are done according to the Drinking Water Management Act. A professional company carries out the maintenance and care of the drinking fountains and testing of water purity is carried out by an environmental testing agency that is authorized by the EPA to take regular samples and perform the tests every 3 months. The results of the water quality tests are published and the records are also posted in a prominent position close to the drinking fountains. The total bacteria count of drinking water and E. coli colonies have passed the test in 2020.

## Environmental Sanitation Agents

To ensure the quality of life and comfort of our employees as well as that of nearby residents, HTC takes measures against dengue fever and carries out pest and rodent control on a quarterly basis. Standing water pools near the plant are sprayed to reduce mosquito population density.

### Environmental Expenditures

Unit NT\$ Thousand

Year	2018	2019	2020
Environmental expenses	42,804	41,792	34,752

### Environmental Maintenance Expenditure in 2020

Unit NT\$

Category	Taipei Office	HQ & Plants	Total
Plant cleaning	12,165,098	11,391,563	23,556,661
Restaurant cleaning	2,957,535	2,449,657	5,407,192
Pest disinfection	89,820	167,534	257,354
Rodent control	132,000	180,111	312,111
Carpet renta	76,252	59,202	135,454
Elevator ladder cleaning	-	12,600	12,600
Water tower cleaning	60,456	-	60,456
Gardening	848,800	412,800	1,261,600
Cleaning supplies	2,035,785	1,495,131	3,530,916
Floor Beauty	111,000	-	111,000
<b>Total Expenditure</b>	<b>18,476,746</b>	<b>16,168,598</b>	<b>34,645,344</b>

Valuing Employee Health

We regard the health of our employees as a key element of our success and sustainable development. In this regard, HTC promotes various health programs with the four main directions of “Health Management”, “Health Promotion”, “Occupational Health” and “Employee Assistance Program (EAP)” to help employees achieve a balance between work and life. Maintaining physical and mental health and ensuring the health of every employee.

Health Enhancement Scheme for HTC Employees

Category	Actions
Health Management	● Health center for managing and planning affairs related to employee health.
	● General and outpatient rehabilitation services.
	● Health exam and management for staffs.
	● Management/tracking for abnormal HE results, Special care and case follow-up management.
	● Health information webpage.
Health Promotion	● Comfortable breastfeeding rooms, Smoking cessation promotion, Weight-loss Classes, Topic seminars, Blood donation activity.
	● Influenza vaccination, Cancer screening, Infectious disease control and treatment.
	● Aerobics.
	● CPR & AED course design.
Occupational Health	● Establishment and maintenance of HE Database for Special-Operation Staff.
	● First-aid training, Prevention and treatment of occupational injuries and illness, Workers return to work management.
Employee Assistance Program	● Mental consultations, Special counseling.
	● EAP promotion activities and leaflets for new employees, Annual EAP promotion course.



Health Management

HTC has established an “Employee Clinics.” Professional medical counseling is available for staff and there are resident doctors in the clinic. There is also excellent physical therapy and health management service. HTC employees are not required to pay a registration fee at the employee clinic. At the end of 2015, the HQ & Plant’s full-time medical specialist reported to work. Through his long stay in the HQ & Plants area, he fully understood the operating conditions of the plant area and became familiar with the employees’ issues, which provided extra protection of the plant staff’s occupational safety and health. The health center at Taipei office provides doctor health services every Thursday and every other Friday, including occupational medicine and family medicine divisions. There are also physicians specialized in baby-friendliness, health policy and management, labor health service and health checkup and promotion. HTC HQ & Plants’s Employee Clinics provides approximately 1,678 person-times of service and 5,497 people attended Taipei Office Health Center in 2020.

In response to the Company’s operational circumstance in August 2020, the health center continued to provide health care services to our employees instead of the staff clinic. This was done according to the regulations of the Occupational Safety and Health Act and the Law of Occupational Safety and Hygiene. Besides promoting health activities, health checks, and anomaly management, we also aimed to decrease the chances of occupational damage that could occur from an abnormal work load. These instances can result in recurring muscle and skeletal diseases. We also strive for maternity health protection, and collaborate with doctors from Linkou Chang Gung Memorial Hospital, who would be stationed at the health center with the responsibility of conducting employee health checks and providing health-related information. Hence, our employees are taken care of and we are able to reach the goal of improving their health.

2020 Service Result

Category	Person-time
Outpatient Service	1,141
Non-outpatient hours service	517
General Consulting	4,493
Trauma Treatment	389
Occupational Hazards and Job Placement	26
Physiotherapy	609
<b>Total</b>	<b>7,175</b>





## Annual Health Check Subsidies and abnormal tracking

HTC provides health check subsidies to its employees in Taiwan according to job title and grade. The dependents of the employees also have access to health checks at any of the HTC contracted medical institutions.

In 2020, HTC spent NT\$ 4,282,800 on subsidized health checks for general employees in Taiwan. There were 909 benefited employees. Among them, the health check completion rate for general employees in 2020 was 90.99%, while that for manufacturing employees was 100%, 102 people completed the health check in 2020. After completing a health check, the employee clinic conducts management classification according to the results of the health check. If employees are classified as abnormal in terms of their health, they will be dispatched for individual counseling depending on the severity of their health concerns. Alternatively, they will be given relevant health management and health education. Through constant care and follow-ups, we manage to control the recovery period of employees. Health checks and follow-ups of employees with anomalous health concerns would be carried out continuously. Therefore, employees can receive extensive health care through the health checks and follow-ups from the Company. As a result, no harm caused by overwork occurred in 2020.

### HTC Health Check Regulations

Frequency	Manufacturing employees Once every two years after arrival General employees With one-year seniority and once every two years
Regulations	Article 20 and 46 of the "Occupational Safety and Health Act" (OSHA) and Articles 13-15 of the "Labor Health Protection Regulations "
Way	Manufacturing employees Implemented by employee clinic General employees Staff can have a health check in numerous hospitals cooperated with HTC.
Last check date	Manufacturing employees Arranged by departments since July 2015 General employees In progress

### The Accumulated Health check completion rate of general employee



## Annual Health Check Abnormal Items and Number of Person

### 1. Manufacturing Employees

47 persons had abnormal health examination results, accounting for 2% of the total number of employees in Taiwan, and the top three abnormal items were Triglycerides, hemoglobin, and High Blood Pressure. Arrange medical consultations by doctors and health education by nurses for employees with abnormal health check-up items.

### 2.General Employees

276 persons had abnormal health examination results, accounting for 12.5% of the total number of employees in Taiwan, and the top three abnormal items were Total Cholesterol, Low-Density Cholesterol, and Triglycerides. Arrange medical consultations by doctors and health education by nurses for employees with abnormal health check-up items.

### Uncompleted Annual Health Check Tracking Mechanism

On the 11<sup>th</sup> of every month, employees are notified via email regarding the time of health inspection. Supervisors of the first order will be added to the copy of the letter in 3 months, and the supervisors are requested to assist in supervision. According to the results of the health checkup, different levels of management will be carried out. Employees reaching a certain degree of severity are given health advice and health education.

### Health Promotion Programs

It is a well-known fact that the pressure of a technology industry tends to cause employees to neglect the importance of their health. HTC Employee Clinic will organize seminars and health promotion activities from time to time every month. The annual health promotion courses will be organized based on the previous year's health check abnormal items as well as the topics interested by the employees from the questionnaire survey results.

In 2020, a total of 841 people have participated in health promotion courses, of which 153 people need further health consultation and followup, all of which have been tracked. For health promotion courses, a total of 31 sessions will be held in 2020, with a total of 2,159 person-times and an average satisfaction rate of 99.67%. For the employees with abnormal items during health check, doctors will be arranged for follow-up check and health education will be provided by nurses.

### 2020 Health check follow-up and statistics

The number of new recruits with physical abnormalities follow-up	26
The number of employees with physical abnormalities follow-up	299

Note:  
1. This statistic does not include resigned employees  
2. 2020 Physical Examination Abnormal Education Rate: Except for people who do not need to be tracked in May and June, and 98.6% in July, all other months are 100%

### 2020 Health Promotion Course Content and Number of Participants

Course type	Number of classes	Number of Attendees
First Aid Courses	10	310
Vision Care	2	124
Infectious Diseases and Cancer Prevention	2	271
Exercise and Diet Weight Loss Courses	1	60
Health Enhancing Promotion	9	841
Blood donation	7	553
Total	31	2,159

## HTC Employee Clinic Facebook Page

HTC has created a Facebook Fan Page for the employee clinic (<https://www.facebook.com/HTCEmployeeClinic>). Besides promoting health promotion activities, information on the correct health management is provided to employees, cultivating employees' autonomous health management capabilities. As of the end of 2020, the number of fans in FB Fan Page reached 1,017 persons.



## Occupational Health

### 1. Specific Health Check

In 2020, the work environment at the HTC Taoyuan Plant is carefully tested and monitored. The special health hazardous operations such as those involving ionizing radiation, dust and MDI must receive a thorough health checkup. The total number of employees required for special health examination was 42 people. In addition, according to the regulation that “Employer Shall Provide Certain Items of Health Examination to Its Employee Designate for Long-Term Night Work” issued by the Ministry of Labor on January 5, 2018, employees who are engaged in night work were arranged to complete their specific health examination. The number of people to be inspected was 83 and the inspection completion rate reached 100%.

The inspection results showed that the number of employees qualified for the first-level management of special health check up was 25 people, and the number of employees qualified for the second-level management of special health check up was 17 people. According to the “Labor Health Protection Regulations”, the 17 employees qualified for the second-level management and the 27 employees with abnormal results from night work health examination were asked to visit to the employee clinic individually, and health consultation service was offered by doctors, providing them personal health guidance and strengthening their disease and health related knowledge. The follow-up environmental inspection and cause review were completed to continue monitoring the health of our employees.

## 2. Emerging Health Issues

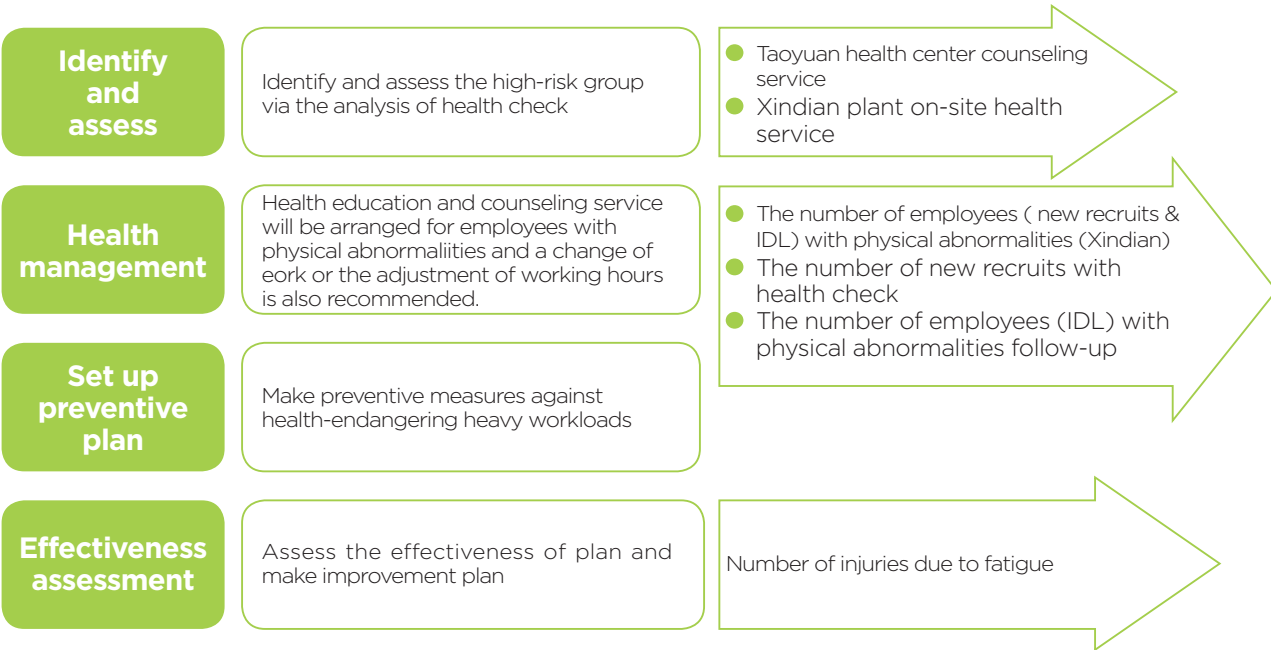
HTC's employee clinic, environmental safety department, human resources division, and other undertaking units planed the Protection Program in four themes, which was implemented gradually since 2016.

Topic	Organizer
Abnormal Workload-triggered Disorders	Employee Clinic
Maternal Health Protection Plan	Employee Clinic
Preventing and Managing Musculoskeletal Health	OSH Department
Execution Infringement Prevention	HR Department

### (1) Abnormal Workload-triggered Disorders prevention

According to related regulations, employers have the obligation to plan and take the necessary safety and health measures for employees taking rotational shifts, night shifts or who work for long hours, in case medical conditions might occur which are related to an unusually heavy workload. Appointments are made with medical doctors, or health consultants for employees should a medical check find them to have a health problem. A change of work or the adjustment of working hours is usually recommended. In 2020 screening and notification, 30 risky employees were interviewed by doctors. There was no incident of injury caused by overload in 2020.

### Preventive measures against health-endangering heavy workloads

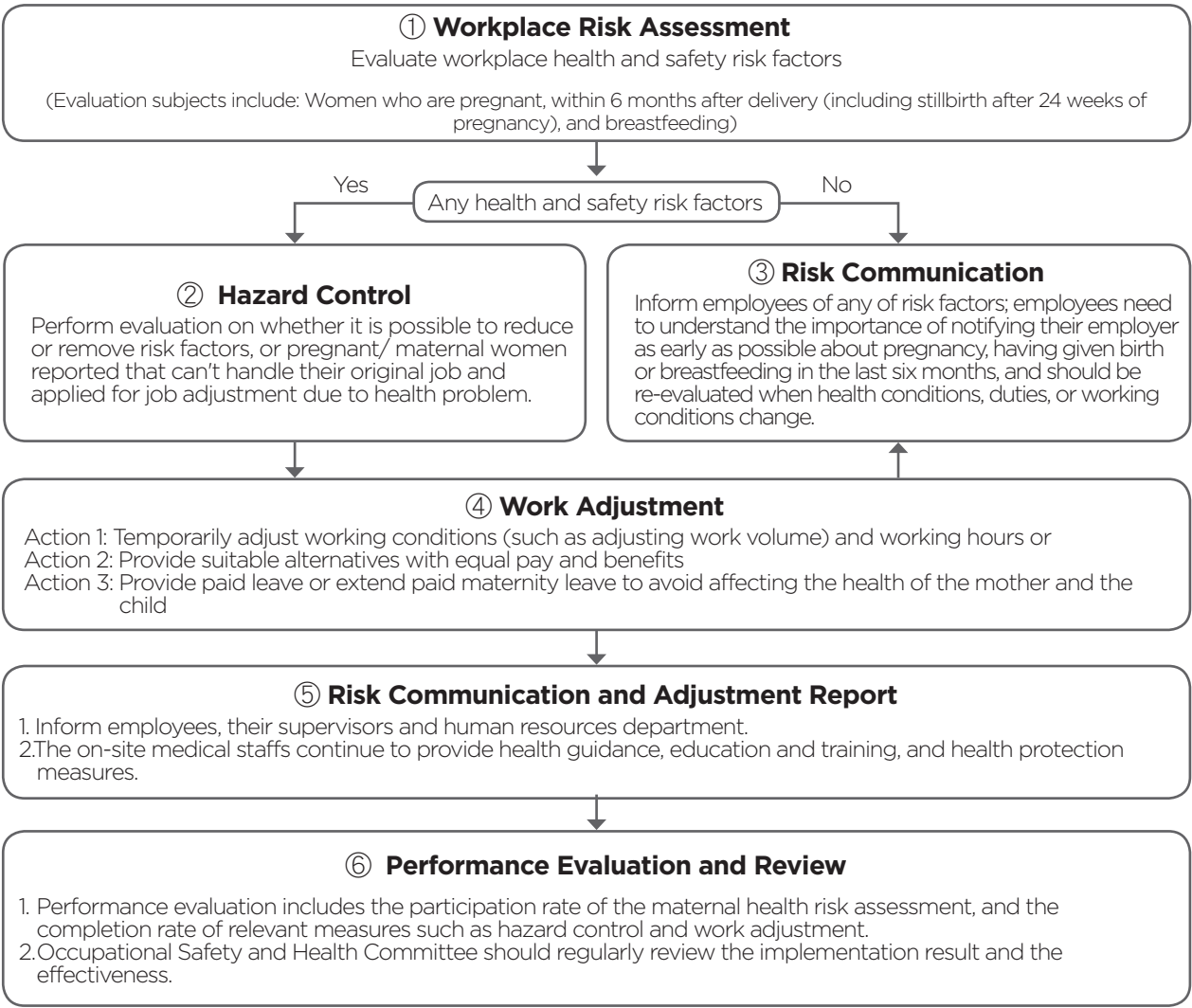




(2) Maternal Health Protection Plan

When safety and health hazard factors exist in the workplace, there may be adverse effects on pregnancy and breastfeeding. When female employees' presence in the workplace is indispensable, the importance of the protection of maternal health is highlighted. HTC has since June 2016 launched the Motherhood Health Protection Program, which includes all female employees one year after childbirth or breastfeeding women as protected subjects. In accordance with the Program, the list survey, risk identification, individual medical consultations, work assignment and work/ return to work, and other procedures were carried out. By the end of 2020, 28 employees completed the risk classification and protective measures, indicating the considerably safe work enjoyment and contents.

