

# Power To Give



HTC 2013
Corporate Social Responsibility Report



- 1 The only international smartphone brand from Taiwan
- 2 R&D expenses accounted for 6.2% of our revenues
- 3 HTC One The best smartphone worldwide
- 4 Packing materials are 100% biodegradable
- 5 TPE1 building received USA LEED Gold Certification
- 6 4,969 hours of English learning resources
- 92.54% of our suppliers replied Conflict Mineral Reporting Template
- 8 Power To Give A smartphone CSR initiative
- Established 4 English Character-Building School around Taiwan
- 10 68,309 person-time participated in Character Education
- 768 schools and related institutions participated in Rock Education Program

# **Editorial Principle**

Thank you for reading the second 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 2013.

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).

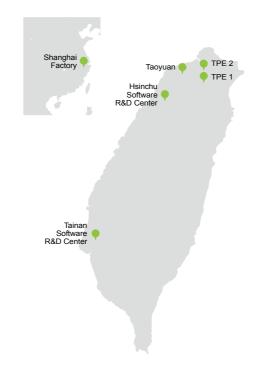


# Report Scope and Boundary

This report primarily covers HTC operations in Taiwan and China, including the Taoyuan Headquarters and factories of Taipei Building One, Taipei Building Two, Hsinchu office and Tainan office, all representing HTC operations in Taiwan, and HTC's factory in Shanghai, China. In the future, we will expand the coverage of our CSR report to make more complete and effective disclosures.

# Geographic Coverage of the HTC CSR Report 2013

Boundary	Address	Tel
HQ & Factory	No 23, Xinghua Rd, Taoyuan City, Taoyuan County, Taiwan	+886-3-3753252
Taipei Office 1	No 88, Sec 3, Zhongxing Rd, Xindian Dist, New Taipei City, Taiwan	+886-2-89124138
Taipei Office 2	1F, No 6-3, Baoqiang Rd, Xindian Dist, New Taipei City, Taiwan	+886-2-89124138
Hsinchu Software R&D Center	8F, No 1, Taiyuan 1st St, Zhubei City, Hsinchu County, Taiwan	+886-3-3753252
Tainan Software R&D Center	4F, No 701, Sec 1, Ximen Rd, West Central Dist, Tainan City, Taiwan	+886-3-3753252
Shanghai Factory	25F, Technology Jincheng West Building, No. 668, Beijing East Road, Huangpu District, Shanghai	+86-10-65171108



# Time Coverage of Disclosure

We plan to issue the HTC Corporate Social Responsibility Report annually. This report generally covers the year 2013, from January to December. However, in order to provide a full picture of all our CSR achievements in various aspects to date, the content and information about some issues refers to work carried out in 2012 and 2014, 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) G4 Core Option and AA1000 (2008) standards and has been confirmed by SGS-Taiwan to be in compliance with AA1000 Type1 top-level assurance and GRI G4 Core option.

# Forwards-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.

# Feedback

Should you have any questions about this HTC Corporate Social Responsibility Report 2013, please let us know to help us make continuous progress.

# Contact us

CSR, HTC Corporation

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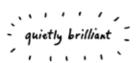
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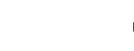
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Chronicle of



# Message from the Chairperson

Thank you for reading the second HTC Corporate Social Responsibility Report. In preparing this report, we have followed the latest GRI G4 and AA 1000 standards for information disclosure. Professional external verification ensures accurate communication of HTC's social responsibility, commitment and achievement of sustainable management to the public and all stakeholders.

HTC has gone through a period of change in 2013, and although performance was not as expected, we are convinced that this process has paved the way for future success. In the face of strong competition and severe market challenges, HTC's 2013 financial performance failed to meet expectations. To counter this, we immediately launched comprehensive reforms and re-adjusted our pace, striving to boost operations.

To grasp the opportunities and challenges brought about by changes in industry trends, in addition to focusing on research and development, technological innovation and marketing deployment, we are enhancing company competence based on the concept of "cooperation, creation, and value sharing" to work with other leading companies in our industry through strategic alliances and interaction to stimulate innovative energy.

We have the ability to change. In addition to refining and improving the business process and organization, we are actively encouraging our suppliers to understand and incorporate social responsibility activities for brand, governance, employees, partners and the supply chain, as well as integrating social participation into daily operations and management to create a positive CSR cycle.

We have the ability to innovate. HTC has been committed to creation and innovation for years. HTC is committed to the creation of an excellent smartphone. HTC launched our most successful product in 2013 – the HTC One® – which is clear evidence of our leading role in the mobile phone industry. The HTC One, with its excellent craftsmanship, design and breakthrough innovative functions, is second to none and took first prize in many international mobile phone competitions.

We have the ability to communicate. We took bolder and more active moves to communicate with consumers in 2013. Not only did we sponsor the UEFA Champions and UEFA Europa Leagues, but also collaborated with Robert Downey, Jr. in the launch of a brand new communication program "Here's To Change™," and the global popularity of HTC has continued to rise. We are confident that we will continue to create value for the HTC brand, customers, and shareholders in 2014 with a more robust and better built future.

We have the ability to contribute. Our Power To Give™ app combines the core occupational functions of the industry to link to more people through network resources and make really great contributions to medical research.

I believe that the success of HTC comes from experience and continual feedback from customers and users; the concerns and suggestions from stakeholders also provide HTC with the energy needed for a sustainable operation. We have the ability, gained from introspection, change and action, to create more added value for shareholders, customers, employees, and the community.

Smartphones have become a part of life. The preference and recognition of consumers profoundly affects the way HTC thinks and acts. We will continue to build refreshing new products and invest in branding, marketing, and sales management. I believe this will help us remain an innovative, sustainable and responsible company. Your continued support, encouragement, and suggestions are expected and appreciated.

HTC Corporation
Chairperson



Message from the Chairperson

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# | About HTC |

# The global leader in innovative mobile phone design - HTC

The HTC Corporation (HTC) was established in 1997. As a global leader of innovation and design in the smartphone industry, we believe in the power of being quietly brilliant, and maintain a modest and amiable attitude while creating good things for the world. It is our belief that a consumer's good experience can say more than a thousand promotional words. This is also the core principle HTC follows when acting as a company, an innovator, and a partner.

Since its incorporation HTC has embraced a passion for innovation and for the vision of changing people's lives with smart handheld devices. We started by providing global customers and consumers with the best experience by developing a series of world-class customized and innovative wireless telecommunications products for industry and distributors in Europe, America, and Asia. The HTC brand was established in 2007 based on talent and rich experience accumulated over the years. Precise judgment of market trends allowed rapid expansion and acquisition of market share and HTC become one of the world's top five smartphone makers. HTC was ranked 98th on the Interbrand Top-100 Valuable Brands in 2011. This was the first such award received by a Taiwanese industrial company and demonstrated the strength of the HTC brand.

HTC has broken through many boundaries, working with Microsoft to launch Windows® CE, Windows Mobile, and the Windows Phone® system in each generation. HTC has also collaborated with Google to develop the world's first Android™ smartphone and launched 3G, 4G WiMAX, and LTE™ smartphones well ahead of the industry. HTC is committed to introducing more innovative and competitive Android and Windows Mobile OS smartphones and to the developing the market and building brand value and popularity.

HTC went through a period of change in 2013 which was a necessary process for paving the way to future success. In 2013, HTC launched our most successful and exciting product - the HTC One - based on a customer-oriented design concept. The excellent craftsmanship and design of the HTC One was a breakthrough in innovative function and is second to none in the world. The HTC One took the first prize in an international mobile phone competition.