Female worker maternal health risk assessment and its processes are as follows:



Employee Assistance Program (EAP)

HTC has been working with the Hsinchu Lifeline Association since February 2009 to provide employees with psychological counseling and guidance with respect to working career, relationships, family and parenting, gender sentiments, mental illness, and physical and mental stress. Each year, employees can enjoy unlimited telephone consultations and 6 free face-to-face consultation services, which are paid in full by the company. In 2020, a total of 814 employees used the telephone consultation services. The analysis and recommendation on employee consultation topics are reported regularly to the Occupational Safety and Health Committee.

- Appointment Hours: Monday ~ Friday 9 am ~ 7 pm
- Reservation Tel: Mobile: 035-260415

Employee Assistance Program (EAP) Results

	2018 年	2019 年	2020 年
Number of Telephone Counseling (Free)	351	532	690
Number of Interviews	91	129	116
Hours of Interviews	100	132	124
Number of Interviews (Male)	38	52	55
Number of Interviews (Female)	53	77	61
Number of Interviews (Manufacturing employees)	2	10	1
Number of Interviews (General employees)	89	119	115
Invested expense (NT\$)	460,000	549,600	674,625

Positively Preventing Occupational Accidents

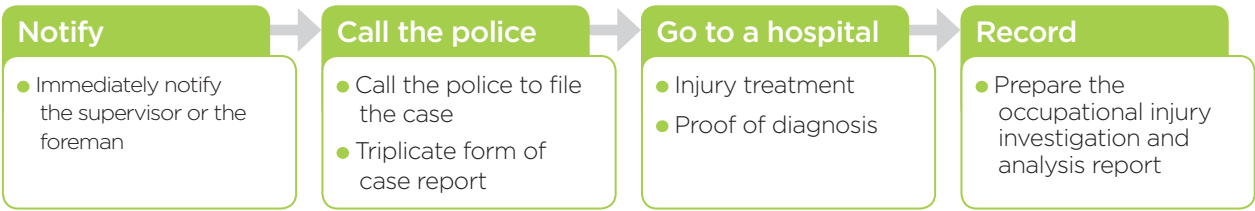
HTC has identified the prevention of occupational accidents as a top priority of facility management. By following the “Occupational Accident Prevention and Self-Inspection Plan”, we prevent occupational accidents and perform self-inspection to achieve our zero-accident goal.

Our work covered seven aspects: “Management of Safety and Health”, “Education and Training for Safety and Health”, “Standard Operating Procedures and Job Safety Analysis”, “Inspections for Safety and Health”, “Emergency Response”, “Health Management and Enhancing” and “Safety and Health Campaign” for the comprehensive prevention of occupational accidents.

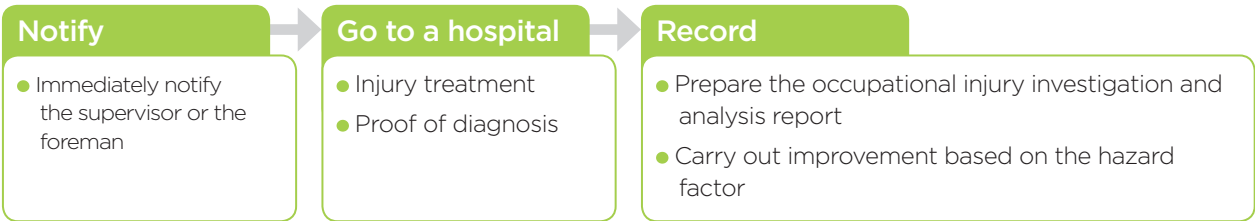
The 2020 hazard identification is Class 2, Class 3 and Class 4, which are medium to high risk. The types of injuries with higher severity are falling, electric shock, fire, coil clamp and confined-space operations. The current control methods include implementing checkpoints before/during/after operations, education and training, and promotion.

In the event of an occupational injury, our notification procedure is as follows

Traffic accidents outside the factory area



Accidents in the factory area



Aspect	Measure
Management of Safety and Health	If there is any change in the organization or addition of new business units, this has to be reported to the authorities concerned. Such information ranges from hazard statistics, hazard investigation analysis, meetings convened by the company occupational safety and health committee, preventive inspections, and the management of the entry of contractors into plants.
Education and Training for Safety and Health	Provide occupational safety and health-related courses on a regular basis.
Standard Operating Procedures and Job Safety Analysis	Set up rules and procedures for operation, maintenance, and work safety. Amend rules for workplace safety and health, general knowledge of dangerous materials, and the assessment of risk.
Inspections for Safety and Health	All kinds of working environments, cars, equipment, facilities, and fire safety systems should undergo regular inspection. The items to be checked include organic solvents in working environments, ionizing radiation exposure, and infrared detection.
Emergency Response	Implement an emergency response plan for the year and launch emergency response drills.
Health Management and Enhancing	Purchase medical consumables and provide health checks or checks for special health problems specific to both new employees and those already on the job. Track and manage those with unusual results.
Safety and Health Campaign	We have done everything legally required in response to all government regulations. We also participate in all kinds of relevant meetings and publish promotional posters, comics, and slogans. We constantly update information and communicate with employees over workplace safety. All these efforts are aimed at improving work efficiency.

2020 Full-time Environmental Safety and Health Personnel Training

License type	Person	Hour	Total
Organic solvent operation manager training	3	18	54
Specified chemical substance operations supervisor initial training	4	18	72
Stacker operator (>1 ton) retraining	3	3	9
Dusty/hypoxia operations Supervisor retraining	2	6	12
Scaffolds assembly works supervisor retraining	1	6	6
Level B Management personnel in charge of occupational safety and health.	1	115	115

Contractor Management

HTC attaches great importance to the safety of contractors. Each year, according to the status of contractor safety and health management, a complete occupational safety and health management plan is drawn up to prevent and prevent occupational disasters. During the operation of the contractor, project officer will be at the site. If there is an accident, the project officer can call 831919 to ask the medical staff to perform treatment at the site or take the injured contractor to HTC employee clinic for treatment. As long as the injury is due to work, whether it is small or severe, the notification must be completed and recorded. In the case of severe injury, an accident investigation will be conducted to examine and analyze the cause of the incident, and correction or improvement is required for the site. In addition, HTC has passed the ISO45001:2018 version of the Occupational Health and Safety Management System. Newly recruited construction workers receive safety and health education before they start on their jobs. They are given all necessary information about the working environment and the relevant safety regulations. They all know the location of fire-fighting facilities and how to use it.

Measure of Contractor Construction Management

- The provision of site safety induction sessions at construction sites.
- Verifying the information about construction workers and vendors.
- Monitoring high-risk operations.
- Personnel access control.
- Ensuring construction site safety.
- Conducting safety and health management for new facility construction.
- Obtaining the required insurance for contractor employees.

Contractors Health and Safety Audit

- Incorporating requirements for safety & health management in the written agreements with all contractors according to the applicable regulations to clearly define contractor obligation and responsibility, and evaluate all the risks in the working environment including that from dangerous machines, so as to have proactive control and eliminate potential hazards.
- Formulating a system for on-site patrols and inspections according to the applicable regulations and contractual requirements about labor safety & health. On-site inspections and audits are conducted on a regular/irregular basis, working precaution, records of the safety & health education of the workers, and all safety requirements to be met before, during and after the use of machines, tools and equipment.



## Comprehensive Emergency Rescue Measures

- A 24-hour emergency rescue Hot Line has been set up as part of a fully comprehensive emergency notification system.
- Sufficient rescue personnel have been lawfully designated and emergency rescue personnel training courses are held annually.
- 16 Automated External Defibrillators (AED) are available at specific places within the company.
- Emergency evacuation drills are carried out periodically.
- Since 2010, CPR seminars are held regularly each year

These related measures have been effectively carried out at HTC. In 2020, most occupational injuries were the result of traffic accidents, with 10 cases in the HQ & Plants and zero case in the Taipei Office. There were 3 injury cases that occurred within the HQ & Plants and there was no accidents in the Taipei Office. Falls are the most frequently reported incident (2 cases), with 117 days of labor lost. In 2020, the average employee injury frequency rate (FR) of HTC employees was 1.24 person-times/million man-hours for the HQ & Plants, and 0 for the Taipei Office. The average injury severity rate (SR) of HTC employees was 48.42 days/per million hours for the HQ & Plants, and 0 for the Taipei Office.

We will promote safety education for employees who commute to and from work in the future and will also provide them with work safety concepts and necessary training. Warning signs are to be placed in conspicuous places to reduce the incidence of accidents.

### Average FR & SR in Taiwan Plant in the past 3 years

	2018		2019		2020	
	FR	SR	FR	SR	FR	SR
HQ & Plant	0.83	7.53	0.91	4.56	1.24	48.42
Taipei Office	0	0	0	0	0	0
Target	0.30	1.8	0.30	1.8	0.30	1.8

Note:  
 1.Average Injury Frequency Rate, FR=person/total time of work×million hours worked  
 2.Average Injury Severity Rate, SR=days/total time of work×million hours worked  
 3.Occupational injuries statistics does not include light damages of less than one day of loss, excluding traffic accidents.  
 4.FR(Injury Frequency Rate per Million Hours Worked) = Incidence of Lost-Time Injury×1,000,000/total hours worked  
 5.SR(Lost Day Injury Frequency Rate per Million Hours Worked) =Days Lost for Lost-Time Injury×1,000,000/Total Hours Worked



## 2020 Occupational injury in Taiwan Plant

The main types of occupational injuries in HTC plant and for contractors include falling over, clamping, colliding, cutting, etc. Among them, clamping is an occupational hazard that causes serious occupational injury. When occupational injuries occur, should shut down machines immediately and perform simple remediation. Operators should be advised to pay attention to the conditions of the machine/equipment to minimize the risk. The following data calculation covers all workers.

### Occupational Injury Death Rate

Number of occupational injury death / working hours (total hours worked) x 1,000,000\*

	2018	2019	2020
HQ& plant	0	0	0
Taipei Offices	0	0	0
Contractor and Supplier of HQ & plants	0	0	0
Contractor and Supplier of Taipei Offices	0	0	0

### Severity Occupational Injury Rate (excluding deaths)

Number of serious occupational injuries (excluding deaths)/working hours (total hours worked) x 1,000,000\*

	2018	2019	2020
HQ& plant	0	0	0
Taipei Offices	0	0	0
Contractor and Supplier of HQ & plants	0	0	0
Contractor and Supplier of Taipei Offices	0	0	0

### Recordable Occupational Injury Rate

Recordable number of occupational injuries/working hours x 1,000,000\*

	2018	2019	2020
HQ& plant	5.45	3.19	1.24
Taipei Offices	0	0	1.61
Contractor and Supplier of HQ & plants	0	0	0
Contractor and Supplier of Taipei Offices	0	0	0

Note:  
 1. 1,000,000 refers to the ratio of every 500 employees based on 50 weeks per year and 40 working hours per week  
 2. Occupational injuries that can be recorded are accidents in the plant, minor injuries in the factory, and traffic accidents

### Occupational Disease Death Rate

Number of deaths due to occupational diseases / working hours x / 1,000,000\*

	2018	2019	2020
HQ& plant	0	0	0
Taipei Offices	0	0	0
Contractor and Supplier of HQ & plants	0	0	0
Contractor and Supplier of Taipei Offices	0	0	0

\* Note:  
 1. The total number of employees is calculated based on the total number of employees as of December 31, 2020.  
 2. The 2020 total number of male working days in head HQ & Plants is 102,223,926 days, and the total working hours are 1,017,769 hours  
 3. The total number of female working days in the HQ and Plant was 76,846,085, and the total working hours were 1,017,769 hours.  
 4. The 2020 total number of male working days in the Taipei office was 269,200 days and the total working hours were 2,265,990.42 hours.  
 5. In 2019, the total number of working days for female in the Taipei office was 98,975 and the total working hours were 836,502.25 hours.  
 6. Work-related injury rate=total number of work-related injuries/total working hours×200,000 (based on 50 weeks per year, 40 working hours per week, rate per 100 employees)  
 7. The contractor's occupational disaster statistics standard is the same as that of ordinary employees, excluding minor injuries with a loss of less than 1 day, and excluding traffic accidents.  
 8. Since 2016, the company's contractors have not had any accidents, so the total working hours of the contractors in 2020 are not included in the statistics.



# Social Investment and Contribution

HTC has long been committed to the social care and public welfare, and supports and sponsors the "HTC Education Foundation" and the "HTC Social Welfare and Charity Foundation." HTC advocates humanitarianism and we have developed our company character culture at a local level. While we continue to pursue business growth and technical innovation, we care very much about disadvantaged families, and give their children opportunities to receive the education. This is a distinctive corporate culture of which HTC is rightfully proud.

In the meanwhile, HTC also utilizes the industry characteristic and helps society create more possibility by R&D and innovation. We have devoted to inventing novel products not only with the target of being in accordance with Sustainable Development Goals (SDGs) issued by UN in 2015 but also with the aim of meeting v kinds of needs in the society and implementing social care to actively practice CSR.





# HTC Foundation

The HTC Foundation focuses on promoting character education by working to help children and youngsters develop good character by supporting both schools and teachers. We place great importance upon building up moral character and culture for communities and towns in cooperation with local government, care for disadvantaged families, providing their children with opportunities to receive education, and raising funds for environmental and ecological preservation.

We engage in public interest activities to espouse humanitarianism and contribute to a peaceful and harmonious society. The Foundation plays an important part in community engagement and social services to instill the core values of integrity, honesty, care, love, positive thinking, and respect for natural resources. The HTC Foundation invested NT\$ 15.69 million on education in 2020, while HTC Social Welfare and Charity Foundation spent NT\$ 39.8 million on charity business.

## Many Blessings Courses

The HTC Education Foundation is committed to the development of character education for young people. It hopes to shape character through joint efforts by schools, parents, and society. Following the principle of “lighting a candle rather than cursing the darkness,” the foundation has established the “Many Blessings Course” for junior and senior high school students. These free courses each last for five weeks. They include three hours of training and activity per week. In 2020, a total of 11 classes of four schools will be implemented, and a total of 252 students will be benefited. The students get the energy to move forward and make changes inspired by their instructors and volunteers, They are encouraged to become leaders who can actively serve the public and use their own power to change the world.

## Character Town

HTC foundation not only launches character education in schools but also signs “Character Town” with various towns in Taiwan. Character Learning Course is launched every month with a way of character and setting a good example with our own conduct. Group discussion and experience sharing with different themes and related to work will be arranged timely. Participants include township police station public hospital fire department land office & household registration office-affiliated institutes. Parts of institutes turn into membership in the character association. Leaders in the institutes encourage good deed via communication and integration of thoughts, which becomes the internal operating mechanism.

“Character First” course emphasizes the concept definition and operational definition with the core value of nurturing the leader and team work. Besides, it is believed that people can lead in different kinds of situation. The main goal of these courses is to nurture groups of the cadre of basic level equipped with ethics and integrity.

## Vision

Everyone has a good personality. People respect and support each other. Let us make the planet lovely together.

## Mission

Our mission is to instill core values of integrity, honesty, care, love, positive thinking, and respect for natural resources by untiring efforts to educate.

## Objectives

- 1. To encourage the development of good campus culture by influential education projects and the continuous and systematic encouragement of teachers, parents, and students.
- 2. To encourage the development of good urban character culture by influential education projects and urging local communities to work towards this end.
- 3. Care for disadvantaged families and the provision of educational opportunities for young people to give them the knowledge and character that allow them to become contributive members of the society.

## Character Statement

- 1. To actively and enthusiastically influence others with honesty and good character in both personal and professional life and to set a good example with our own conduct.
- 2. To protect the environment and to develop a cultural and aesthetic disposition through readings.
- 3. To be a world citizen, to make reasonable efforts to help the poor and the disadvantaged in the world, and to encourage people to respect and support one another.

We hope through these actions, people can jointly internalize the core values of integrity, honesty, love, mutual respect, caring for one another, and positive thinking.

# Other Social Engagement Activities

In addition to sponsoring the social work upheld by the HTC Foundation, HTC also positively engages in public interest activities through other channels. In 2020, combining business development and brand value, continue to invest in international and domestic social welfare and sponsorship activities.

## VIVE Virtual Reality

HTC believes that virtual reality will completely change the interaction between mankind and the world, and liberate human beings' limited imagination. The invention of VIVE provides a top immersive virtual reality experience related to our work, education, games, communication, entertainment, and religion. HTC combines virtual reality and social participation by using powerful software and hardware to build a brand-new learning environment that can replace situations that are high-risk or difficult-to-simulate situations in the past. Through the unlimited possibilities of VIVE, we aim to change education and help develop a VR-cultivated environment in order to realize HTC's vision of giving back and caring for society.

### Enhance medical quality and education through VR

The HTC Medical VR team is committed to the vertical integration of VR in medical education as well as clinical use. In addition to facilitating the interest and effectiveness of medical learning, it can also enhance the communication between doctors and patients and the quality of medical treatment, and create the greatest social benefits. At the same time, our Medical VR team is expediting the development of a global medical VR ecosystem and working with VR developers to implement new medical VR technology in reality. We have already successfully collaborated with many hospitals and universities to create world-class standards. These include the National Taiwan University Hospital, National Defense Medical Center, MacKay Memorial Hospital, Taipei Tzu Chi Hospital, Taichung Veterans General Hospital, National Cheng Kung University Hospital, Central Taiwan University of Science and Technology, to name just a few. With them, we built cutting-edge VR medical training centers, so that the education in medicine and nursing can be upgraded to the next generation.



### HTC uses virtual reality skills to assist in lowering the risks of firefighting training

The training process of firefighters in different nations is dangerous and expensive. Not only are billions of dollars spent, but firefighters are also exposed to high risks when building effective training facilities and simulated fire environments. Burning and death can still happen in simulated situations. Other than that, the chemicals used to ignite and extinguish fires are also highly carcinogenic.

HTC launched a new generation of FLAIM Trainer that combines tactile feedback technology and real world firefighting equipment, which provides firefighting departments with more diversified, safe, and highly immersive VR-simulated training environments. On one hand, we can lower the level of danger as well as the cost of trainings; and on the other, we can elevate the training efficiency whilst lowering pollution to the environment.





### Alliances with schools to establish VR talent incubators

HTC actively collaborates with schools both domestically and internationally to provide higher education resources. Therefore, more talent can be found and participate in the industry. Due to a much more developed and mature VR ecosystem and having to confront the impact of the pandemic, virtual reality is the key to realizing new work and life styles. HTC began with cultivating talent by signing a memorandum of cooperation with the National Dong-Hwa University - an important educational institute in the East Taiwan - in 2020. This was our dedicating to building the first VR talent incubator in East Taiwan.

In early 2021, we collaborated with the New Taipei Municipal New Taipei Industrial Vocational High School by joining the “Demo Day” project. For this, we established the “VIVE training center” to consolidate the foundation of VR education. We also cooperated with junior high schools in school districts to design a vocational exploration curriculum so that students interested in information technology can have the opportunity to learn at an earlier stage. As a result, we closed the information gap caused by imbalanced educational resources.



### In collaboration with Kaohsiung City Government – MIT Virtual Reality Content

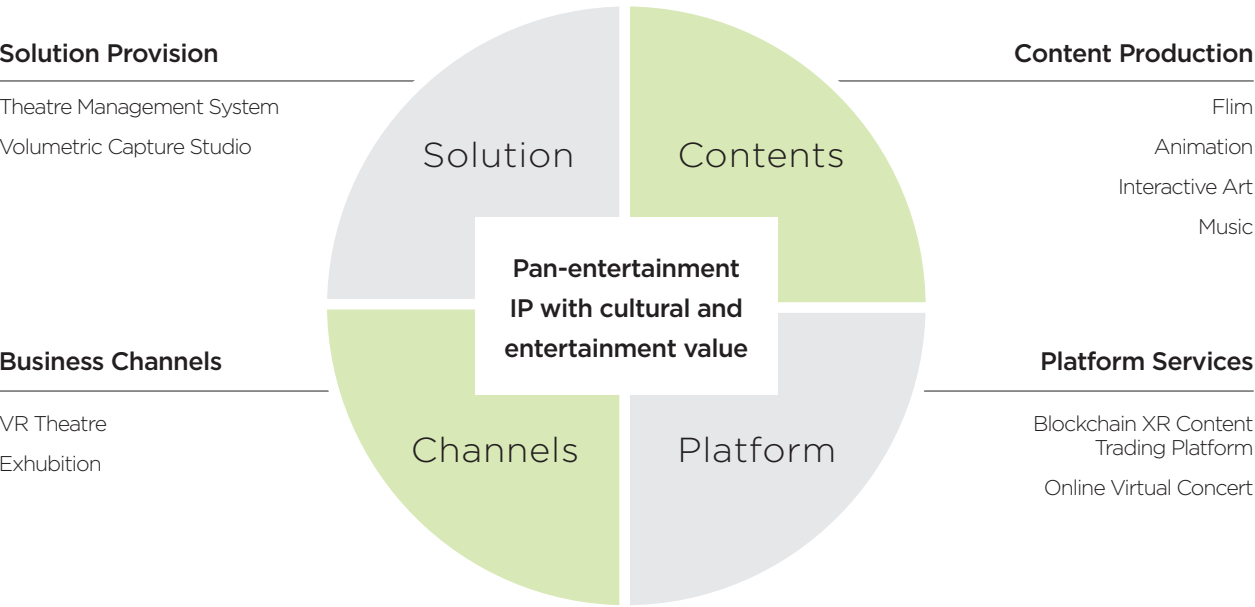
HTC continues to foster VR content developers domestically. We collaborated with the Economic Development Bureau, Kaohsiung City Government in December 2020. We coached domestic start-up teams to successfully launch seven pieces of work on Kaohsiung KOSMOSPOTx VIVELAND in the fourth quarter. In total, HTC assisted in launching 14 pieces of work, 6 of which were exported to overseas markets. We also launched on the global VR commerce platform, VIVEPORT Arcade, demonstrating Taiwan’s self-made and innovative VR strength.



## VIVE ORIGINALS

### VIVE ORIGINALS VISION

Create an entertaining experience with cultural values in the virtual world



HTC VIVE ORIGINALS is a content brand owned by HTC VIVE. It is committed to the development of native IP, the production and publication of original content, and the exploration of VR movies, art, animation, music, cultural collections, creative entertainment, and other industries. VIVE ORIGINALS is also actively building a cross-domain team to create content and VR technical spec standardization. Moreover, it is aimed to create content production SOP (standard operation process), and to provide a wider variety of VR solutions. Meanwhile, profit comes from licensing for public broadcasting, organizing exhibitions, and trading for art collections with cross-domain contents. We also actively strive for collaborations with government for film and television investments. Furthermore, we want to expand the scale of content, create industrial values, and build up a VIVE Reality ecosystem by content cluster to fulfill the ultimate goal of enriching human cultural life through new technologies and creativity.

The vision of VIVE ORIGINALS is to create an entertaining experience with cultural values in the virtual world. To deepen the connection between the virtual and real world, VR technology can be applied in culture and art collections, as well as video and audio recordings through our four pillars of development. The four pillars are content production, business channels, platform services, and solution provision.

### 1. Content Production:

As a content creation team at the forefront, HTC VIVE ORIGINALS devotes to original IP development and original content production. It also engages in distribution and exploration in VR film, art, animation, music, cultural collection as well as industries of cultural creativity and entertainment.

In 2020, VIVE ORIGINALS planned for new original IP production, and the commercialization of digital artwork:

- (1) Frame-by-frame animation with VR technology in “THE SICK ROSE”.
- (2) The artwork of Japanese artist, Miwa Komatsu, “Inori”, is included in the 20 limited editions of the VR digital collection.

### 2. Business Channels:

By profiting through new business models like public broadcasting authorization of cross-domain content, exhibition making, and art collection and dealing, HTC VIVE ORIGINALS actively seeks cooperation opportunities on technology application and investment with the public sector. Expanding the market scale and creating industrial value, it combines virtual technology with creative content to trigger dazzling cross-disciplinary and cross-domain sparks. Consequently, we built a phenomenal and extraordinary VIVE Reality ecosystem.

In 2020, we broadcasted the VR work exhibited at the Venice Film Festival in Taiwan, in collaboration with TCCF Taiwan to organize the Creative Content Fest.

- (1) The Venice Film Festival: The audience can experience 32 nominated works in Taiwan without flying to Venice. We make the borderless transmission of art and culture possible so more people can experience opulent entertainment.
- (2) The TCCF Taiwan Creative Content Fest: We organized experiences and activities of VR works at the physical exhibitions and forums with international speakers discussing culture, technology, and the impact of the pandemic.

### 3. Platform Services:

HTC VIVE ORIGINALS launches the “Blockchain License Trading System” to facilitate resource integration for content developers, entrepreneurs in the cultural and creative industry, and online channel operators, enabling more effective synergy between content and commercial channels while optimizing cooperative business models. We plan to activate the platform at the end of 2021. This aims to cultivate good impressions of digital and physical artwork on the platform while simultaneously protecting digital artwork through safety mechanisms.

### 4. Solution Provision:

HTC VIVE ORIGINALS develops the VR Theatre Management System (TMS) to provide a simpler and more user-friendly management interface through systematic playback management. In 2020, it also inaugurates the first commercial virtual volumetric capture studio in the private sector to enhance the range and depth of applying immersion for realistic virtual experience, giving rise to more excellent XR works.

### New original IP content: Frame-by-frame animation with VR technology, The Sick Rose



VIVE ORIGINALS expects to release the first frame-by-frame animation with VR technology, “THE SICK ROSE”, globally in 2021. The production was made out-of-the-box and infused with a new style compared to traditional frame-by-frame animation. This has won international acclaim. It was nominated for the “VIRTUAL REALITY IMMERSIVE STORY PROJECTS”, and is the only Asian self-made animation among 12 nominations. VIVE ORIGINALS has excelled in the Venice Film Festival many times, demonstrating the VR capability of Taiwan to the world.

Besides the innovative features of the filming techniques and plot of this VR animation, each dough figurine is a key character in the film. The whole story began with the dough maker, Huang Yun-Sian.

Huang Yun-Sian started learning traditional dough figurines with her father when she was a child. She had been selling dough figurines with her father since the age of six until her sophomore year in university. Although she chose a different career path after her graduation, she decided to pick up the skill again and present the art of dough figurines to more people.

The puppets in the animation require a lot of coordination with filming techniques; moreover, there are many challenges in production. For example, the clay needed for making the figurines is different from the one for dough figurines. Furthermore, the clay requires high flexibility for motion adjustments, as well as a supporting capability to sustain the posture. Huang and her father tried to mix different materials multiple times and finally created the most suitable one.

The vanishing craft of traditional Taiwanese dough figurines is combined with technology to become a VR frame-by-frame animation - enabling the traditional craft to be recorded and kept alive. Furthermore, the making of dough figurines is infused with a new sense of vitality, which demonstrates Taiwan’s creativity to the world.



**In collaboration with the Japanese contemporary artist, Miwa Komatsu, to create a VR interactive artwork, “INORI”**

In 2018, VIVE ORIGINALS and the Japanese artist, Miwa Komatsu, commenced a one year collaboration. Miwa Komatsu’s 2D artwork is combined with VR content technology through a film narrative approach to present a different spirit of this cross-national authentic creation.

Kay Huang spent more than eight months creating the music and continued to alter it during the entire process. According to Kay, the physical and mental experience in immersive virtual reality is very different from that of open space. Kay explained that because in the virtual reality space the peculiarity of sound and the serenity of the heart vary a lot from traditional creation. The best result for Kay during the VR



In collaboration with the Japanese contemporary artist, Miwa Komatsu, to create a VR interactive artwork, “Inori”. Inori was selected in the 76th Venice Film Festival in 2019.



Miwa Komatsu performed a live painting in Venice.

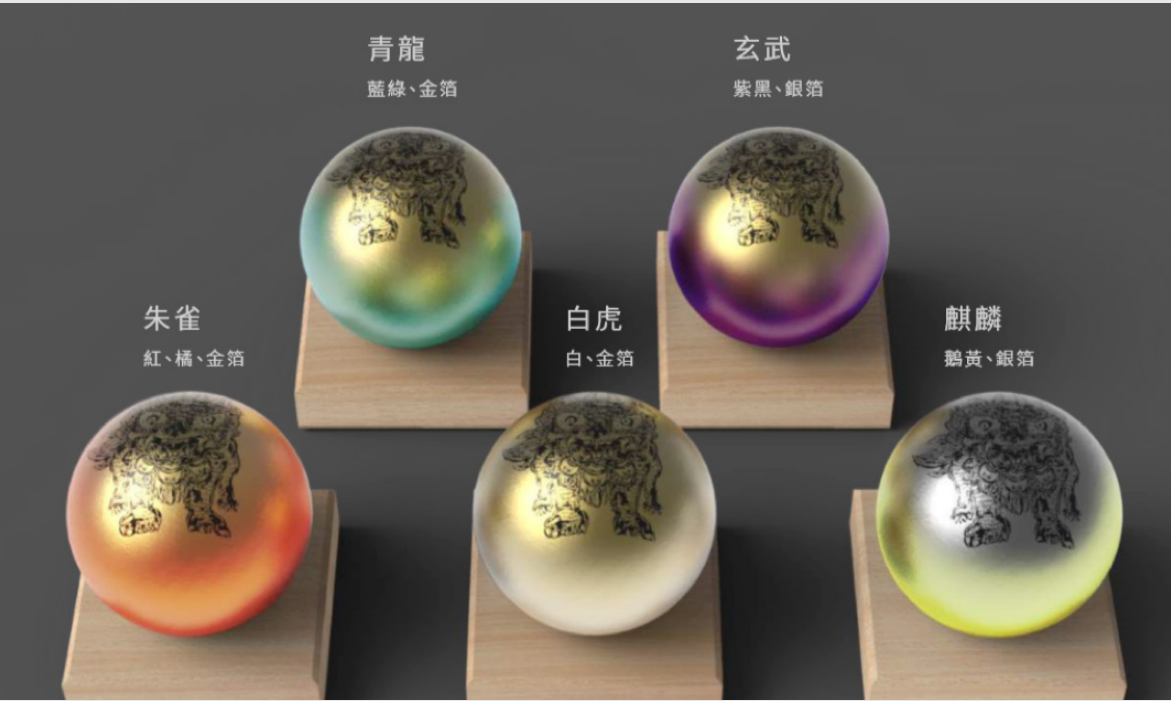


Produced by VIVE ORIGINALS, and co-created by the Japanese artist Miwa Komatsu and the Taiwanese musician Kay Huang, the interactive VR artwork, “Kay Huang x Miwa Komatsu x HTC: Exhibition of INORI, Experience of a Cross-Disciplinary VR Music Rhapsody”, was created. The production took more than a year. We invited special guests (from left to right), VIVE ORIGINALS President, Liu Szu-ming, music master, Kay Huang, Japanese modern artist, Miwa Komatsu, and TAICCA chairman, Xiao-Jing Ding.

music creation is that she learned that only inner quietness can calm her down, allowing her to hear more possibilities and create music with more diversified perspectives.