HTC has high hopes for the development and future prospects of telecommunications. We are confident that our superior consumer-oriented and innovative technologies and beautiful designs will sustain our position as an industry leader. Smartphone technology evolution has opened up enormous and very attractive business opportunities. HTC will exert new effort to create fresh products and continue investment in branding, marketing, and sales management. We will also be more active in communicating with the consumer. Thank you for your support. Please stay with us and help us to move forward.

# **Product**

HTC currently focuses on smartphones using the Android and Windows Phone operating systems. In view of the increasing popularity of smart devices, we are devoting much effort to innovation and have launched a wider range of products to meet the various needs of diverse user groups.

We believe that audio and video content are important requisites for modern lifestyles, so we continue to develop innovative products to match the lifestyles of the different consumer groups. In this way more people can experience the enhanced performance and multimedia functions of our smart mobile devices.

Mobile communications technology has now entered the high-speed 4G era, and HTC has taken the lead in launching the first GSM/WiMAX 4G smartphone and 4G LTE Windows Phones. This provides evidence of HTC's leading position in smartphone technical development.

Since its establishment, HTC has had very strong R&D capability which has been clearly demonstrated by a stream of first-class products into the international market. HTC has persisted in a consumer-oriented approach to continuously provide real cutting-edge smartphone and demonstrate its commitment to both users and shareholders through its growing global marketing and service network.

# **Award-Winning Products**

# iF Gold Product Design Award

The HTC One received the "iF Gold Product Design Award" in 2014. This phone is not only excellent inside and out and in line with ultimate aesthetics, but also focuses on the promotion of awareness of environmental protection. The concept of energy saving and carbon reduction and environmental protection is actually realized in the product, which has also been recognized and appreciated in many international award competitions.



# **HTC** Dot View<sup>™</sup> protective cover

The HTC Dot View™ protective cover made exclusively for the HTC One (M8) received a Gold Medal at the 7<sup>th</sup> "COMPUTEX d&i awards" held by Taiwan External Trade Development Council (TAITRA) and iF (Germany) in May 2014. This is further evidence of the superiority of HTC R&D innovation and product design.





# **HTC Main Product: Smartphone**

Year	Capacity (thousand)	Output (thousand)	Output Value (NT\$ Million)
2011	49,470	46,571	263,261
2012	59,517	32,863	168,434
2013	38,550	20,345	129,184

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

# **Product Sales: Smartphone & Others (Accessories)**

Year	Domestic	Domestic Sales		Export Sales	
	Volume (Thousands)	Value (Million)	Volume (Thousands)	Value (Million)	
2011	12,630	20,056	146,899	443,823	
2012	7,545	20,338	139,070	262,577	
2013	3,024	19,653	97,233	180,555	

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

# 2013 Awards Earned

Global System for Mobile Communications Association, GSMA

HTC One received the "Best New Mobile Handset, Device or Tablet" award.

Tech Rada

HTC One received the "Best Phone at MWC" and "Best in Show" awards.

Mobile Geeks

HTC One was awarded "Best Smartphone."

T3 Gadget Awards

HTC One was awarded "Phone of the Year in 2013."

European Imaging and Sound Association

HTC One received the "Best European Advanced Smartphone 2013-2014" award.

Tbreak Award

HTC One was awarded "Best Phone of the Year."

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# Organization Structure

Internal Audit Division

Inspection and review of the effectiveness of internal control systems, the measurement of the effectiveness and efficiency of operations, the reliability of financial statements, and compliance with all the related laws and regulations.

Chairwoman

CEO & General Manager

General Manager for R&D and Operations

Conducting product R&D work and controlling and planning HTC global capacity.



Chairperson
Cher Wang



CEO & President
Peter Chou



HT Cho



R&D Center

Conducting the research and development of HTC products, and setting up the research culture and values for all R&D departments.

**Operation Center** 

Inspection and review of the effectiveness of internal control systems, the measurement of the effectiveness and efficiency of operations, the reliability of financial statements, and compliance with all the related laws and regulations.

Marketing Division

Responsible for the global corporate image, public relations, global branding, and marketing strategy planning and implementation.

Global Business Division

Leads the global business team and is in charge of product sales, customer development, order negotiation, maintenance of customer relationship, customer service and related problem solving, communi- cations, and coordination.

Innovation R&D Center

Study and design, innovative technology, the creation of products, application and potential, also dedicated to development and innovative research to ensure HTC's leading position in the market, and continue to provide consumers with enjoyable experience through the management of new product launches and portfolio.

Finance & Accounting Division

Implementing corporate governance, investor relationship management, global tax planning, financial flexibility, capital management, investment planning, risk management, and stock management and analysis of the costs of company operations.

Human Resources Division

Conducting HR development and management; promoting corporate culture and employee services; and performing organization planning as well as human resources configuration according to the development strategies of the company.

Legal Affairs Division

Performing the examination, planning, processing, and execution of all the company contracts, trademarks, patents, intellectual property, and other legal affairs and litigation.

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# Global Operational Locations Coperhagen, Definiant Wilson Kaynes, UK Warraw, Pland Paris, France Rome, Italy Rome, Italy Rome, Italy Mumbai, India Mumbai, India Chemial, India Singapore Russia Secul, Korea Japan, Tokyo China Shanghai Hori Minh, Vertana Marda, Philippines Chemial, India Singapore Ruslis Lumpur, Milaysia Jalarta, Indonesia

HTC is headquartered in Taiwan. Driven by effective branding, HTC now has operations, sales, and services covering most areas in the world, including Europe, the Americas, and Asia. With the coordination and integration of the operational HQ, HTC provides customers with a network of professional services.

Latin America

Sau Paulo

HTC stands in the immediate presence of its customers and provides instant service. Offices have been established in all the major markets of the world, including the USA, Canada, the UK, Germany, France, Italy, the Netherlands, Belgium, Spain, Poland, Denmark, Sweden, Russia, Mainland China, Japan, Hong Kong, Singapore, Thailand, Myanmar, Vietnam, Indonesia, India, Malaysia, Australia, the Philippines, Kingdom of Norway, Luxembourg, UAE, and Brazil.



# 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 development. Strategic investment is made through equity investment or acquisition with adequate financial assessment and analysis of the industry trends, market competition, team experience, the business model, and risk evaluation. Specific targets are selected that will improve products and service quality continuously, strengthen the development of key technologies, and control future market demand to enhance core competence of the company.

HTC has been focusing on the adjustment and disposal of our existing investment portfolio, and, therefore, no strategic investments were made in 2013. Future investment will be focused on the Greater China region. HTC intends to invest in firmware service that combines hardware and software, cloud technology, and mobile Internet services. (Please refer to the "Organization Chart" on page 229~231 of the HTC 2013 Annual Report).

# Overview of Financial Performance

The consolidated operating revenue of HTC amounted to NT\$203.4 billion in 2013, consolidated gross profit amounted to NT\$42.27 billion, consolidated gross profit ratio was 21%, the net operating loss ratio was -2%, operating loss amounted to NT\$3.97 billion, the net loss was NT\$1.32 billion, and the after-tax earnings per share (EPS) was a loss of NT\$1.6/share. HTC will continue to dedicate attention to the core business and actively reduce costs to restore profitability in 2014.

The relevant financial data are disclosed below:

	Unit	2013
Operating Revenue	NT\$ Million	203,403
Operating Costs & Expenses	NT\$ Million	207,373
Income Tax	NT\$ Million	1,128
Employee Wages	NT\$ Million	18,332

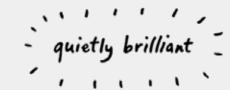
Note: The related figures are those listed in the consolidated statement.