Viewers can wear a VR headset and then enter the world of mythical animals and explore a magical space. In the work of Inori, we achieved three innovations: cross-disciplinary innovation that combines technology with art, commercial innovation that develops a blockchain trading platform, and technology innovation that creates interactive modules (sound, palate, and interaction). We expect to combine Taiwanese local music, Japanese artists, and VR technology to integrate the Taiwanese and Japanese culture and art spheres to spark spectacular results.

VR technology combined with art is just like a new global Renaissance movement. VIVE ORIGINALS insisted on embarking from the VR original content point of view. After the best moments and venues of valuable VR content received recognition in world-class international film festivals, we launched 20 limited editions of those VR digital art collectibles as the best examples of the fusion between technology and art.



In 2021, VIVE ORIGINALS included Miwa Komatsu’s “Inori” in the 20 limited editions of the work as a digital VR art collectible



Venice VR Expanded in Taipei with VIVE ORIGINALS assigned as the exclusive partner

Between 2017 and 2019, the original IP work of VIVE ORIGINALS excelled and was nominated for multiple awards in the Venice Film Festival. This Taiwanese authenticity won global acclaim. Thus, when COVID-19 was raging in 2020, the 77th Venice Film Festival VR category was themed “VENICE VR EXPANDED”. This was the first time the festival ventured beyond Venice. VIVE ORIGINALS was appointed as the exclusive partner in Taipei as well as 15 iconic cities in 13 countries, such as Paris and Amsterdam, and are connected through a satellite network. VR offline broadcasting was activated and audiences could appreciate 32 selected works from September 2 until September 12, 2020.



HTC in collaboration with the Ambassador Theatres to build the first commercial VR theatre.

VIVE ORIGINALS is devoted to integrating cross-disciplinary industries, developing a VR ecosystem, developing VR theatre systems, and participating in more than 50 film festivals. In 2017, we built the VR theatre management system, accelerating VR works to be part of the entertainment of daily life. In 2020, we collaborated with Ambassador Theatres in Taipei and became the first VR commercial theatre to collaborate with cinema. This time we chose Ambassador Theatres as our partners. It is not only a perfect business integration, but also an expansion of the VR industry and commercial collaboration. The VR works nominated in the Venice Film Festival were our first selections to be broadcasted. We will release more diversified VR content to audiences in the future. The bigger the film and game markets are, the bigger VR is.



Taipei Ambassador Theatres hosted the joint press conference of “Future Content in Progress. TAICCA X HTC X Venice Film Festival”. Special VIPs (from left to right) are including director, Hsu Chi-Yen, VIVE ORIGINALS president, Liu Szu-Ming, the TAICCA Chairperson, Ting Hsiao-Ching, Deputy Minister of Culture, Peng Chun-Heng, Deputy President, Hu Ching-fang, Ambassador Theatre President, Joe Chang, and director, Tang Chih-Chung whose works are shortlisted in “Out of Competition-Best of VR” at the grand opening.

Collaborating with the TCCF to organize the 2020 Taiwan Creative Content Fest



TCCF 2020 Creative Content Fest hosted by TCCF, the VR content experience, and international forums

The 2020 Taiwan Creative Content Fest (TCCF) organized by the Taiwan Creative Content Agency (TAICCA) was held from November 17 to November 22, 2020. With the theme of “Human Touch – A Closer Future”, it connected industries of cultural content creation to build a national brand of Taiwanese culture.

Two projects recently launched by HTC VIVE ORIGINALS were invited to be exhibited at Future Content Experience Zone of the festival: Anpu’s “An Ode to Moss: Musical Wander”, combining somatosensory chair installations and VR technologies, transforming music into a new immersive experience; and “Curious Alice”, a VR work co-produced with the world-renowned V&A museum. Moreover, “Curious Alice” was designated as the highlight exhibition in this year’s festival.

In addition to showcasing its works, HTC VIVE ORIGINALS was also invited to join the curatorial team of the international forums in organizing the invitation of speakers and arranging the agenda and related affairs, which fully revealed its mastery of trends of future technological content and its competence in organizing large-scale international forums.



### Blockchain trading platform

In order to integrate content developers, cultural creators, and offline distribution channels, we aim to enhance collaboration between content and commercial distribution channels to maximize the commercial cooperation model. We developed a blockchain trading platform and aim to expand from the pan-entertainment industry to the fields of digital content, such as games, education, medical use, and more. Based in Taiwan, we look forward to expanding to international markets and getting ahead of the game in the virtual application market.

The platform is estimated to be activated in 2021, and the original IP contents of VIVE ORIGINALS will first be put on shelves. Besides the safety of the platform trading, safety protection mechanisms for digital artwork is important to us. Therefore, our partners do not need to worry about their works being plagiarized. Blockchain platform in the future is no longer limited to digital art trades, but also to physical artwork. Consequently, not only do we diversify the platform, but we also preserve the culture and art industry.

### Building a “Volumetric Capture Studio” to strengthen the width and depth of immersive virtual experiences



As a production center for creative VR content, HTC VIVE ORIGINALS invests substantially in content production and pipeline development, especially focusing on experimenting with diverse production technologies for immersive experiences and digital pan-entertainment content. In 2019, we further introduced the most cutting-edge and high-end volumetric capture studio in the world to conduct cross-disciplinary innovative pipeline development. On the basis of high-performance computing and 5G-based transmission, we hope to integrate diverse tools and technologies, such as 360 VR shooting, CG animation, motion capture, and real-time engines. This will further support fields such as film and television, games, education, and XR by creating more possibilities for future multi-sensory immersive experiences.

### VIVE Arts

VIVE Arts is a global initiative aimed at enhancing the artistic creation and appreciation through the latest technologies. VIVE Arts established in 2017 exemplifies the unity of technology, humanity, and imagination that forms the foundation and core values of the VIVE brand. In 2020, VIVE Arts continued the strategic collaboration with top-class museums, cultural institutions, and artists around the world, which demonstrated our excellent global influence. One of the most important collaborations is with the Victoria and Albert Museum (V&A Museum) in London, one of the most well-known museums in the world, to establish a breakthrough partnership. We embodied the first VR experience of the museum with “Curious Alice”. VIVE Arts and the V&A Museum hosted the first online virtual reality premier on October 22, 2020. Audiences around the globe could participate freely through the “Engage” virtual platform. It was the first time the V&A museum was able to extend their exhibition outside the museum, and to present the exhibition with a brand-new practice in the digital virtual world.

Cai Guo-Qiang, one of the world’s most celebrated artists, unveiled his first virtual reality artwork, “Sleepwalking in the Forbidden City”, created in partnership with HTC VIVE Arts and exhibited at the Palace Museum, Beijing. In “Sleepwalking in the Forbidden City”, the artist imagines a resplendent daytime fireworks ceremony that took place six-hundred years ago, weaving together the past and present. It is also the first modern art exhibition the Palace Museum curated. In 2020 VIVE Arts built important partnerships with art galleries in Taiwan, including the Tainan Art Museum which exhibited the work of gouache pioneer, Hsueh -Hu Kuo. The theme of the VR work is “The Three States of Home Gazing”, directed by artists Hsin-Chien Huang. Space, time, and experience are three kinds of VR interactions which enable audiences to enter Kuo’s studio and streets of Taiwan in the early 20th century, and feel Kuo’s nostalgia. In addition, we supported Taiwanese new media artist, Ya-Lun Tao, to create 10 pieces of brand-new VR works, and exhibited these in the Museum of Contemporary Art Taipei, which is another important milestone.

This series of iconic collaborations and exhibitions were massively reported by international mainstream media. Confronting the special condition around the globe in 2020, innovative technology will demonstrate the connectivity with the world and strength of each other. VIVE Arts continues to assist museums to realize their missions of diversifying exhibitions and transforming the experience and approaches of art and culture audaciously.

Other partnerships include the Galeries Nationales du Grand Palais, Centre Pompidou, Beijing X Museum, Tainan Art Museum, Kaohsiung Museum of Fine Arts, and Museum of Contemporary Art Taipei. With the participation of world-class museums in VR art exhibitions, VIVE Arts will continue to expand and deepen its partnerships with other cultural institutions to bring more beautiful, meaningful, and innovative VR experiences to people.





### London V&A Museum VR Experience -Curious Alice

In 2020, VIVE Arts collaborated with the V&A museum of London to launch an unprecedented VR art content, Curious Alice, and celebrated the new exhibition of “Alice: Curiouser and Curiouser” launched in March, 2021. Audiences can experience “Curious Alice” on the VIVEPORT and Steam platforms, entering the scenes created by the illustrator, Kristjana S. Williams. Audiences can further experience the scenes of capturing the White Rabbit’s missing glove, solving the Caterpillar’s mind-bending riddles, visiting the Queen of Hearts croquet garden, participating in the unfair game with the Playing Cards, and more. Audiences can review these classical moments with characters in the wonderland.



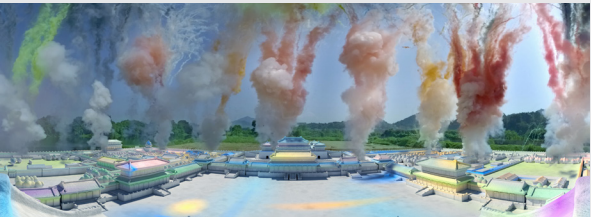
Due to the pandemic, the V&A museum as well as museums around the world are not fully open to the public. For the time being, digital creative content demonstrates their powerful connections to the world. V&A Museum and VIVE Arts use the latest technology to provide a brand-new form of museum visits to audiences, as well as creating magical experiences so everyone can be closer to inspiring and charming wonderlands like Alice’s. This collaboration is a recognition of the V&A moving towards technological innovation. The collaboration not only offers the opportunity to audiences who cannot visit the onsite exhibition, but also turns to a new page in alliances between art and technology.

The V&A and VIVE Arts partnered with Preloaded to create “Curious Alice” on the Engage virtual platform. “Alice: Curiouser and Curiouser” will be exhibited from March 27 until December 31, 2021.



### Cai Guo-Qiang to launch the VR firework “Sleepwalking in the Forbidden City”

Asian artist Cai Guo-Qiang's retrospective exhibition, "Odyssey and Homecoming", featuring a virtual reality work, “Sleepwalking in the Forbidden City,” in collaboration with HTC VIVE Arts kicked off at the Palace Museum in Beijing in 2020.



"Odyssey and Homecoming" is curated by Sir Simon Schama, and co-organized with the Palace Museum in Beijing and the XXIV Olympic Winter Games. The exhibition showcases 180 works along with Cai's "Journey of Western Art History", a series of fireworks displays at a large scale, as well as brand-new artwork especially created for this exhibition.



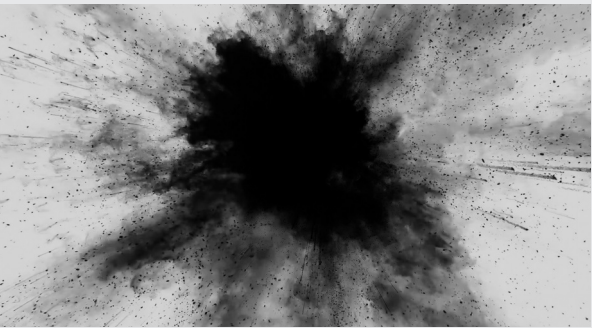
Cai's first virtual reality work, “Sleepwalking in the Forbidden City” was exhibited at the last hall of the retrospective. The VIVE Pro headsets take the audience back to periods hundreds of years ago. Sometimes audiences are within the giant marble model; sometimes they are flying through fireworks in the sky. The exhibition comprises of three elements, a large marble model of the Forbidden City, cascading fireworks, and a VR work that is fused with all elements. The production process incorporates 3D scanning and modeling, 360-degree filming, and CG technologies. Audiences can experience the grand opening composed with golden, silver, and red fireworks, to glittery sparks, and then to the sun shining on the double-eaves roof of the palace. Colorful smoke and pigments fall on audience's white world, transforming the Forbidden City's architecture into a phenomenal 3D gunpowder painting.





**The Kaohsiung Museum of Fine Arts “The Universe”, by Liu Kuo-Sung, in memory of Liu’s 70 years in Taiwan**

2019 was the 70th anniversary (1949-2019) of the father of modern Chinese brush strokes, Liu Kuo-Sung. The Kaohsiung Museum of Fine Arts in Taiwan curated the exhibition “To the Moon: Liu Kuo-Sung”, in memory of Liu’s 70 years in Taiwan. The works on display are classified by subject matter into the “Calligraphic Abstraction”, “Space”, “Water Rubbing”, “Steeped Ink” and “Tibetan Suite” series. The dates of these works span the half-century period from 1964 to the present. Among them you find the one in collaboration with VIVE Arts and VR technology - the reconstructed work of Liu’s “The Universe”.



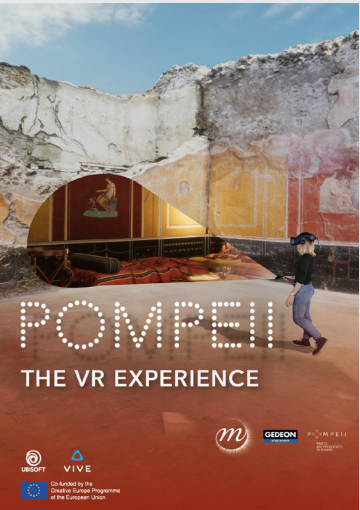
“The Universe” VR was directed by new media creator, Huang Hsin-Chien, and director, Chang Wen-Chieh. Through the VIVE Pro and the immersive three-part exhibition, viewers are invited to “See ( 觀 ),” “Play ( 戲 ),” and “Enter ( 入 )” his universe with a bird’s-eye-view perspective. These match Liu’s three painting styles of “The Big Ban( 開天闢地 )”, “Painting as Chess ( 畫若佈弈 )”, and “Earth ( 地球何許 )”. From the mountains and rivers in nature to the scenery of the universe, viewers can experience the mystery of the sun, moon, earth, and ultimate space. And finally, the sun and planets return to Liu’s brush and become ink blots, completing the artist’s journey of ink.



**Pompeii, the VR experience at Grand Palais Salon d’Honneur, Paris**

The UNESCO World Heritage City of Pompeii, frozen in time when it was destroyed by the eruption of Mount Vesuvius in 79AD, boasts the most extraordinary artefacts from ancient Rome and is visited by nearly four million visitors every year. Recent archaeological initiatives have continued to reveal surprising discoveries. In a luxurious mansion, several colorful walls with two frescoes preserving rich colors and details were found. Other than that, alleys, alters, and exquisite amphora that were used to preserve wine and butter were also unearthed - called by archaeologists the “marvelous discoveries”.

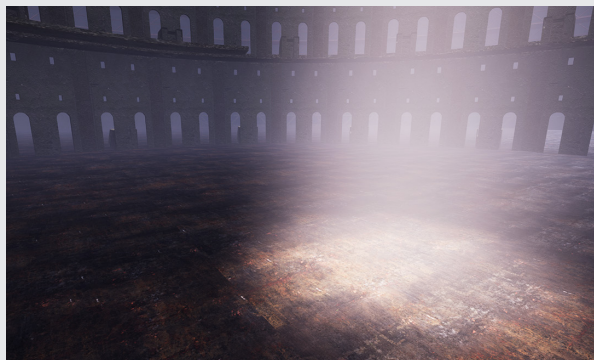
To share these discoveries with the public, the Réunion des Musées Nationaux – Grand Palais in Paris presented a spectacular immersive digital exhibition, Pompeii, from July 1, 2020 until October 29, 2020. With the support of VIVE Arts and VR technologies including laser mapping, infra-red thermography, high-definition photogrammetry, and masterful 3D architectural and environmental reconstruction, this allowed visitors to experience the dynamic life in the city before its destruction, the tragic disaster of the eruption, as well as astounding archeological efforts since the 18<sup>th</sup> century.



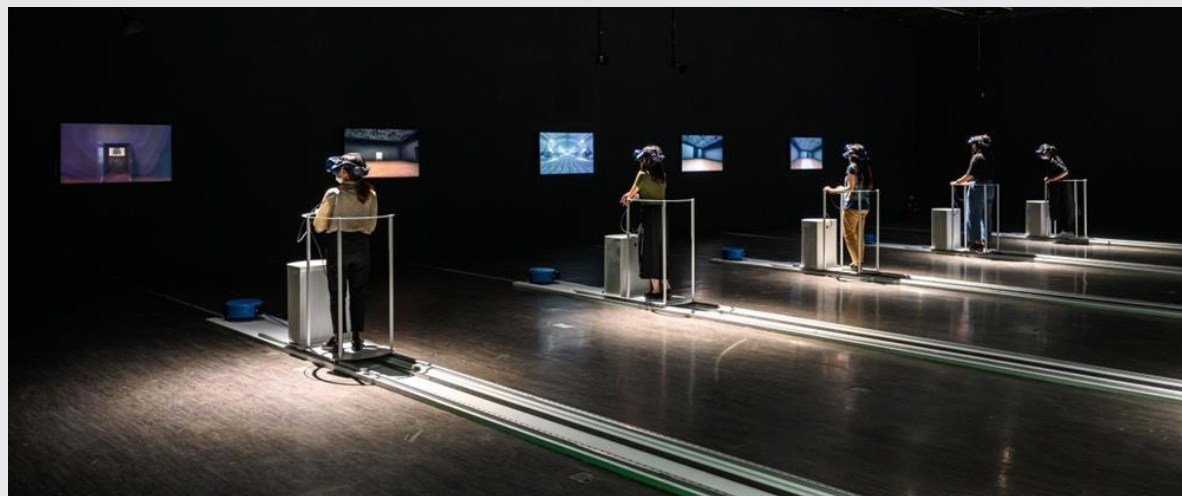


## Tao Ya-Lun solo exhibition, “Ubiquitous Ghosts”

Tao Ya-Lun graduated from the Department of Fine Arts of National Taiwan Normal University in 1993. He has a master's degree from the Institute of Plastic Art in Tainan National University of The Arts. He is now a professor of the College of Communication of the National Chenchi University. The themes of his work mainly focus on human existence and conditions in the era of information technology, digging into the interactions among body awareness, consciousness movement, and virtual and reality spaces. The media of his creations range from early video, sound, machine installation, lighting art, to more recently, art related to AR and VR. Tao can be called a pioneer of Taiwan's new media art.



“Ubiquitous Ghosts”, a solo exhibition comprising all new works of Tao, ran at the Museum of Contemporary Art (MOCA) in Taipei from August 22 to November 1, 2020. Lingering between the real and the virtual, body and mind, even modern technology and humanity, Tao tries to find an answer whether technology could be everywhere around us, and even take over our souls. The “present” audiences will be allowed to enter 10 “non-present” spaces to experience different simulated historical scenes. Audiences stand at the electrical tracks installed by the artist with the VIVE Pro headsets, and their bodies traverse within the space as if they were drifting ghosts. Through the deployment of simulated circumstances and Installations in a hundred- year-old venue, Tao creates an extraordinary superposition of history that calls for memories of place. In the exhibition, Tao tries to liberate us from physical restraints through digital technology, and create a narrative scene where we can travel through the past, present, and into the future.



## Kuo Hsueh-Hu’s “The Three States of Home Gazing”, created with digital technology for a VR experience artwork

“The Reminiscence of Taiwan in His Heart” is one of Tainan Art Museum’s major exhibitions aimed at reconstructing the art history of Taiwan. The project originated from “Home Gazing: My Father Kuo Hsueh-Hu’s Life in Art”, the biography published by Mr. Kuo Sung-Nien in memory of his father, a legendary artist and one of Taiwan’s first-generation gouache painters. Following the memoir, the exhibition offers a pluralistic and global perspective to examine Kuo’s domestic and international artistic achievements over the years, allowing viewers to imagine the artist as a home-gazing wanderer whose journey is both external and internal. The exhibition was on view from March 21 through July 5, 2020, in Hall A-D of Tainan Art Museum Building 2.



In addition to presenting Kuo’s sketches, original paintings, and archives in sections, the exhibition also features a VR experience, titled “The Three States of Home Gazing”. This VR experience is based on three of Kuo’s renowned paintings: “The Setting Sun by the Fort Provintia” (1986), “Boats Moored in Tamkung” (1982), and “Festival on South Street” (1930). It offers three types of interactivities to explore the concepts of space, time, and experience, respectively, allowing the visitors to travel from Kuo’s painting studio in the earth 20th century to important sites featured in his paintings. These include the South Street in Tuā-Tiū-Tiānn, City God Temple, Guanyin Mountain, Tamsui River, and the flourishing folk life of downtown Tainan. The experience is ultimately a journey into the artist’s poignant home-gazing.





# VR for Impact Program

HTC VIVE announced VR for Impact in 2017, an interactive and immersive experience HTC VIVE that will create positive impact and change in support of the United Nation’s Sustainable Development Goals. It is dedicated to change the development in education, health, medicine, art, and many other fields. In 2020, due to the impact of COVID-19, VIVE’s VR for Impact was called off. The status of the program is that it is supportive of several ongoing projects and completed ones, as well as looking for new approaches to connect with global residents who care about humanitarian issues and wish to make meaningful changes.

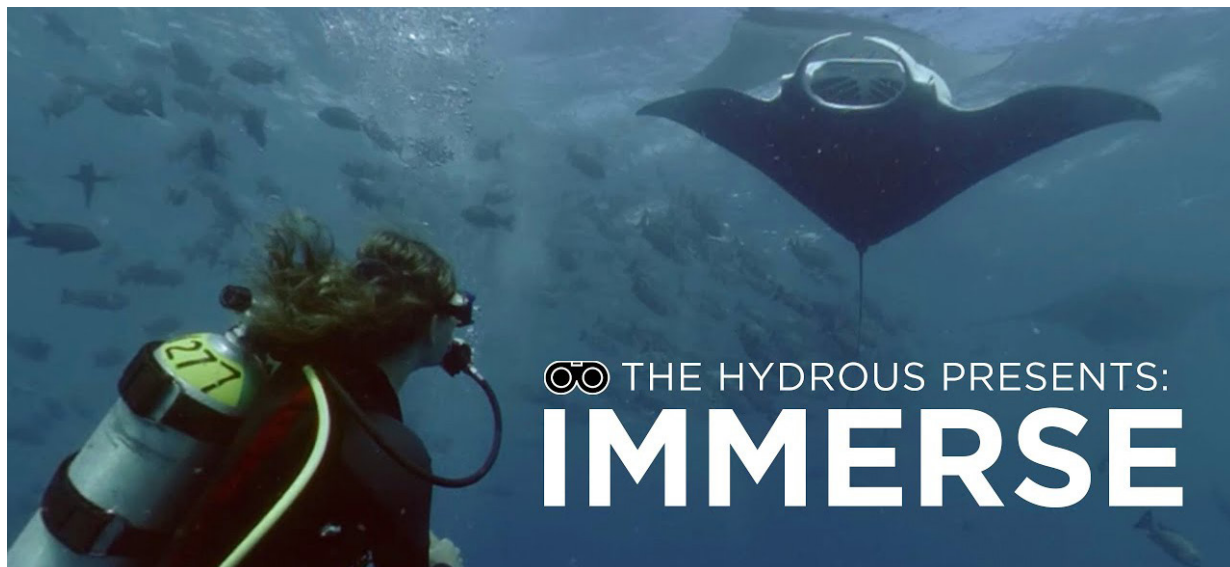
- In 2019, the LIFE VR program was in collaboration with Engage as well as Oxford University, to initiate lifesaving training for doctors and nurses. Researchers at Oxford wish to head to Kenya in 2021 and plan to conduct the onsite training with the HTC VIVE Focus Plus headsets.

Website:<https://oxlifeproject.org/>



- VR for Impact and the National Geographic Society co-funded and co-produced “Hydrous” which was released on YouTube and other platforms in 2020 with over forty million viewers. Due to COVID-19, more content will be released in the near future.

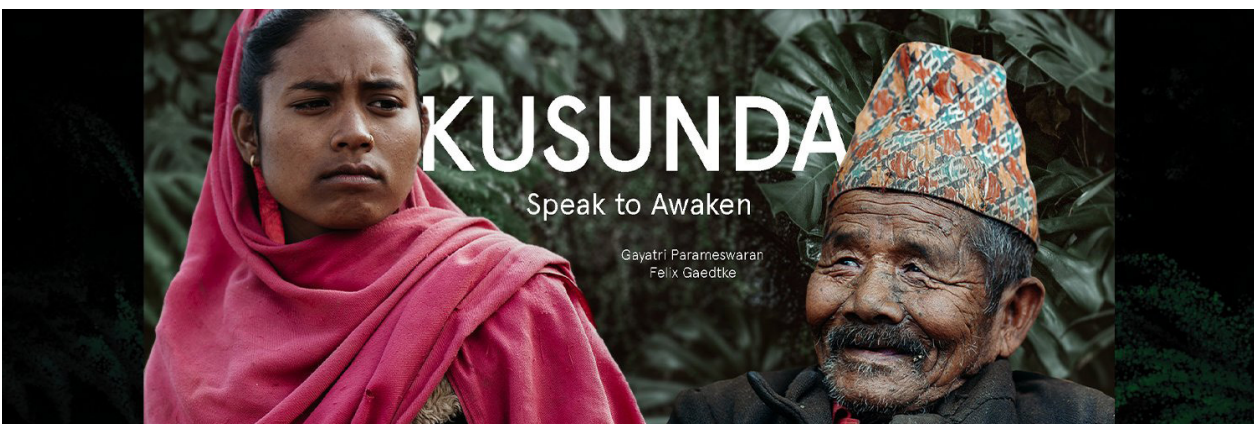
Website:<https://thehydro.us/>



- “Kusunda” is a VR experience work that explores the indigenous language in Nepal. It was funded by VR for Impact in 2020 and was premiered at the Tribeca Film Festival in spring 2021. Before the release, creator Gayatri Parameswaran, went to Nepal to showcase Kusunda to the local community who participated in the film.

Kusunda will be broadcasted at VIVEPORT in 2022.

Website:<https://www.nowheremedia.net/kusundavr>



- In 2020, VIVEPORT released new influential VR films and content, including the Emmy Award-winning producer, Lynette Wallworth’s VR experience work, “Awavena”. The film was in collaboration with the Yawanawa community in the Amazon, and is a documentary filmed with VR technology and equipment of the first female shaman of the community in history. In order to be qualified for the 2020 Emmy Award, VIVEPORT exclusively released Awavena and won an Emmy Award for Outstanding New Approaches to Documentary.

Website:

<https://blog.vive.com/us/2020/09/18/celebrating-emmy-nominated-VIVEPORT-title-awavena/>





● Due to the limitations of COVID-19, many leading events and festivals were transformed to online VR release, including the project of Venice VR Expanded of the Venice Film Festival. VIVEPORT created a series of VR films and themes on humanitarian issues, such as Home, QueerSkins: Ark, Once Upon a Sea, 4 Feet High, Minimum Mass, and so on.

Among them being “The Book of Distance”, based on an immigrant’s emotional true story. It is told from the perspective of the third generation, and artist Randall Okita, leads us through an interactive virtual space to be involved in Okita’s family in distant Canada, to recover what was lost. The producer, the National Film Board of Canada, decided to offer free downloads to attract more audiences.

Website:<https://www.VIVEPORT.com/f07e3298-b20c-4029-b666-b4e3991abc18>



Blood Donations

Eight times every year HTC cooperates with the Taipei Blood Center and Hsinchu Blood Center to hold blood donation drives. Many of our kind-hearted employees have developed the habit of regular blood donation since 2006. Every time the mobile vehicle from the Blood Center comes by our employees all line up to make donations to give back to society. HTC is recognized by Hsinchu Blood Center as a standing Honorable Blood Donor Group. In 2020, employees responded enthusiastically to blood donation activities, the total blood donated in HQ & Plants was 74,250 ml, while the total blood donated in Taipei Office was 130,750 ml.

	2018	2019	2020
Number of incumbents	4,096	3,226	2,206
Blood Donation	695	799	553
Donation Rate %	16.97	24.76	25.06
Total blood donation (ml)	265,250	300,250	205,000

Note: The annual number of incumbents only counts the number in Taiwan

The HTC Child Support Club

The HTC Child Support Club was founded in 2006 as a spontaneous association formed by HTC employees. The members raise money that is donated to the Taiwan Fund for Children and Families (TFCF) to support the sponsorship of children in need. In 2020, a total of 46 children were adopted, including 38 in China and 8 in foreign countries (including Guatemala, Jordan, the Philippines, Senegal, Sri Lanka, Kyrgyzstan, and Paraguay etc.).

The Charity Concert

The Taitung Joy After-school Program set up charity stalls in TPE1 and in our lobby in Taoyuan during Mother’s Day in 2018 and Christmas in 2019. This greatly lifted the spirits of the children and gave them a sense of support. The Taitung Joy After-school Program was founded in September 2015. Due to a tight budget, we are only able to accept 50 children, In October 2018, we managed against all odds to find a violin band. We hope that through learning to play music and the power of music and dance, the children would be able to fill their lives with joy and overcome the diculties.



In 2020, the children from the Taitung Joy After-school Program were invited to perform at a music event held in the Auditorium of the Chiang Kai-shek Memorial Hall. Before the event, we invited them to HTC to perform for the workers. They were all very nervous before the concert but also grateful for the support and love they received from the kind-hearted gentlemen and ladies from HTC. We post a notice for our staff, encouraging them to make a small monthly donation to the Taitung Joy After-school Program, in the hope of fulfilling our duty to society and lend a helping hand to those in need.



HTC Christmas Event in 2020: Passing Down the Love

HTC received many blessings and love during 2020 when the COVID-19 pandemic. To express our gratitude to each of our sta and their families, we held the “HTC Christmas Event in 2020: Passing Down the Love” on the Christmas Eve of 2020.

We invited various groups to share the delightful Christmas spirit with us, including the Taiwan Foundation for the Blind, the Down Syndrome Foundation R.O.C, the New Life Church, the Wulai Atayal Wild Honey and many others. The event featured live concerts, a charity fair full of goodies, and much more. Employees were invited to enjoy the event and pass down the love together. Our Food & Beverage Department has also prepared soft drinks, coffee, cold-brewed tea, as well as assorted cake slices and desserts for our staff.

Our CEO Cher purchased all items for sale in the charity fair and gave them to the employees as mystery grab bags. At the end of the day, we raised over NTD \$220,000 in charity donations from the charity fair, motivating all managers and employees to consistently make contributions to charity and pass down the love to those in need.