The 2<sup>nd</sup> & 3<sup>rd</sup> Floors of the Taipei Headquarters were donated to the HTC Foundation

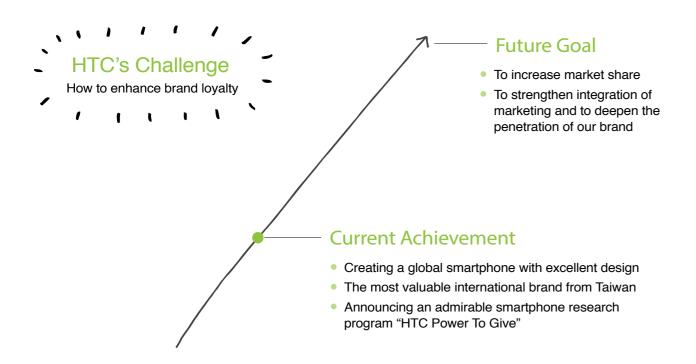
Floor	Space Usage	Area (ping)
3F	HTC Foundation	923.98
2F	HTC Foundation	701.84

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# Brand Introduction



HTC is committed to creating individualized experience and is convinced that each mobile device should be centered on the needs of the user rather making the user subject to the product. HTC product design philosophy is not derived solely from survey results of consumer demand, but also from careful observation and respect of the interaction between individuals and technology over time.

We are committed to creating wonderful experience, and to instilling the concept of "Quietly Brilliant" into HTC corporate culture, to constantly introduce innovative handsets to meet the needs of each consumer, and to help people enjoy a mobile lifestyle and entertainment of impeccable quality. To further realize a people-oriented product design, HTC Sense™ has been based on the design concept of "a more human experience that is closer to life" to make the use of HTC mobiles both pleasant and delightful.

Today, taking pictures of things has become one of the most important every day functions of a mobile phone. In view of this, HTC has introduced new camera functions that allow a user to record audio and take pictures at the same time to capture each and every wonderful moment. The new camera also supports wireless transmission so that a user can share the images with friends through a TV set. HTC mobile phones can also extend your mobile life into a vehicle audio/visual entertainment system by receiving radio channels all over the world. Furthermore, HTC provides cross-screen integration. HTC Sense TV™ uses cloud technology to turn the New HTC One into a remote control that works with most TV sets, set-top boxes and receivers, allowing consumers to watch their favorite TV programs and sports at will.

# Wisdom of Modesty & Amiability

At HTC, we believe that great things can be done in a modest and humble way. Wonderful things are better experienced than expressed. At HTC, our achievements do not depend on slogans, but are built upon positive user experience. We receive excellent feedback from all our users without prompting.

The HTC brand value is human-centered, and this drives us to continuous thought about how to make things more simple and natural and how to make the impossible possible. We have realized this human-centered philosophy in product designs with more natural user interfaces and a concept that is closer to life. We bring our consumers extraordinary and amazing experiences.

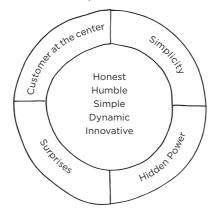
# Our success comes from the praise of our users

At HTC, we put the user first and work hard in the pursuit of innovative designs that will enhance the user's personal experience. It is the real experience and the references from users that drive the sale of HTC products, the identity of the brand, and the continuous growth of HTC.

# We create the ultimate personalized user experience

HTC pays extra attention to details to enable consumers to experience the most advanced technology in the simplest way. We encourage feedback on the user experience. By listening to what the user has to say, we can learn and grow and our global R&D team can keep evolving the using experience to the maximum.

# We are quietly brilliant



# Our product design focuses on creating meaningful experiences

To give HTC products a simple yet outstanding style and provide excellent user experience, we design well-engineered, capable, and durable products that have a human oriented interface.

HTC has achieved much in terms of innovation, including the excellent press-and-shoot picture taking function that is comparable to that of mainstream digital cameras. Our products have HD recording and playback functions that turn an HTC mobile device into a personal mobile theater. By incorporation of advanced audio technology, we give our consumers the most authentic sound. The HTC smartphone picture taking functions and audio performance have become new benchmarks in the mobile phone industry.

HTC believes that a mobile device should be more than just a smartphone, and should meet all user needs for personal audio/visual entertainment and social communication and be a universal mobile device that also represents its user's image.

# Multilateral cooperation leads to innovation

To provide our users with more complete and comprehensive mobile services, HTC has long-term strategic partnerships formed with many industry leaders, such as Google, Microsoft, and Qualcomm. Through collaboration in research and development, we continuously create innovation that enables us to integrate hardware, software, content, and operating systems more effectively for enhanced human interaction.

The HTC brand is popular amongst young and adventurous consumers. For this group of independent, discrete and self-challenging users, HTC's pursuit of innovation is a symbol of pioneering that has won both praise and recognition.

In 2013, the "Here's To Change" global marketing communication program invited Robert Downey, Jr. to make a television commercial that would demonstrate a courageous challenge by HTC to the existing mobile telecommunications industry, to continue providing consumers with their innovative technology. The result was an increase in advertising effectiveness of 12%, an improvement of brand development potential by 15% and an increase in HTC global brand awareness of 87% (Hall & Partner, 2013 brand tracking study).

In 2013, HTC sponsored the two top world football tournaments, the UEFA Champions League and UEFA Europa League. HTC became their official global handset supplier. This sponsorship allowed HTC to be seen by audiences of billions around the world through the "Change Your Game" integrated marketing communication program. We have also introduced the HTCFootballFeed mobile phone application that allows users to easily find the latest football league scores and enjoy instant play through a rich and innovative overall telecommunications experience.

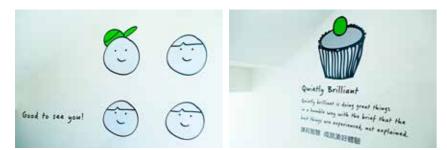
HTC worked with Qualcomm in 2013 to jointly organize "The Ultimate Smartphone Photo Booth" tour of some major US cities. The demonstration of the excellent UltraPixel™ camera with a 540 degree camera array consisting of 130 individual HTC One phones was extraordinary. The documentary video of the campaign has had more than 5 million hits on the YouTube™ video community.

In addition, we announced HTC Power To Give<sup>TM</sup>, at the Mobile World Congress convention. This program employs a smartphone application developed jointly with Dr. David Anderson of the University of California, Berkeley. It is an innovative mobile phone program that allows smartphone users to share the computing power of their devices while they are idling and recharging. The processing capacity of many devices can be used together to work on many problems that concern mankind, such as the search for a cure for cancer or Alzheimer's, or environmental and ecological conservation plans, or even the exploration of outer space for signs of life. The program, led by Chairwoman Ms. Cher Wang, is not only a milestone of the HTC brand operation, but also allows us to help solve some very important issues using the idle power of our mobile telecommunication devices.

Since its establishment, HTC has always followed the same principles: being brave to pursue innovation, driving to have more people experience our extraordinary smartphone, and consistently realizing its brand philosophy of "being quietly brilliant" as the company's internalized culture.



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# **A Working Environment Incorporating Brand Spirit**

The design of the new HTC R&D facility at Taipei HQ is based on the HTC brand spirit and displays the four concepts of "Customer at the Center," "Simplicity," "Surprise," and "Hidden Power."