Summary of the communities and associations participated

Organization Name	Membership
SDA (Secure Digital Card Association)	General member
Wi-Fi ( WECA Wireless Ethernet Compatibility Alliance)	General member
TCA (Taipei Computer Association)	General member
GSM Association	Member
TAICS (Taiwan Association of Information and Communication Standards)	General member
AirFuel Alliance	General member
VESA ( Video Electronics Standards Association)	General member
Khronos Group-OpenGL (Open Standards for media Authoring and Acceleration) (The Industry’s Foundation for High Performance Graphics)	Member
NMEA (New Media Entertainment Association)	Group member
JBRC (Japan Battery Recycling Collection)	General member
Taoyuan importers & exporters chamber of commerce	General member
CCSA (China Communications Standards Association)	General member
OPEN Alliance (One-Pair-EtherNet Alliance)	General member
GTI (Global TD-LTE Initiative)	General member
3GPP (3rd Generation Partnership Project )	General member
MIPI (Mobile Industry Processor Interface Alliance )	General member
Bluetooth SIG (Bluetooth Special Interest Group)	General member
CTIA (Cellular Telecommunications Industry Association)	Operators and industry members Member of the board

The 2020 management approach and its components

Standard	Material topics	How HTC manages the topic	The purpose of the management approach	Related policies	Grievance mechanisms
Economic	Economic performance	<ul style="list-style-type: none"><li>● Pay attention to corporate governance and operational transparency, and formulate and implement a corporate governance structure in accordance with relevant laws such as the “Company Law” and “Securities Exchange Act” , and continuously improve management performance.</li></ul>	<ul style="list-style-type: none"><li>● Properly and effectively assign the powers and responsibilities of the board of directors, managers, and shareholders to establish and maintain an operating team that is accountable to shareholders</li><li>● Protect the rights of investors and other interested parties through a comprehensive and systematic CSR implementation system.</li></ul>	“Corporate Governance Practice Principles” “HTC Code of Conduct” “Rules for Derivatives Transaction” “Regulations for the Appointment of Directors/ Supervisors in Re-investment” “Board of Directors Rules of Procedure”	<ul style="list-style-type: none"><li>● Investor Liaison: Tel: +886-2-8912-4138 E-mail: <a href="mailto:ir@htc.com">ir@htc.com</a></li><li>● Company spokesperson and investor relations: Shen Daobang <a href="mailto:spokesman@htc.com">spokesman@htc.com</a></li></ul>
	Innovation Management Information Security	<ul style="list-style-type: none"><li>● Introduced “personal data management system” and “information security management system” . The legal, product safety, and information security departments are working together as a team to promote privacy protection and information security.</li><li>● Intellectual property rights protection covers four areas: patents, trademarks, copyright, and trade secrets. Of these, patent protection is particularly valued and is realized at two levels: Internal and External</li><li>● Encourage employees to recommend outstanding professionals needed by the company and provide incentives</li></ul>	<ul style="list-style-type: none"><li>● In order to ensure that information security and privacy protection are fully integrated into the organization's culture and the company's core values, HTC actively establishes and promotes information security and personal information protection policies, ensuring that they are in compliance with relevant information security and privacy protection regulations from various countries.</li><li>● Protecting the intellectual property as well as enhancing the competitiveness.</li><li>● Enable employees to exert their strengths to the best of their ability, and encourage employees to continue to contribute to their positions and continue to innovate.</li></ul>	“HTC Information Security Policy” “Personal Information Protection Management Policy” “Privacy Policy” “Patent Management Policy” “Notice and procedures for copyright infringement complaints” “ Referral Policy”	<ul style="list-style-type: none"><li>● Internal: e-mails, announcement methods</li><li>● External for Information Security: <a href="mailto:global-privacy@htc.com">global-privacy@htc.com</a>, <a href="mailto:security@htc.com">security@htc.com</a></li><li>● External for Intellectual property rights: <a href="mailto:Global-Copyright@htc.com">Global-Copyright@htc.com</a></li></ul>
Environmental	Effluents and Waste Supplier Environmental Assessment Environmental Compliance Energy Emission	<ul style="list-style-type: none"><li>● Import ISO 14001 environmental management system and verify it with external third parties.</li><li>● Set up sewage treatment equipment in the plant area, and regularly test and report online.</li><li>● Entrust lawful disposal agencies to properly dispose of wastes, and carry out irregular inspections</li><li>● Periodic inspections of waste storage and temporary storage areas will be conducted through inspection schedules.</li><li>● Establish supplier evaluation and management system</li><li>● Refer to the “Code of Conduct for Responsible Business Alliances” to develop relevant environmental specifications in the “HTC Supplier Code of Conduct” to periodically assess suppliers' compliance with and implementation of the Code.</li></ul>	<ul style="list-style-type: none"><li>● Reducing waste through classification and advocacy, and increasing the efficiency of recycling.</li><li>● Reduce the impact of operations on the natural environment.</li><li>● Extend the concept and requirements of social responsibility management to the supply chain and implement supply chain responsibility.</li></ul>	“ESH Management Manual” “HTC Corporate Social Responsibility Policy” “Process for Removal and Handling Business Waste Manual” “Procedures for Sewage System Operation, Repair, and Maintenance” “HTC Supplier Code of Conduct” “Vendor Management Procedure” “Vendor Survey Procedure” “Supply Chain CSR and QMS Audit Procedure” “Contractor Environmental, Safety and Health Management Procedures” “Environmental, Safety and Health, and Energy Regulations Requirements Management Procedures” “Supplier Environmental, Safety and Health, and Energy Management Procedures”	<ul style="list-style-type: none"><li>● Internal: e-mails, announcement methods, proposal improvement bills, or discussions with the Health and Safety Committee</li><li>● External stakeholders can file an appeal through Corporate Social Responsibility <a href="mailto:Corporate_responsibility@htc.com">Corporate_responsibility@htc.com</a>. The case will be transferred internally to the EA. According to the “EP-00000010 Procedures for the Control of Environmental documents”</li></ul>
Social	Employment Labor Management Relations Occupational health and safety Employee diversity and equality Human Rights Assessment Forced or Compulsory Labor Non-discrimination	<ul style="list-style-type: none"><li>● HTC has a well-established parental leave application mechanism to protect the rights of employees.</li><li>● Provide diverse and fair employment opportunities for employees.</li><li>● The board of directors set up a salary compensation committee to assess the salary and remuneration policy and system of the directors, supervisors, and managers and achievement of performance goals.</li><li>● Provide attractive, motivating salary and benefits programs.</li><li>● The company convenes a labor-management conference every quarter and records and tracks problems and improves results.</li><li>● The Ministry of environmental and the occupational safety dept. are responsible for the implementation of the occupational safety and health and energy management system and draw up the annual plan.</li><li>● Establish a multi-faceted employee complaint channel.</li></ul>	<ul style="list-style-type: none"><li>● Ensure the rights and interests of all employees.</li><li>● Promote good labor relations.</li><li>● Protect the labor rights of multiple employees.</li><li>● Reduce the turnover rate of employees.</li><li>● Reduce the risk of workplace hazards to employees and reduce occupational hazards.</li><li>● Attract and retain outstanding talents.</li><li>● Reduce the negative impacts of end career employees.</li><li>● Set up a benign environment of free communication so as to improve work motivation and efficiency.</li></ul>	“HTC Code of Conduct” “Customer Satisfaction Management Program Specification” “HTC Corporate Social Responsibility Policy” “Modern Slavery Act Statement” “Employee Grievance Procedure” “HTC ESH Policy” “ESH Management Manual” “Safety and Health Rules” “HTC hazardous substance management policy” “HTC Supplier Code of Conduct” “HTC Information Security Policy” “Personal Information Protection Management Policy” “Privacy Policy” “Customer Service Privacy Protection Declaration” “HTC Supplier Code of Conduct” “Vendor Management Procedure” “Vendor Survey Procedure” “Supply Chain CSR and QMS Audit Procedure” “HTC Conflict Mineral Procurement Policy” “Supplier Environmental, Safety and Health, and Energy Management Procedures”	<ul style="list-style-type: none"><li>● The grievance mechanism includes employee complaint hotline, complaint suggestion box, grievance e-mail, and sexual harassment grievance mail box</li><li>● Manufacturing employees of the production line company extension 38585</li><li>● Other general employees company extension 28585</li><li>● Employee helpline e-mail <a href="mailto:HelpMe_8585@htc.com">HelpMe_8585@htc.com</a></li></ul>
	Customer Health and Safety Customer Privacy Socioeconomic Compliance Supplier Social Assessment	<ul style="list-style-type: none"><li>● Build inspection standards for hazardous substances.</li><li>● Mark product information, and add environmental protection material certification on the packaging.</li><li>● Set up internal control mechanisms to control technical data, software and hardware, and customer patents or intellectual property rights.</li><li>● Reference Responsibility Business Alliance Code of Conduct Developing Corporate Social Responsibility Policy and Set up a supplier assessment and management mechanism.</li><li>● Reference Responsibility Business Alliance Code of Conduct Developing “HTC Supplier Code of Conduct” , and periodically assess whether suppliers meet and implement the guidelines.</li><li>● HTC adopts the Conflict Minerals Survey Template to conduct annual assessment on suppliers' mineral sources. Establish KPIs, and progress feedback mechanisms to effectively manage the supply chain.</li></ul>	<ul style="list-style-type: none"><li>● Ensure that the products are non-toxic and harmless green products and comply with national laws and customer specifications.</li><li>● Protect customer health and safety.</li><li>● Protect customer privacy.</li><li>● Reduce product harmful substances and packages.</li><li>● Conformity to relevant socioeconomic regulations.</li></ul>		<ul style="list-style-type: none"><li>● Customer service hotline: 0809-090-166, please call: 02-2162-6788</li><li>● Set up local customer service hotlines in 11 countries around the world</li><li>● Build more than 59 websites in different countries</li><li>● Provide PR, Service, Copyright, Security and other different types of e-mail</li></ul>



2020 Management Approach

Standard	Material Topic	Mechanism of Evaluation	The result of Evaluation ( Page and Corresponding titles )
Economic	Economic performance	Independent director, Audit committee, Internal Audit System Corporate Governance Evaluation of TWSE	P026 Overview of Financial Performance P055-057 Corporate Governance
	Innovation Management Information Security	Personal Information Management System Information Security Management System Patent management	P062 Privacy protection and information security risk management
Environmental	Effluents and Waste Supplier Environmental Assessment Environmental Compliance Energy Emissions	HTC CSR Committee Responsible Business Alliance (RBA) ISO 14001 Environmental Management Domestic related environmental regulations Supplier assessment and management mechanism. ISO 14064-1 Greenhouse Gases	P048 CSR Management Procedures and Systems P073 GHG Emission and Reduction P097 The Amount of Water Discharge and Recycled Water, and the Average Concentration of BOD P102-108 Sustainable Design P109-112 Hazardous Substance Management P112 Active in Compliance with Standards P113-122 Sustainable Manufacturing Process P117 Hazardous Substances and Chemical Control P124-125 Environmentally friendly with sustainable packaging P126-127 Sustainable Supplier Chain
Social	Employment Labor Management Relations Occupational Health and Safety Diversity and Equal Opportunity Human Rights Assessment Forced or Compulsory Labor Non-discrimination	HTC CSR Committee Responsible Business Alliance (RBA) The Universal Declaration of Human Rights (UDHR) Corporate Governance Evaluation of TWSE OHSAS 18001 Occupational Health and Safety Management System Labor contract Industry union Grievance mechanisms Employee satisfaction survey Labor-management meetings	P045-048 The mechanism for Committee Operation P055-057 Corporate Governance P126 Statement on Uyghur Human Rights Issues in ASPI Annual Report P135-140 Staff Management P140 Care for Foreign Employees P150-152 Diversified Employee Welfare P157-160 Listening to the Voice of the Employee
	Customer Health and Safety	HTC CSR Committee Responsible Business Alliance (RBA) IECQ QC080000 Hazardous Substance Process Management System UL Certificate Third-party insitution TUV/ITS Meets California Energy Efficiency Regulations Meets the SAR standards of the US FCC and EU CE Customer satisfaction survey	P088-090 Corporate Customer Satisfaction Management P109-112 Hazardous Substance Management
	Customer Privacy	Information security /privacy management Corporate customer satisfaction management General Data Protection Regulation(GDPR) Domestic and foreign related capital regulations	P062-068 Privacy protection and information security risk management P088-090 Corporate Customer Satisfaction Management
	Socioeconomic Compliance	Other social and economic related regulations (domestic and foreign)	P046 The HTC “Corporate Social Responsibility (CSR) Policy” P057 Complete Disclosures P058-059 Strict Mechanisms for Avoiding Conflicts of Interest P063 Structure of HTC’s personal information management system P102-108 Sustainable Design P126-131 Sustainable Supplier Chain P135 Human Rights and a High Standard of Professional Ethics
	Supplier Social Assessment	Responsible Business Alliance (RBA) Supplier Management	P046 The HTC “Corporate Social Responsibility (CSR) Policy” P126-131 Sustainable Supplier Chain

GRI Standards Content Index

GRI Standard	Disclosed Topic	Page and Corresponding titles	Remark
GRI 102 : General Disclosures 2016	102-1    Name of the organization	P009 About HTC	
	102-2    Activities, brands, products, and services	P009 About HTC	
	102-3    Location of headquarters	P012 Global Operation Locations	
	102-4    Location of operations	P009 About HTC	
	102-5    Ownership and legal form	P009 About HTC	
	102-6    Markets served	P012 Global Operation Locations	
	102-7    Scale of the organization	P009 About HTC P013-018 Industry Overview P026 Overview of Financial Performance P136-137 HTC Human Resource Structure Overview	
	102-8    Information on employees and other workers	P136-139 HTC Human Resource Structure Overview	
	102-9    Supply chain	P015-016 Industry Overview	
	102-10    Significant changes to the organization and its supply chain	Please refer to Market Observatory Post System: <a href="http://mops.twse.com.tw">http://mops.twse.com.tw</a>	
	102-11    Precautionary Principle or approach	P062-072 Risk Management	
	102-12    External initiatives	P126-127 Sustainable Supplier Chain P213 The United Nation’s Sustainable Development Goals	
	102-13    Membership of associations	P204 Summary of the communities and associations participated	
	102-14    Statement from senior decision-maker	P007-008 Statement of the Management	
	102-15    Key impacts, risks, and opportunities	P062-072 Risk Management	●
	102-16    Values, principles, standards, and norms of behavior	P027-030 The Pursuit of Brilliance	
	102-17    Mechanisms for advice and concerns about ethics	P055-090 Responsibility Management	●
	102-18    Governance structure	P045 The mechanism for Committee Operation P055-058 Corporate Governance	
	102-20    Executive-level responsibility for economic, environmental, and social topics	P045-048 Corporate Social Responsibility Management	●
	102-21    Consulting stakeholders on economic, environmental, and social topics	P045-048 Corporate Social Responsibility Management P051-052 Diversified Channels for Transparent Information Disclosure	●
	102-22    Composition of the highest governance body and its committees	Please refer to HTC 2020 Annual Report P32-33, 90, 94	●
	102-23    Chair of the highest governance body	Please refer to HTC 2020 Annual Report P32	●
	102-24    Nominating and selecting the highest governance body	Please refer to HTC 2020 Annual Report P32	●
	102-32    Highest governance body’s role in sustainability reporting.	P045 Corporate Social Responsibility Management	●
	102-36    Process for determining remuneration	P056 Compensation Committee	●

Note: ● represents the topic disclosed voluntarily by HTC, not a major topic identified in 2020