HTC regards the creativity that stems from brainstorming as one of our most valuable assets. To promote interpersonal communication, the new facility is configured with many staff areas that allow our people to interact and talk, this includes the interlacing sky bridges between the buildings that link departments together, and the 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 the lobby on the first floor of the R&D Building with the community. The HTC Gallery will continue to help young local artists show their creativity and work to promote 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 the building can also appreciate being in an art gallery that will inspire creativity and help HTC launch better and more amazing products.

In 2013 the HTC Gallery invited artists including Ming Ju, Teacher Kuo-Sung Liu, Teacher Ching Chang, Teacher Tzu-chi Yeh and many others. HTC hopes to plant seeds in the heart of everyone through this sharing, so that art and creativity can become part of the kind of energy of which Taiwan is so proud.

# **Honors and Awards**

HTC has industriously cultivated the smartphone market around its consumer-centered design philosophy and has received many prestigious awards. HTC won "The Best New Mobile Handset, Device or Tablet" award from the Global System for Mobile Communications Association (GSMA) in 2013 and has repeatedly gained first prize in other smartphone contests around the world.



# Chronicle of HTC Product Development in 2013

1999 2000 2002 2005 2007 2008 2010 2012 **2013** 

First color palm size PC

First Microsoft Pocket PC First Microsoft wireless pocket PC

First 3G smartphone

First Touch smartphone

First Google Android phone First WIMAX smartphone

First 4G Android smartphone

First Smartphone with Amazing Camera

most awarded Smartphone that brings new perspectives on mobile experience











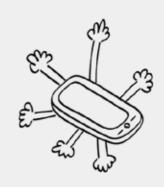




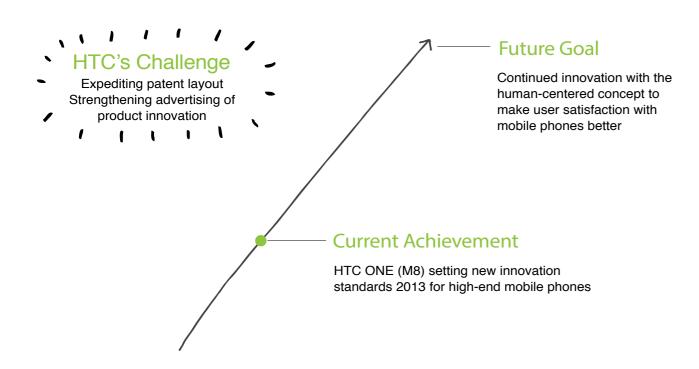








# Innovative Research & Development



# Actively conducting innovative R&D

Since its establishment, HTC has invested heavily in cultivating R&D talent and developing technical innovation. The annual R&D investment is about 5-6% of the total operating revenue. Currently, our inhouse R&D employees make up 22% of all HTC's global employees. With this strength of innovation, HTC has special insight into industrial trends and outstanding capability for meeting consumer demand. This puts HTC always in the lead.

HTC was the first brand to introduce both Windows and Android mobile phones, which gave the company a head start in mobile communication applications. Our observations on industrial trends, insight into consumer needs, and strength in innovation have made it possible for us to bring leading innovations to the smartphone market.



- The First Windows Mobile phone
- The First Android mobile phone
- The First Dual-Mode GSM/WiMAX mobile phone
- The First 3G/4G Android mobile phone
- The First 4G LTE Android mobile phone

HTC launched the HTC One Max in 2013 with a 5.9-inch Full HD screen and high-precision fingerprint identification. It has a high level of security login ID to enhance data security. The design of the device cover allows operation with one hand for both unlocking and identification. It is truly a smartphone with a one-touch unlocking design.

The HTC Mini+ has a smart Bluetooth receiver, a smart search function and a 1.5-inch OLED screen that can display all calls to and from the phone in real-time, missed calls, messages and notices. Instant reply is possible through the HTC Mini+ without the need to retrieve the phone from the pocket, bag, backpack, or briefcase. This is very convenient for the busy businessmen. It again demonstrates that HTC has phone functions designed in accordance with the highest guidelines for comprehensively fulfilling user needs and provides a perfect experience through a rigorous and precise design that realizes the HTC people-oriented design concept.



- 5.9-inch Full HD large-screen
- Built-in fingerprint identification to provide a high level of security login ID to enhance personal smartphone data security
- The sophisticated HTC mini+ Bluetooth receiver, 7.15mm body thickness, quick search for relevant contact information with the HTC smart search function while dialing on the T9 keypad, provides an unparalleled Speed Dial and search experience.

# HTC One (M8)

We launched the HTC One (M8) in 2014. It has a high quality grain textured gray metal body, the brand new HTC Sense 6, a SmartSensor Hub, and Motion Launch™ that allows activation of the phone by hand gestures.

The M8 can recognize hand gestures and touch screen trajectory to awaken and activate the corresponding function or program. The brand new duo in-depth camera gives the images a professional presentation and there are also creative and surprising special effects available. The HTC BoomSound™ audio has again become the benchmark of smartphone sound quality.

The HTC One (M8) is the first duo in-depth mobile phone in the world to have such smart camera shooting experience. The phone has been upgraded to a whole new level in combination with the new UltraPixel™ camera, which has dual flash lights and Full HD 1080 high-definition video. It also has a series of exciting special effects and editing functions that provide beautiful results and allow users to enjoy unprecedented shooting experience. In addition, the "Extreme Power Saving Mode" with a fully charged battery provides up to two weeks of standby power, which can be extended under different standby modes.

The HTC One (M8) which is equipped with so many innovative features without sacrifice of significant power efficiency, also has an additional 40% battery power than the previous HTC One, provided under more stringent technical requirements and specifications. In the "extreme power saving mode" stand-by power can be extended up to two weeks. In fact, 60-hour stand-by time is possible even when the remaining power has dropped to only 20%. This helps HTC maintain its leadership in mobile phone innovation and research and development.

# **Engaging Diversified R&D Talent**

HTC operates globally. To support the rapid growth of our business, we continuously engage talent in various fields through diverse recruitment channels. We create jobs locally to develop our cross-culture and cross-discipline knowledge and experience.

We have a talent-based recruitment policy and engage R&D talent available in the local labor markets wherever we operate. In 2013, a total of 3,769 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.

Over recent years HTC has engaged an average of one thousand new employees annually. We recruit capable and potential talent through fair and open recruitment channels. To ensure the talent has the knowledge and skills that suit the needs of the company, HTC regularly participates in on-campus recruiting activities and employment seminars. Moreover, HTC also co-organizes communications competitions with Taiwan's Ministry of Economic Affairs to attract the excellent workforce required in the world of innovative R&D and to identify those who have the skills and professionalism we need.



## **Investment in Innovative R&D**

	Unit	2011	2012	2013
Fixed R&D Investment	Million (NT)	16,295	15,490	12,543
Total Revenue	Million (NT)	465,795	289,020	203,403
Percentage	%	3.5%	5.4%	6.2%

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

Innovative Research & Development





# Responsible Management

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

The management of HTC thinks highly of the internal auditors and has given them adequate authority to encourage the proper review and identification of shortcomings in our internal control system and to measure operation efficiency as well as to ensure the system is effectively implemented. Internal auditors also assist the Board of Directors and management in the conscientious execution of their duties and in the practice of responsible corporate governance.

# Corporate Governance

HTC is committed to maintaining a solid corporate governance framework, which protects the rights and interests of our vast number of shareholders through strengthening the competence of the Board of Directors, developing the functions of supervisors, and respecting stakeholders' rights and interests.

In addition, we also closely observe and adapt to the latest world trends and progressively implement various systems to continuously enhance the quality of our corporate governance.

Over recent years, as our business model has been transformed, the scale of our operations has grown and overseas subsidiaries have been added, we have continued to review, amend, and supplement (where needed) related measures, processes, and implementation rules for our internal operations. This has been done to improve the operating efficiency and enhance corporate governance.

To achieve this high standard, we formulated the HTC Corporate Governance Framework, which has been approved by the Board of Directors, and complies with the Corporate Governance Best-Practice Principles for all the TWSE/GTSM Listed Companies. The objectives being:

- 1. To appropriately and effectively divide authority and responsibility amongst the Board of Directors, the executives, and the shareholders, and to build a management team that is fully responsible to our shareholders:
- 2. To build a system where the executives and the Board of Directors are enabled to review the company's operations and achieve its goals;
- 3. To cultivate and sustain a corporate culture that advocates accountability and diligence and maintain the highest ethical standards; and
- 4. To encourage the effective and responsible use of resources.

# **Board of Directors**

The HTC Board of Directors is composed of members that are elected by the shareholders. The Board is responsible for supervision and management, ensuring the long-term interests of the shareholders, and caring for the rights and benefits of our vast number of stakeholders, including the employees, the customers, the suppliers, and the government and the public, as well as for the realization of fully responsible governance.

Currently, there are six directors on the HTC Board (including two independent directors) and two supervisors. The group of directors and supervisors includes one female director and is primarily responsible for setting and monitoring management goals and long-term business strategy. The Board is also responsible for the evaluation of the CEO's performance, overseeing CEO succession planning, maintaining an internal financial and accounting inspection system, assessing operating risks, and proposing strategies for the reduction of such risks.

# **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. To this end, when the terms of some directors and supervisors expired in 2010, two independent directors were elected according

to the provisions set forth in Taiwan's 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. Please refer to Page 49~53 of the HTC 2013 Annual Report for a list of the 2013 HTC Corporate Governance Organization Members.

Composition of HTC Management (Directors/Supervisors) by Age & Gender (2013)



# **Compensation Committee**

The Compensation Committee is set up under the HTC Board of Directors. The committee is comprised of a director, an independent director, and an independent external expert. 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 reference in decision-making. The main duty of the Compensation Committee, which is done faithfully and with proper care for its lawful obligations, is the regular review of the annual and long-term performance of Company directors, supervisors, and managers, and the salary remuneration policies, systems, standards, and structure. The Committee also periodically assesses their performance to determine the content and amount of remuneration and salary. Suggestions are submitted to the Board of Directors for discussion.

# **Supervisors**

HTC has an appropriate number of supervisors. These supervisors regularly review the accounting of the quarterly financial statements with Certified Public Accountants, to ensure their reasonable and proper expression. In addition, the supervisors are also responsible for verification of the independence of the Certified Public Accountants and key stakeholder transactions and to reasonably ensure the internal control system has been designed and executed effectively.

The management of HTC continued to value and support corporate governance in 2013. Headquarters has been actively reviewing the monitoring procedure for subsidiaries and constructing a global policy. Each department is risk-oriented to continuously improve the internal control process. To make the internal control system and self-assessment more specific and transparent, we require all departments to assess the design of critical control points as well as their effectiveness. After the implementation of such self-examination a departmental statement of the results must be issued. After examinating departmental internal control system self-assessment results, HTC issues an overall statement of internal controls

# **Complete Disclosure**

HTC is committed to real-time and transparent information disclosure. In addition to disclosing all major financial and business information on the TWSE open information website (http://newmops.twse.com.tw) as required by regulation, we also hold quarterly online investor conferences, during which we provide predictive figures for operating revenue and gross and net operating profits for the coming quarter so that investors can be continuously aware of company operations.

In addition to regular information disclosure, HTC also participates in investment forums and investor conferences held by domestic and international brokers to explain details of the HTC financial data, business performance, and other published information to give investors as much information about the HTC financial and business situation as possible. Real-time and transparent information disclosure by HTC has been regularly affirmed by the competent authorities with an A+ rating. HTC received an A+ rating for the first time in the 6th information disclosure assessment of the Securities and Futures Institute in [year] and the A+ rating has been awarded to HTC for three consecutive terms, including A++ ratings in the 9th and 10th terms in 2011 and 2012.

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 http://tw-investors.htc.com

# **Diversified Channels for Transparent Information Disclosure**

Spokesperson & Deputy Spokesperson	A spokesperson (and a deputy spokesperson) has been assigned for communication with the media, investors, and analysts according to "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies."
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	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. 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. This includes annual reports, quarterly reports, and the announcements of key events.
Investor Conference & International/Domestic Investor Forum	HTC regularly holds investor conferences and from time to time participates 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.

Responsible Management 029

# **Strict Mechanisms for Avoiding Conflicts of Interest**

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.

After the establishment and subsequent revision of the Operational Procedures for Processing Internal Material Information and Preventing Insider Trading, the company made internal announcements to all employees through e-mail, and has also posted 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.

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. A dedicated reporting channel (anti-corruption@htc.com) has also been established for employees to expose any improper behavior that comes to their attention.

# The Crime of Malfeasance and the Subsequent Handling Mechanism



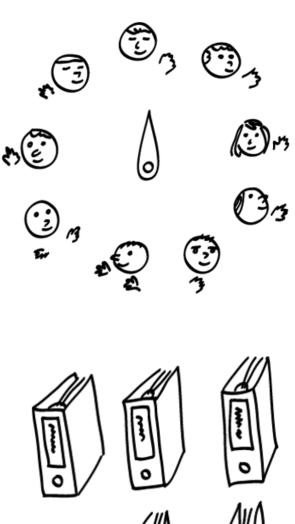
- 1. HTC has enhanced the employee code of conduct with particular emphasis on personal ethics and the relationship with suppliers; moreover, top management has issued a notice to remind employees of company core values, and employee obligations to strict compliance with the code of ethics and the prohibition of engagement in any illegal or corrupt behavior.
- 2. Set up corruption investigation team and hot line: anti-corruption@htc.com
- 3. Request all manufacturers dealing with HTC to sign a Letter Commitment to Integrity.
- 4. HTC has invited prosecutors to give internal anti-corruption training programs to strengthen employee moral awareness and to help employees understand the company anti-corruption policies and regulations. Each employee is given a very clear assignment - to comply with the strict code of ethics and guidelines and not to engage in any illegal or corrupt behavior. Every employee will be held accountable, irrespective of their role, rank, location, or seniority within the company, and this includes legal responsibility, for engaging in any corruption, bribery, or fraud.
- 5. Strengthen commodity inspection and acceptance procedures to reduce the risk of forged documents.
- 6. Setup a cross-departmental information security team to strengthen management of business secrets.
- 7. HTC top-management regularly issues notices to remind employees of the importance of keeping trade secrets confidential and to educate employees about company security policy and the management of confidential information.

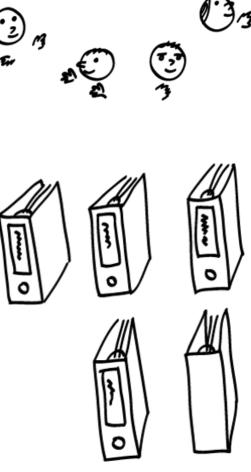
# **Internal Audit System**

The design and implementation of HTC's internal control system and the implementation of the internal audit are performed according to the provisions as set forth in the Standards for Publicly Held Companies for Internal Control Systems and the related laws. At present there is a senior auditor at the head of the unit and six dedicated internal auditors.

HTC has set up its 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 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.