GRI Standard	Disclosed Topic		Page and Corresponding titles	Remark
GRI 102 : General Disclosures 2016	102-40	List of stakeholder groups	P051-052 Diversified Channels for Transparent Information Disclosure	
	102-41	Collective bargaining agreements	P051 Diversified Channels for Transparent Information Disclosure P157 Listening to the Voice of the Employee	
	102-42	Identifying and selecting stakeholders		
	102-43	Approach to stakeholder engagement	P051-052 Diversified Channels for Transparent Information Disclosure	
	102-44	Key topics and concerns raised		
	102-45	Entities included in the consolidated financial statements	Please refer to HTC 2020 Annual Report P194 The main manufacturing and operating bases of the scope disclosed in the CSR report: Taiwan	
	102-46	Defining report content and topic Boundaries	P001 Report Scope and Boundary P047-048 CSR Management Procedures and Systems P049-050 HTC 2020 Material Issues and Boundary	
	102-47	List of material topics	P050 HTC 2020 Material Issues and Boundary	
	102-48	Restatements of information	None	
	102-49	Changes in reporting	None	
	102-50	Reporting period	P002 Editorial Principle	
	102-51	Date of most recent report	2020/06	
	102-52	Reporting cycle	P002 Time Coverage of Disclosure	
	102-53	Contact point for questions regarding the report	P004 Contact us	
	102-54	Claims of reporting in accordance with the GRI Standards	P002 Report Basis	
	102-55	GRI content index	P208 GRI Standards Content Index	
	102-56	External assurance	P221-223 Assurance Statement	
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P050 HTC 2020 Material Issues and Boundary	
	103-2	The management approach and its components	P070 Sustainability Management Vision P205 The 2020 management approach and its components	
	103-3	Evaluation of the management approach	P207 2020 Management Approach	
Topic-Specific Disclosures: GRI 200 (Economic topics)				
GRI 201 : Economic-Performance 2016	201-1	Direct economic value generated and distributed	P026 Overview of Financial Performance	
	201-2	Financial implications and other risks and opportunities due to climate change	P069-072 Management of Climate Change Risk	
	201-3	Defined benefit plan obligations and other retirement plans	P148-152 Sound Wage and Welfare System	

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GRI Standard	Disclosed Topic		Page and Corresponding titles	Remark
GRI 202 : Market-Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P148 HTC Regular Earnings Ratio for Men and Women in Taiwan	●
GRI 205 : Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	P058-059 Strict Mechanisms for Avoiding Conflicts of Interest	●
	205-3	Confirmed incidents of corruption and actions taken	None	●
	207-1	Approach to tax	P060-061 Tax Management	●
GRI 207 : Tax 2019	207-2	Tax governance, control, and risk management	P061 Tax and Risk Management	●
	207-3	Stakeholder engagement and management of concerns related to tax	P061 Stakeholder Engagement	●
Topic-Specific Disclosures: GRI 300 (Environmental topics)				
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	P074 Energy Consumption Analysis P078 The Use of Green Energy	
	302-4	Reduction of energy consumption	P074-077 Energy-saving and carbon reduction Actions P122 Energy and paper saving measures	
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions		
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-3	Other indirect (Scope 3) GHG emissions	P073 GHG Emission and Reduction	
	305-5	Reduction of GHG emissions		
	306-1	Waste generation and significant waste-related impacts	P113-115 Hazardous Waste Management	
GRI 306 : Waste 2020	306-2	Management of significant waste-related impacts	P105-107 Product Recyclability Design	
	306-3	Waste generated	P113-115 Hazardous Waste Management	
	306-4	Waste diverted from disposal	P113-117 Hazardous Waste Management	
	307-1	Non-compliance with environmental laws and regulations	None	
GRI 307 : Enviromenetal Compliance 2016				
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	P127-128 The green supply chain management system	
	308-2	Negative environmental impacts in the supply chain and actions taken	P128 The HTC Supplier CSR Assessment and Audit	



GRI Standard	Disclosed Topic		Page and Corresponding titles	Remark
Topic-Specific Disclosures: GRI 400 (Social topics)				
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	P139 2020 HTC New Recruits/ Turnover of Employees Worldwide Statistics	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P150-152 Sound Wage and Welfare System	
	401-3	Parental leave	P156 Work-life Balance Support	
GRI 402 : Labor Management Relations 2016	402-1	Minimum notice periods regarding operational changes	P157 Labor-management Agreement and Employee Rights	
GRI 403 : Occupational Health and Safety 2018	403-1	Occupational health and safety management system	P161 Occupational Safety and Health Committee	
	403-2	Hazard identification, risk assessment, and incident investigation	P172-174 Positively Preventing Occupational Accidents, Contractor Management	
	403-3	Occupational health services	P169-172 Occupational Health	
	403-4	Worker participation, consultation, and communication on occupational health and safety	P161 Occupational Safety and Health Committee	
	403-5	Worker training on occupational health and safety	P174 2020 Full-time Environmental Safety and Health Personnel Training	
	403-6	Promotion of worker health	P166-168 Health Management, Annual Health Check Subsidies and abnormal tracking, Health Promotion Programs	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P118 Hazardous Substances and Chemical Control P128 The HTC Supplier CSR Assessment and Audit P174 Contractor Management	
	403-9	Work-related injuries	P176 2020 Occupational injury in Taiwan Plant	
	403-10	Work-related ill health	P176 Recordable Occupational Disease Rate	
	GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	P147 Employees Training Hours and Sex Ratios at All Levels in 2020
404-2		Programs for upgrading employee skills and transition assistance programs	P142-147 Complete Education and Training Plan	●
404-3		Percentage of employees receiving regular performance and career development reviews	P144 Training and Performance Integration P147 Training Result	●
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P055-057 Organization Structure P136-139 HTC Human Resource Structure Overview P141 Engaging Diversified Talent	
	405-2	Ratio of basic salary and remuneration of women to men	P148 HTC Regular Earnings Ratio for Men and Women in Taiwan P148 HTC Average Compensation Ratio for Men and Women in Taiwan	

Note: ● represents the topic disclosed voluntarily by HTC, not a major topic identified in 2020

GRI Standard	Disclosed Topic		Page and Corresponding titles	Remark
GRI 406 : Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	P135 Human Rights and a High Standard of Professional Ethics	
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P126 Sustainable Supplier Chain	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	P162 Professional Security Service Team	●
GRI 412 : Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	P100 New employees and on-the-job staff education training in the past 3 years P135 HTC Code of Conduct	
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	P135 Human Rights and a High Standard of Professional Ethics	
	414-2	Negative social impacts in the supply chain and actions taken	P128 The HTC Supplier CSR Assessment and Audit	
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	P109 Hazardous Substance Management P112 Active in Compliance with Standards	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None	
GRI 417 : Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	P124-125 Environmentally friendly with sustainable packaging	●
	417-2	Incidents of non-compliance concerning product and service information and labeling	None	●
	417-3	Incidents of non-compliance concerning marketing communications	None	●
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P087 Protection of Customer Confidentiality P062-063 Privacy protection and information security risk management	
GRI 419 : Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	P157-160 Listening to the Voice of the Employee	

# The United Nation’s Sustainable Development Goals

In 2015, the United Nations passed 17 Sustainable Development Goals (SDGs) aimed at ensuring peace and prosperity for all people. Each goal also details specific goals to be achieved in the next 15 years, thereby establishing the guideline and blueprint of the future sustainable development direction, serving as a global sustainable development agenda and action appeal. In order to achieve a more sustainable future, companies, governments, and society need to fulfill their responsibility and make an effort.

As global citizens, we spare no effort to implement the goals of the United Nations. We are committed to integrating SDGs into corporate operations and business development planning. In addition to establishing gender equality in practice and empowering female employees and providing them with benefits, we also focus on green sustainability in the manufacturing process, achieving responsible consumption and production. Externally, the HTC team has also collaborated with external institutions on the research and development of products and services that enhance healthcare quality, making full use of innovative technologies to promote sound health and well-being of people of all ages, while establishing multiple partnerships with teams from different fields to accelerate the implementation of goals.



## HTC’s Performance in Response to the UN’s SDGs : Key Objectives

SDGs	Key performances of sustainability development	Page and Corresponding titles
SDGs 3 : Good Health and Well-being	In terms of employee health, we established the employee clinic, gym, basketball court, and other such facilities for our employees. Furthermore, we put together our vision and technology to assist with medical care, health, and hygiene-related issues, as well as strengthening prevention measures.	
	The best helper for prevention, “Disease Control Butler 3.0” , Linebot.	P036 The best helper for prevention, “Disease Control Butler 3.0” Linebot
	“Disease Containment Expert Line Bot” that helps officers for home care.	P037 “Disease Containment Expert Line Bot” that helps officers for home care
	HTC, Taipei Tzu Chi Hospital, and Taiwan Society of Simulation in Acute and Critical Care Medicine collaborate to establish a “COVID-19 VR Medical Simulation Center” .	P039 HTC, Taipei Tzu Chi Hospital, and Taiwan Society of Simulation in Acute and Critical Care Medicine collaborate to establish a “COVID-19 VR Medical Simulation Center”
	VIVE X Innovation team to cultivate education and science research: Expedite the developing and learning processes of VR to enhance the R&D of COVID-19 medicine and vaccines.	P041 VIVE X Innovation team to cultivate education and science research: Expedite the developing and learning processes of VR to enhance the R&D of COVID-19 medicine and vaccines
	HTC in collaboration with Chunghua Christian Hospital to launch the first cross-hospital AI+ Blockchain Medical Care Line Bot, Dr. Lan.	P038 HTC in collaboration with Chunghua Christian Hospital to launch the first cross-hospital AI+Blockchain Medical Care Line Bot, Dr. Lan
	Medical VR team is expediting the development of the global medical VR ecosystem, and working with VR developers to carry out new medical VR technology in reality.	P181 Enhance medical education and quality through VR
	HTC curated a series of virtual reality content that is fun with workout functions through VIVEPORT.	P041 HTC VIVE Infinity Supports prevention, virtual workout increases immunity
	LIFE VR program in collaboration with Engage as well as Oxford University to initiate lifesaving training for doctors and nurses.	P199-201 VR for Impact Program
	HTC has established an “employee clinic” to provide employees with professional medical consultation, as well as excellent physiotherapy and health management services.	P166 Health Management
SDGs 4 : Quality Education	HTC Employee Clinic will organize seminars and health promotion activities from time to time every month.	P168 Health Promotion Programs
	For the employees with abnormal items during health check, doctors will be arranged for follow-up check and health education will be provided by nurses.	
	Eight times every year HTC cooperates with the Taipei Blood Center and Hsinchu Blood Center to hold blood donation drives.	P202 Blood Donations
	HTC provides a gym, an indoor basketball court, a badminton court, and so on. We also commissioned sports professionals on-site to provide advice on sports skills and injury prevention.	P155 Health and fitness corporate certification
	HTC collaborates with professional catering vendors, providing certified meals and healthy drinks.	P162-163 Food Safety - Hearty and Healthy Meals at HTC
	With quality education, virtual reality technology and education combined and a full range of software and hardware support, VIVE visualizes abstract knowledge, turning learning into an experiential journey immersed in virtual space and fully revolutionizing existing forms of education.	
SDGs 4 : Quality Education	Collaborated with the New Taipei Municipal New Taipei Industrial Vocational High School by joining the “Demo Day” project, and established the “VIVE training center” .	P183 Alliances with schools to establish VR talent incubators



SDGs	Key performances of sustainability development	Page and Corresponding titles
SDGs 4 : Quality Education	Use virtual reality technologies to improve the traditional firefighting field training, which can greatly strengthen the stress resilience and problem solving skills of firefighters.	P182 HTC uses virtual reality skills to assist in lowering firefighting training risks
	VIVE Arts is committed to the development of the global virtual reality art and culture arenas, and is in collaboration with museums and content developers.	P192-198 Other Social Engagement Activities: VIVE Arts
	The Hydrous Presents: Immerse: VR for Impact and the National Geographic Society co-funded and co-produced “Hydrous” that was released on YouTube and other platforms in 2020.	P199-201 VR for Impact Program
	In order to encourage employees to continue learning, a total of 20 English courses have been conducted in 2020.	P146 English Leadership Resource and External Training Subsidy
	Staff develop good reading habits mainly by the provision of a wide range of reading activities and a rich collection of library resources.	P146 e-Library
	The HTC Employee Welfare Committee provides scholarships for the children of employees from elementary school to college.	P150 Education Scholarships for Children
	The HTC Education Foundation is committed to the development of character education for young people, established the “Many Blessings Course” for junior and senior high school students.	P179 Many Blessings Courses
	We invited professor Yuan-Tseh Lee to give a speech on “global warming and sustainability in Taiwan” at our Thinker Forum in 2020.	P145 Thinker Forum- Global warming and Sustainability in Taiwan
SDGs 9 : Industry, Innovation, and Infrastructure	We continue to invest numerous resources to facilitate the development of the industry and to nourish the hardware and platform ecosystems. Therefore, the entire industry can infuse more innovative content and multiple experiences to help frame, cultivate, and strengthen the global virtual reality ecosystem. Consequently, we can realize the commitment of getting virtual reality closer to the consumers, developers and enterprises through innovative technologies and top-quality content.	
	HTC Chairman Cher Wang awarded the Accenture VR Lifetime Achievement Award.	P018 HTC Chairman Cher Wang Awarded Accenture VR Lifetime Achievement Award
	The first 5G MIT mobile phone in the world, HTC U20 5G, supporting the SA & NSA model.	P015, 020 Industry Overview: Smartphones
	The VIVE Cosmos adjustable module design enables users to easily change to faceplates with different specs according to content.	
	VIVE Cosmos series won the “Fast Company Innovation by Design Awards” from the American heavyweight business magazine, Fast Company.	P021, 084 Product Overview: VIVE Cosmos
	Besides original VR content production and publication, HTC VIVE ORIGINALS also integrates the VR world more extensively in our lives through the four pillars of major development. They are, content output, commercial values, platform services, and solutions.	P023 Product Overview: VIVE ORIGINALS
	VIVELAND Kaohsiung is located at Taroko Park, and is the largest VR theme park in the country.	P023 Product Overview: VIVELAND
	VIVE Arts is dedicated to the development of the global virtual reality art and culture arenas, and is in collaboration with museums and content developers.	P023 Product Overview: VIVE Arts

SDGs	Key performances of sustainability development	Page and Corresponding titles
SDGs 9 : Industry, Innovation, and Infrastructure	HTC launched VIVE Sync VR virtual conferences so users can communicate without difficulties even when they are home during the pandemic.	P042 VIVE Sync-Online Virtual Meeting
	We developed the VR theatre management system to provide easier and more humane management interfaces through systematic broadcasting management.	P184-185, 189 Social Investment and Contribution: VIVE ORIGINALS
	We introduced the most cutting-edge Volumetric Capture Studio to carry out cross-disciplinary innovation pipeline developments.	P191 Volumetric Capture Studio
	HTC won the Derwent Top 100 Global Innovators in 2020.	P086 Overview of patent performance and outcomes
	Tesla superchargers are installed and bicycle parking is provided in our Taipei offices to encourage our staff to use transportation vehicles with low contamination and high-energy efficiency.	P078 The Use of Green Energy
SDGs 13 : Climate Action	HTC smart mobile devices combine new models of operation, life, work, study, and travel involving smart mobile devices help users save energy and reduce carbon emission. To this end, we have devised a dual-aspect strategy composed of “adopting an energy management system” and “performing energy-saving practice” . On one hand, we strive for optimizing our management system to reduce energy consumption, and on the other, we use energy-saving technology to improve the energy efficiency of our products.	
	As an answer to requests from customers, HTC joined the Carbon Disclosure Project (CDP) in 2008. We voluntarily disclose information about our climate risks, future development opportunities, emissions, and strategic management mechanisms.	P069 Management of Climate Change Risk
	All power supply devices used for HTC products must comply with the relevant international energy consumption specifications and the energy efficiency has reached the highest level of Level VI requirements, and the currently used chargers are lower than 0.075W or 0.03W, which has greatly exceeded the standard requirements(<0.1W).	P103 Enhancement of Energy Efficiency
	HTC launched the VIVE Sync-online virtual reality conference service to facilitate WFH, resulting in tremendous carbon reduction due to less movement.	P042 VIVE Sync-Online Virtual Meeting
	HTC aims to reduce photocopying paper consumption by 1% per year and bring the use of paper down to an absolute minimum.	
	Use photocopying papers with carbon footprint labels to support green, low-carbon products.	
	Link the computer with the employee number, the employee card must be sensed in front of the business machine before printing, effectively reduces the unclaimed printed documents	P099 Photocopying Paper Management
	Unified management in the entire factory area, select fax function to send faxes with the employee’s computer to eliminate the paper waste with paper fax in the past	
	Through the introduction of ERP and various electronic online approval systems, the process that originally required paper approval is converted to online approval, which not only simplifies the process and saves time, but also because many forms or signatures do not need to be printed by a printer. To save paper and electricity bills.	
	Tesla superchargers are installed and bicycle parking is provided in our Taipei offices to encourage our staff to use transportation vehicles with low contamination and high-energy efficiency.	P078 The Use of Green Energy