The internal auditors are qualified as required by statute, and they are required to pursue regular compulsory advanced study for a set number of hours. Information that includes the name, age, education, experience, seniority and training received by each auditor is submitted in the required format to Taiwan's Financial Supervisory Commission through the Internet Information System at the end of January every year for record. The appointment or termination of the Head Internal Auditor must be approved by the Board of Directors and submitted via the Internet Information System for record by the 10th of the month following the approval of such appointment or termination by the Board of Directors.





HTC 2013 CSR Report 031 Responsible Management

# 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.

We have set up a complete organization for risk management and a well designed standard operational process and procedures are in position. An internal management and training system guides our employees towards the correct concepts and proper approach to the implementation of all risk management. We also use the internal audit system to regularly check the performance of various risk management measures and to ensure proper operation of the risk managing mechanism.

Responsible Body	Item	Description
Legal Affairs Division	Risks involving contracts and legal matters	Managing all the risks connected with company contracts
Finance & Accounting Division	Business decisions & financial risk management	Allocating and managing funds, planning investment, controlling customer credit, and conducting operational analysis as well as cost analysis
Internal Audit Division	Risks about internal control	Evaluating the soundness and effectiveness of the internal control system
Global Products Division	Risks about product trends	Identifying future trends for products and customer needs
Innovative R&D Center	Risks about product design quality	Ensuring the design quality of products in terms of hardware and software, as well as safety
Manufacturing Center	Control of manufacturing quality risk	Improving the manufacturing quality of our products
Customer Service & Quality Assurance Division	Risks about product quality	Providing after-sales service and improving the quality of the after-sales services.

# **Management of Financial Risks**

The high volatility of the global financial market and the dramatically changing exchange rates put great pressure on management and may have an adverse effect on shareholder interests. To counteract these risks, HTC has formulated a capital management scheme in which the tools, decision making, and approval processes are clearly defined and documented.

In 2013, exports accounted for about 90% of the total HTC operating revenue. As product export sales and the cost of materials purchased from other countries were both quoted and accounted for in US dollars, partial write-off between the purchasing and selling accounts in foreign currency serves as an automatic hedging mechanism. The rest of the revenue is then partially converted into NT\$ according to the existing capital need. In the future we intend to enhance the automatic hedging of foreign currency debit/credit offsets by using tools such as derivatives under the applicable risk-control rules.

# **Management of Operating Risk**

HTC has generally avoided high-risk, high-leverage investments, yet, as a part of our long-term business strategy, we are still 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.

# **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.

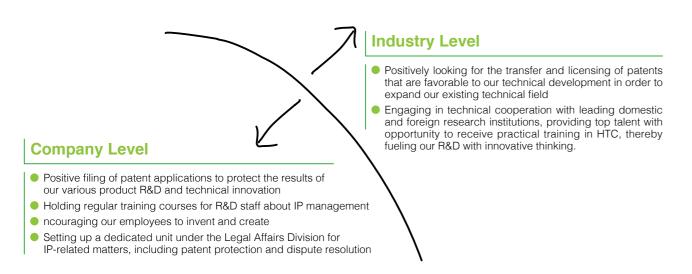
	Cause	Resulting Risk or Impact	Opportunity
Operational Risk from Climate Change	Unstable or limited power supply.  Power supply may become unstable or limited due to peak demand for electricity in the summer.	<ul> <li>Shut down in production lines.</li> <li>Shortened life or immediate damage to instruments and devices due to unstable room temperatures.</li> </ul>	Adjusting and optimizing production processes in advance, to improve efficiency and reduce energy consumption.
Risk Change	Regional natural disaster The increasingly extreme climate can bring about floods, super typhoons, super downpours, or even drought.	<ul> <li>Grounded flights impacting transportation.</li> <li>Increased shipping time and costs.</li> </ul>	Planning how to work with our suppliers to improve the efficiency of packing and transportation
Legislative Risk from Climate Change	Laws and standards for energy efficient products (e.g. California Energy Law, Energy Star, ErP, etc.)	<ul> <li>Increased costs for materials and parts.</li> </ul>	Introduction of a green supply chain. Looking for green innovation business (e.g. reduced packing and recycled packing materials).
isk Change	The Taiwan Draft Greenhouse Gas Reduction Act. Customer guidelines. The customer may ask for our regular disclosure of carbon emission.	Since power consumption is still the main source of greenhouse gas in the ICT industry, the total emission of greenhouse gas must increase with the growth of business and production.	Providing KPIs (Key Performance Indicators) for evaluating design simplification and standardization, and manufacturing and testing efficiency.

HTC started conducting product carbon footprint analysis in 2010. Since the front end of the line (FEOL) for smartphones originates with upstream component suppliers, the complete carbon footprint life cycle analysis must rely on the cooperation of suppliers. HTC conducted four carbon footprint investigations as well as education and training sessions for suppliers in 2013. A total of 41 suppliers and 121 persons visited and were trained to ensure the integrity and accuracy of our data analysis.

Responsible Management 033

# **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:



HTC has an active approach to the enforcement of our patent rights and deals with any infringement immediately to protect the IP-related rights and interests of the company. For example, to protect our reputation HTC works closely with the customs department and the police in many different countries to investigate and eliminate imitations and unauthorized products being sold on the market.

We also actively seek trademark protection all over the world and have registered HTC's trademarks, in numerous countries. This includes HTC's brands, product names (e.g., HTC One), and the names of various parts and technologies (e.g., HTC Sense, Zoe™). When imitations or unauthorized uses of our trademarks are found, HTC takes legal action together with the local law-enforcement agencies to protect our rights and interests.

In addition, HTC also has adopted policies to protect the commercially valuable information that is not covered by trademark or patent protection, such as copyright of program code, product photos and images, and other trade secrets and information about products to be launched. We use strict employment contracts and non-disclosure agreements to limit the disclosure of confidential information and protect our R&D results from disclosure.

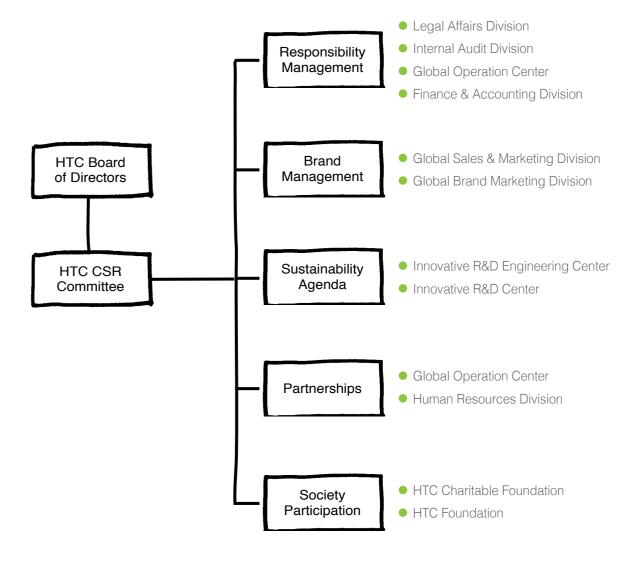
The company has a positive attitude and employs mature strategies to protect all kinds of intellectual property rights that set a firm foundation on which first class HTC brand value can be developed all around the world.

# Management of Corporate Social Responsibility

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

We use clear organization and division of labor, 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 daily operations of the company.

## Structure of the HTC CSR Committee



HTC 2013 CSR Report 035

# **Mechanism for Committee Operation**

The HTC "CSR Committee" convenes annually with each related unit and prepares a report of their CSR practices. The CSR-related work and actions will be expanded to the supply chain in 2013 as planned. In addition to a CSR compliance audit, CSR related education and training will be provided.

# 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 to 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.

- Observe applicable local laws and regulations.
- Respect labor rights and interests and ensure fair employment.
- Conduct positive energy-saving and carbon-reduction practices and various environmental protection tasks.
- Implement transparent financial management.
- Continuously innovate and make improvements to products and services to enhance customer satisfaction.
- Attend to shareholders' rights and interests, contribute to the care of the socially disadvantaged, and support various public interest activities.
- Perform proper corporate governance, be a responsible corporate citizen, and maintain the highest ethical standards.

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-Related Management Systems**

The Green Products Management System Since the end of 2007, HTC's Taoyuan facility and the Taipei building have regularly passed all audits conducted by the international certification agencies, and obtained and maintained certificates of IECQ QC080000 Hazardous Substance Process Management.

**Green Product Verification** 

In 2013, the HTC One became the world's first smartphone inspected in accordance with international standards ISO/TS 14067:2013, PAS 2050:2011, ISO 14040:2006, as well as the carbon footprint and life cycle assessment ISO 14044:2006.

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, we have made sure that all our manufacturing sites around the world pass audits conducted by international certification agencies and obtain and maintain ISO 14001 certification. During 2010 to 2013, there were no penalties for any breach of regulations or laws.

The Occupational Safety & Health Management System

To reduce the risks of workplace injury and reduce accidents, an occupational safety & health management system has been established according to OHSAS 18001, and we have made sure that our manufacturing sites around the world pass audits conducted by the international certification agencies, and maintain OHSAS 18001 certification.

The Energy Management System ISO50001 examines 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.

Responsible Management

HTC 2013 CSR Report 037

# G4 Material Issues and Boundary

The current HTC CSR report is based on the GRI G4 guidelines with a focus on disclosing G4 considerations, mainly concerning disclosure of material issues related to action, performance, and achievement.



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 stakeholder's suggestions as well as to confirm the impact of each issue. We will gradually invite and encourage internal and external entities to join CSR disclosure boundary in the further.

# Source of internal issues Issue consideration basis and source HTC Code of Conduct HTC mid-tern and long-tern development strategy Departmental development policy



# A total of 40 CSR-related issues

Economy	Within the organization	Outside the organization
Economic performance	A,C	E
Market image	A,C	
Indirect economic impact	A,C	
Procurement practice	А	

Labor conditions	Within the organization of	Outside the organization
Employer-employee relations	A,B,C	
Labor relations	A,B,C	
Occupational Health and safety	A,B,C	
Education and training	A,B,C	
Diversity and equal opportunity	A,B,C	
Supplier's labor assessment	А	Е
Working conditions complaint mechanisms	A,B,C	Е

Community	Mithin the organization	Outside the organization
Anti-corruption	A,B,C	Ε
Anti-competitive behavior	А	
Regulatory compliance	A,B,C	E
Regulatory compliance	A,B,C	E

Human rights	Within the organization	Outside the organization
Anti-discrimination	A,B,C	Е
Freedom of association and collective negotiation	A,B,C	E
Child labor	A,B,C	E
Forced labor	A,B,C	E
Suppliers human rights assessment	A,B,C	E
Human rights complaints mechanism	A,B,C	E

Environment	Within the organization	Outside the organization
Energy	A,C	Е
Water resources	A,C	
Efflux	A,C	E,F
Sewage and waste	A,C	
Impact of products and services on the environment	A,C	F,G
Regulatory compliance	A,C	Е
Transportation	Α	E
The overall environmental situation	A,C	
Supplier Environmental impact assessment	А	Е
Environmental complaints mechanism	A,C	Е

Product liability	Within the organization	Outside the organization
Customer health and safety	A,B,C	Ε
Product and service labelingbehavior	А	
Marketing and broadcasting	А	
Customer privacy	A,B,C	Е
Regulatory compliance	Α	Е

E,F

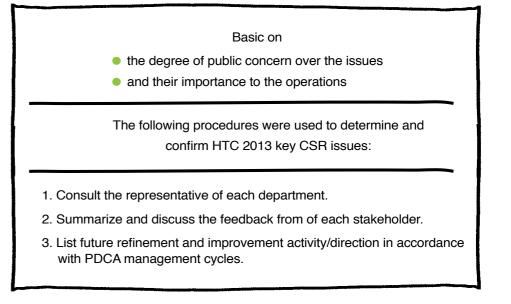
e the	Brand management	Α	
zation	Character education	A,B	
F			
G	Within the organizat	ion	
	A - HQ	B - R&D Cen	nte
	C - Shanghai Plant		
	Outside the organiza	ation	
	D - Local community	E - Supplier	

F - Corporate customers G - Consumers

**Others** 

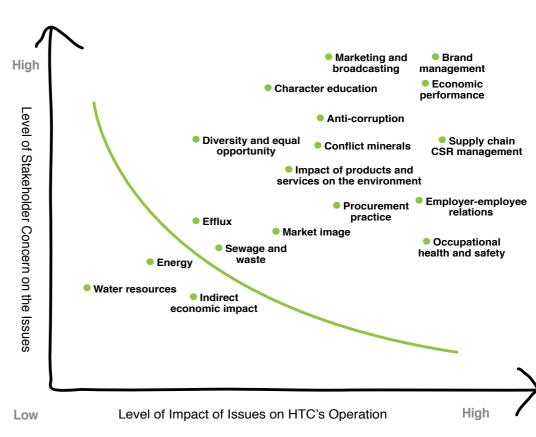
Conflict minerals





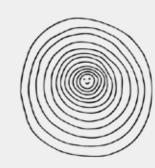


# **2013 HTC Materiality Analysis**



Responsible Management 039





# | Partnership |



HTC believes that good CSR partnerships are essential for good joint performance and result in much better corporate social responsibility. Such relationships also provide us with the opportunity for self-examination and create better things for contribution to society.

For the response in the report and the disclosure of the relevant information, HTC has examined and identified the stakeholders with which each department comes in contact by means of conferences of departmental representatives, and by studies performed by the CSR Committee. Also, HTC screens its most significant stakeholders by applying the Guidelines for Identifying Stakeholders, which use criteria such as responsibility, influence, intimacy, dependence, representation, and strategic intent. Thus, HTC's stakeholders are identified as: shareholders, customers, employees, suppliers, contractors, and local communities.

HTC treats communication and interaction with our employees, customers, foreign labor, vocational students, suppliers, and external stakeholders very seriously. We hope to create a close understanding with our CSR partners through engagement, cooperation, and interaction, and to have an influence on society through sharing and learning.

In addition to the various hardware and software that provides convenience for our partners, HTC has also established a number of communications channels to maintain good interaction, and the relevant units are responsible for collecting suggestions from stakeholders according to their relevance and potential impact on HTC operations. The suggestions and responses are regularly disclosed in the CSR reports and incorporated in our future plans for improvement.