SDGs	Key performances of sustainability development	Page and Corresponding titles
SDGs 13 : Climate Action	LED energy-saving lighting is used in the HQ and plants.	P076 2020 Energy Saving and Carbon Reduction Results
	WFH in response to the pandemic can reduce traffic carbon emission.	P035 COVID-19 Prevention Management
SDGs 17 : Partnerships for the Goals	Promote partnerships that facilitate goal realization. HTC and many core strategic partners have achieved cross-domain cooperation to further expand the VIVE ecosystem.	
	We collaborated with the Economic Development Bureau, Kaohsiung City Government, and coached teams to successfully launch six pieces of work at VIVEPORT Arcade in the fourth quarter.	P183 In collaboration with Kaohsiung City Government - MIT Virtual Reality Content
	We collaborated with the New Taipei Municipal New Taipei Industrial Vocational High School by joining the “Demo Day” project.	P183 Alliances with schools to establish VR talent incubators
	The first frame-by-frame animation with VR technology in the world, “THE SICK ROSE” .	P186 New original IP content: Frame-by-frame animation with VR technology, The Sick Rose
	In collaboration with Japanese contemporary artist, Miwa Komatsu, to create a VR interactive artwork, “Inori” .	P187-188 In collaboration with Japanese contemporary artist, Miwa Komatsu, to create a VR interactive artwork, “Inori”
	We broadcasted the VR work exhibited at the Venice Film Festival in Taiwan, and collaborated with the TCCF Taiwan Creative Content Fest.	P189-190 Social Investment and Contribution: VIVE ORIGINALS
	The Blockchain trading platform system was established to elevate cooperation for cultural content and commercial distribution channels.	P191 Blockchain trading platform
	Worked in collaboration with well-reputed British V&A Museum to create the Virtual Reality experience, “Curious Alice” .	P193 London V&A Museum Virtual Reality Experience- Curious Alice
	The first virtual reality work, “Sleepwalking in the Forbidden City,” was displayed at the Odyssey and Homecoming exhibition co-organized with the Palace Museum in Beijing and the XXIV Olympic Winter Games.	P194 Cai Guo-Qiang to launch VR fireworks “Sleepwalking in the Forbidden City”
	In collaboration with The Kaohsiung Museum of Fine Arts to curate “The Universe” , by Liu Kuo-Sung through VR technology.	P195 The Kaohsiung Museum of Fine Arts, “The Universe” by Liu Kuo-Sung, in memory of Liu’s 70 years in Taiwan
	In collaboration with the Grand Palais Salon d'Honneur, Paris, we reconstructed the ancient city of Pompeii through VR technology.	P196 Pompeii, the VR experience at Grand Palais Salon d'Honneur, Paris
	VIVE Arts in collaboration with the Museum of Contemporary Art (MOCA) in Taipei to curate the brand-new virtual reality series of work by Taiwan new media artist, Tao Ya-Lun's and his solo exhibition, “Ubiquitous Ghosts” .	P197 Tao Ya-Lun solo exhibition –“Ubiquitous Ghosts”
	Kuo Hsueh-Hu's “The Three States of Home Gazing” , created with digital technology which create a VR experience artwork.	P198 Social Investment and Contribution: VIVE Arts
	In the online project of the “Venice Virtual Reality Expansion” at the 2020 Venice Film Festival, VIVEPORT organized a series of virtual reality movies and themes focusing on humanitarian issues.	P201 VR for Impact Program

## HTC’s Performance in Response to the UN’s SDGs : Other Objectives

SDGs	Key Performance of Sustainability Development	Pages and Corresponding Titles
SDGs 1 : No Poverty	We invited various groups to the charity event at the “HTC Christmas Event in 2020: Passing Down the Love” on the Christmas Eve of 2020.	P203 HTC Christmas Event in 2020: Passing Down the Love
	In 2020, the children from the HTC Charity School were invited to perform at a small violin concert at HTC.	P202 The Charity Concert
	Besides key components, we try to purchase local raw materials and related equipment	P126 Sustainable Supplier Chain
SDGs 5 : Gender Equality	“Awavena” won an Emmy Award for Outstanding New Approaches to Documentary, which witnessed the birth of the first woman shaman in the Yawanawa community in history with VIVE virtual reality technologies in the Amazon.	P200 VR for Impact Program
	A friendly environment for breastfeeding. We provide a warm and comfortable nursing environment, ultraviolet milk bottle disinfection devices, microcomputer thermos, and comfortable sofa, refrigerator for breast milk storage, and infant breast-feeding-related publications and light music.	
	A female free cancer-screening program is part of the annual health check. This includes the choice of a Pap smear, a breast ultrasound exam, or a mammogram.	P155 Valuing Female Employees
	Consideration for the physiological needs of female workers, providing a comfortable environment for rest, the loan of free hot pads, menstrual pain assessment, health knowledge and education, physician consultation or referrals and so on.	
	Encourage and support employees to raise the next generation with confidence, HTC has a perfect application system for parental leave to protect employees' work rights so that parents can take care of their newborns with ease.	P156 Work-life Balance Support
	Set up diversified feedback channels, including setting up grievance lines, appeal boxes, e-mail address for complaints, and sexual harassment complaint mailboxes.	P151 Listening to the Voice of the Employee
SDGs 6 : Clean Water and Sanitation	The green fields and planted areas inside the factories are irrigated with recycled sewage water without increasing the total amount of water consumed.	P097 Sewage Recycling
	HTC has established a rainwater storage and recycling system to collect rainwater for flushing toilets and watering plants.	P098 Rainwater Storage and Recycling System
	HTC gives top priority to the use of sanitary equipment with a water-saving label. All the toilets and urinals in the bathrooms should be energy efficient and have the Water Sense Label of the United States Environmental Protection Agency and Water Label of water resource agency, MOEA.	P098 Water-saving Sanitation Equipment
	The drinking water quality directly affects the health of employees and drinking water management is closely related to water quality.	P163 Drinking Water Quality Control
SDGs 7 : Affordable and Clean Energy	The Taipei Office has solar panels that generate electricity used for lighting the staircases and basement.	P078 The Use of Green Energy
	Taoyuan plant is going to install the solar power generation system on the roof. By means of internal line parallel series, the power was sold and connected to the Taiwan Power Company's power supply system.	
SDGs 8 : Decent Work and Economic Growth	In the National Invention and Creation Award in 2020, HTC employees won the golden and silver prizes of the creation category.	P086 Overview of patent performance and outcome
	To demonstrate our care and respect of labor rights, and our zero tolerance on an abusive laborforce, HTC released the “Modern Slavery Act Transparency Statement”.	P126 Statement on Uyghur Human Rights Issues in ASPI Annual Report
	HTC strictly prohibits the use of child labor in our own manufacturing facilities as well as those of our manufacturing suppliers, and we mandate proof of age for employment.	P135 No Child Labor



SDGs	Key Performance of Sustainability Development	Pages and Corresponding Titles
SDGs 8 : Decent Work and Economic Growth	HTC strives to provide a safe and healthy working atmosphere for all of our employees while adhering to sustainability best practices which protect our environment.	P093 HTC Environment Protection, Occupational Safety, Health, and Energy Policy
	The performance evaluation system is implemented yearly. Wage will be adjusted and bonuses will be given based on employees' performance, work commitment, accountability, level of dedication and development in the future.	P148 Sound Wage and Welfare System
	In addition to upgrading the professional technical annual training courses and department professional courses, in conjunction with HTC's policy, organizational learning planning was conducted.	P147 Training Result
SDGs 11 : Sustainable Cities and Communities	VIVE Arts is aggressively dedicated to developing the global virtual reality art and culture arenas, as well as collaborating with museums and content developers.	P192 Other Social Engagement Activities:: VIVE Arts
	VIVE Original is in collaboration with the TCCF to promote culture sustainability.	P190 Collaborating with the TCCF to host the 2020 Taiwan Creative Content Fest
	We organized the HTC Gallery in the Taipei offices as the art exhibition venue that is open to schools and the public in the community, which also assists local young artists.	P153 A Working Environment Incorporating Brand Spirit
	To ensure the quality of life and comfort of our employees as well as that of nearby residents, HTC takes measures against dengue fever and carries out pest and rodent control on a quarterly basis. Standing water pools near the plant are sprayed to reduce mosquito population density.	P164 Environmental Sanitation Agents
SDGs 12 : Responsible Consumption and Production	Suppliers must sign the "HTC supplier Code of Conduct", and be audited regularly.	P126 HTC Supplier Code of Conduct
	HTC upholds and carries out waste management. We authorize legitimate contractors to remove the waste with the most appropriate management measures.	P113 Hazardous Waste Management
	We carry out the classification of waste. Other recyclable resources are purified and transformed to industrial raw materials by reuse contractors authorized by the government.	P116 Waste Reduction, Recycling and Reuse
	We ensure that not only all used parts, modules, and materials are restricted by the "Restriction of the use of Certain Hazardous Substances Directives, RoHS", but also those by international environment protection regulations and international customers.	P109 Hazardous Substance Management
	Factories regularly conduct hazardous substance tests for materials according to the Hazardous Substance Management Directive, and ensure that the tests comply with requirements of RoHS 2.0.	P118 HTC Hazardous Substance Management Policy
	HTC chooses materials that are easily recyclable and reusable. Besides marking the products with recycle labels in the EU market, they are also verified by third-party companies to ensure they are in accordance with the 3R recycle rate.	P111 EU WEEE Waste Electrical & Electronic Equipment
	HTC requests that suppliers to provide the latest data related to SVHC, and encourages them to reduce use of chemical substances.	P111 EU REACH (Registration, Evaluation, and Authorization of Chemicals)
	HTC's AC adapters have been upgraded to the latest ErP standard in accordance with the regulations of the new directive governing efficiency requirements for external power supplies.	P112 EU ErP Directive of Eco-design Requirements of Energy-using Products
	Based on the EU RoHS testing foundation, HTC products sold in Europe and Asia are in accordance with the regulations of RoHS.	P112 EAC RoHS
SDGs 15 : Life on Land	Wulai Atayal Wild Honey and other groups are invited to set up stands in order to promote wild bee conservation.	P203 HTC Christmas Event in 2020: Passing Down the Love
	We uphold the concept of environmental sustainability and we regularly increase our green space in HQ & Plants and Taipei Office. The HTC outdoors green area now totals 30,700 m <sup>2</sup>	P094 Office Environment with Plants and Green Landscaping
	In 2013, HTC's Taipei office received the green building mark from Ministry of the Interior and the golden LEED (Leadership in Energy & Environmental Design) certification from the U.S. Green Building Council (USGBC).	P095 HTC's Taipei office, The Golden LEED Certified Green Building

SDGs	Key Performance of Sustainability Development	Pages and Corresponding Titles
SDGs 15 : Life on Land	Through the introduction of ERP and various electronic online approval systems, the process that originally required paper approval is converted to online approval, which not only simplifies the process and saves time, but also because many forms or signatures do not need to be printed by a printer. To save paper and electricity bills.	P099 Photocopying Paper Management
SDGs 16 : Peace and Justice Strong Institutions	HTC follow the Responsible Business Alliance Code of Conduct and formulated an "HTC Supplier Code of Conduct", which aims to protect the environment with our supply chain partners, safeguard the human rights of our workers, their ethics, safety and health, and extend this social responsibility to the supply chain system.	P126 Sustainable Supplier Chain
	HTC requires all suppliers to maintain the same standard of corporate responsibility, and releases the "Modern Slavery Act Transparency Statement".	P135 Human Rights and a High Standard of Professional Ethics
	HTC strictly prohibits the use of child labor in our own manufacturing facilities as well as those of our manufacturing suppliers. We mandate proof of age for employment to ensure we meet all local labor laws and the requirements of the jurisdictions where we operate.	P135 No Child Labor
	HTC requires its employees to abide by the "HTC Privacy Protection System", and also requires its outsourced vendors as well as cooperation partners to comply with applicable privacy protection regulations and HTC privacy protection and information security requirements to jointly protect privacy and information security.	P135 Structure of HTC's personal information management system
	In addition to "Anti-corruption and Bribery Statement" passed by the chairman of the board, HTC has established "Rules for Derivatives Transaction", "Credit Policy & Operational Procedure", and "Regulations for the Appointment of Directors/Supervisors in Re-investment" and has revised the "Operational Procedures for Transactions of Specific Companies, Business Conglomerates, and Parties", "Regulations for Budget Management", "Regulations for Management of Subsidiaries", and "Operational Procedures for Processing Internal Material Information and Preventing Insider Trading" as bases for internal operations.	
	In Procedure for Board of Directors Meetings, it has duly set out a system for recusal and avoidance of conflicts of interest by directors, for compliance in the operations of the board of directors.	
	A dedicated reporting channel ( <a href="mailto:anti-corruption@htc.com">anti-corruption@htc.com</a> ) has also been established for employees to expose any improper behavior that comes to their attention, and HTC will keep the identity of the reporter confidential.	P058-059 Strict Mechanisms for Avoiding Conflicts of Interest
	When signing procurement contract or engineering contract with the suppliers or manufacturers, HTC will require its suppliers or manufacturers to sign the "Integrity Policy Statement" or the Letter of Integrity Commitment	
	HTC has established the "HTC Code of Conduct" as the prime directive for all employees at work.	
	HTC puts emphasis on legal education, and add legal training as a compulsory course for new employees. Examples were included in the e-Course for promotion.	
	Organize regular training courses for R&D personnel to promote the company's intellectual property policy to establish a correct intellectual property concept.	P085 Protection of IP Rights
	HTC clearly stipulates employees' intellectual property rights in the employment contract and demands employees to comply with HTC's intellectual property related regulations.	
	Set up diversified feedback channels, including setting up grievance lines, appeal boxes, e-mail address for complaints, and sexual harassment complaint mailboxes.	P151 Listening to the Voice of the Employee
	Labor-management meetings and employee opinion surveys are held regularly as a reference for supervisors, internal operations, improvement of employee satisfaction levels and improvement of work commitments.	
	HTC conducts employee satisfaction surveys through questionnaire surveys to directly understand the voices of employees, which can in turn improve work efficiency and effectiveness, and reduce the turnover rate.	P159 Employee Satisfaction Survey



ASSURANCE STATEMENT

SGS TAIWAN LTD.’S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HTC CORPORATION’S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by HTC CORPORATION (hereinafter referred to as HTC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all HTC’s Stakeholders.

RESPONSIBILITIES

The information in the HTC’s CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of HTC. SGS has not been involved in the preparation of any of the material included in the Report

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all HTC’s stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	High

Assurance has been conducted at a high level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Select specific reporting criteria included in the contract

Reporting Criteria Options	
1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a high level of scrutiny for HTC and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from HTC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.



## AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

### **Inclusivity**

HTC has demonstrated commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to investors, customers, consumers, employees, suppliers, and communities are implemented to underpin the organization's understanding of stakeholder concerns.

### **Materiality**

HTC has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

### **Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

### **Impact**

HTC has included in this report the disclosures of the organisation's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

## GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, HTC's CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of HTC's involvement with the impacts for each material topic (103-1). Elements of management approach (103-2) for each material topics, such as goals and targets, are suggested to be reported in more details in future reports.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang  
Senior Director  
Taipei, Taiwan  
9 June, 2021  
[WWW.SGS.COM](http://WWW.SGS.COM)



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