# **Value Stakeholder Engagement**



# **Investors**

General Shareholders Corporate Shareholders Rating Agencies



# Corporate Customers

Major Telecommunication Operator

Information and Communication **Technology Operator** 



# General Consumers





# **Employees**

General Employees

Contingent Workforce Vocational Students & Trainees

Foreign Employees



# **Suppliers**

Raw Material Suppliers



# **Contractors**

Construction Contractors

Cleaning/ Maintenance Service Providers

> Waste Disposal Vendors



# Local Communities

Local Community Associations

Local Civic Organizations

Local Governmental Agencies

Local Media

# Concerned

- Information disclosure (finance, business)
- Compliance with laws and regulations
- Operation Status
- Strengthening corporate governance
- Strengthen risk management
- Key shareholder shareholding rates

- Product quality
- Service quality
- Price competitiveness
- On-time delivery
- Green products
- Carbon footprint/ carbon disclosure
- Restricted substance management
- Corporate social responsibility

- Pre-sales consulting
- After-service
- Product quality
- Service quality

- Learning & growth
- Working environment / labor conditions
- Wage/welfare
- Health & safety
- Career development
- Work-life balance
- Raw material quality
- Price competitiveness
- Continuously stable supply
- Supply chain management Compliance with various
- Technical capability

regulations

- Cooperation with logistics/ transportation providers to conduct effective packing (eg packing reduction and reuse)
- Working environment & health
- Machine/equipment safety
- Carbon management training and contests

- Construction safety &
- Environmental impact (air pollution, sewage discharge, etc.)
- Compliance to laws and regulations
- Shaping the Corporate image
- Economic contribution
- Social concerns
- Public welfare
- Cultivation of talent

# Communication Channels and Frequency

- 1. Board of Directors meeting
- 2. Shareholder conference
- 3. Annual report 1/year
- 4. Investor Conference 1/season
- 5. Monthly revenue statement
- 6. Visiting investors Standing
- 7. Investor Relationship Website
- 8. Spokesperson Standing

Standing

- 1. Business review with key customers (QBR meeting)
- 2. Reply to customer inquiries From time to time
- 3. Customer audit and replies to customers questionnaires As required by the customer
- 4. Meeting the customer requirements about environmental and social responsibilities As required by the customer
- 1.Local service hotlines in 75 countries to provide customers with real-time communication and assistance Daily ongoing
- 2. Websites in different languages for customers to give feedback and to access information in a real-time manner (50 established, continuously increasing)
- 3. Dedicated email boxes for different functions (PR, Service, Copyright, Security, etc) to provide convenient customer contact with HTC Daily ongoing
- 4. Postal service survey for investigating customer satisfaction Daily ongoing
- 5. Contacting customers who give negative feedback in the satisfaction surveys to address their concerns Daily ongoing

- 1. Department quarterly meeting Quarterly
- 2. One-on-one interview with supervisors Irregularly
- 3. Annual performance appraisal/ interview
- 4. New employee seminar
- 5. Employee assistance hotline and mailbox, Health Center, Employee Aid Scheme From time to
- 6.Labor-management meeting Bimonthly

- 1. Supplier communication activity Irregularly
- 2. Supplier annual conference
- 3. Guidance and audit for suppliers Annually
- 4. Cooperation project with suppliers for addressing CSR and greenhouse gas issues Two projects in 2013 (supplier CSR audit and carbon footprint check)
- 1. Induction training Weekly 2. Patrol inspection in facility
- 1. Positive employee engagement in public interest activities Irregularly
  - 2.HTC cooperation with governmental agencies and non-profit organizations in eco, environmental and other public welfare activities
  - 3.Clean the beach Quarterly

Partnership

# **Corporate Customers**

"Customer First" is an HTC core philosophical value and also the foundation of the HTC business. While HTC makes mobile phones bearing our own brand, we also work with the world's leading ICT dealers in the development of customized handheld devices, or in the launching of 'co-branded' handheld devices. We have established close relationships with many major carriers, including those Telecom companies that dominate the US and European markets as well as with some that are growing fast in the Asian markets. This way we can present our products to large numbers of customers all around the world.

To create and cultivate a culture where honesty is valued, we have formulated the HTC Code of Conduct and CSR Policy, in which all our expectations about employees' ethical behavior are documented in detail.

We respect and strictly observe our agreements with corporate customers. In addition to maintaining absolute confidentiality and integrity throughout our facilities, we also maintain strict external control by means of carefully worded contracts and non-disclosure agreements with all our key suppliers. We ensure that both internal and external staff and vendors match the highest ethical business standards.

# **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 customers and suppliers in advance to maintain the absolute security of 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 2013.

# **Corporate Customer Satisfaction Management**

As we take customer satisfaction as our top priority, we have formulated the HTC Customer Satisfaction Management Process as a basis for quality customer service to help us provide services that exceed the best expectations of our customers.

To ensure that customer needs and expectations are regularly reached, we hold quarterly business reviews of customer satisfaction. Each business unit is required to devise measures for the improvement of any areas that are lacking in this respect and to follow progress of these improvement measures until customer satisfaction reaches 100%.

Our indicators for managing customer satisfaction, in addition to product quality, delivery and after-service, also include CSR performance. In particular, as demonstrated by the EICC, human rights, and environmental and energy management have become new concerns for corporate customers and affect the global supply chain. For this reason, we have established a dedicated team that regularly collects CSR information and remains in regular contact with our corporate customers.



The transformation of HTC from a mobile phone maker to a large brandowning business has resulted in the expansion of our customer base from a limited number of telecom carriers to vast numbers of consumers all over the world. Our customers are our most precious asset, and this concept forms the basis of HTC corporate service philosophy. When serving our customers, we treat them as the very center and essence of our business. We think from the viewpoint of a customer and always make efforts to ensure that our products will not only satisfy, but also surprise the users.

HTC has set up local service lines in 75 different countries that provide direct communication and assistance around the clock, seven days a week. Currently, our help desk can serve customers in 42 different languages, allowing people from far corners of the world to contact HTC and speak in a familiar tongue. We have several other channels through which customers may contact HTC: email, SMS, and social network sites. We have also set up websites in 50 different languages that allow our customers to easily obtain information and give feedback without delay.

To provide more convenient maintenance services, we have agreements with some local logistics companies for the provision of door-to-door express courier services in Taiwan to collect and deliver mobile phones for repair. We have also set up E-Care service centers in some major countries in Asia, where face-to-face consultation and maintenance is available. Customers in Taiwan and Hong Kong can also make on-line reservations for free instruction sessions in the use of their HTC mobile phones. We are currently assessing the effectiveness of these instruction sessions, and planning this service in some other countries.

In order to get information about consumer satisfaction, each time a customer uses our services, they are invited to participate in a service satisfaction survey. This gives the customer a chance to give positive or negative feedback and address any concerns they might have. This is one of the ways we are able to achieve our goal of customer satisfaction.

# HTC Consumers Satisfaction





Scoring criterion:

- 5 = Very Satisfied
- 4 = Satisfied
- 3 = Neutral
- 2 = Dissatisfied
- 1 = Very Dissatisfied

# Heterogeneous alliance promoting environmental protection

Our work with Call2Recycle on battery recycling in North America, including payment of licensing fees, aims to educate the users of rechargeable power about the benefits of rechargeable battery recycling and to set up battery recycling programs in places where battery recycling has not yet been established.

Year	2011	2012	2013	Total
Licensing Fees (USD)	501.94	37,565.49	35,408.66	73,476.09

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# Student Worker Partners

As a company deeply rooted in Taiwan, HTC is devoted to the provision of a fair and efficient environment where employees can bring their talents into full play. We are happy to open all our many diversified jobs to local people and cultivate talent from Taiwan. We provide a real life working environment for school students to extend their education through practical training. This not only helps students develop special skills and future employment capability, but also provides the company with an important talent pool.

In 2013, HTC worked in co-operative education programs with the Nan Chiang Industrial and Commercial Senior High School, Kao Yuan College, the Kao Ying Industrial Commercial Vocational High School, Da Der Commercial and Technical Vocational School, Huade Vocational High School of Technology & Home Economics, and the Fan Shu Vocational School. A total of 868 student workers were hired and took part. In addition to the well established practical training plans approved by the Ministry of Education and supported by the hosting schools, we also provide the students with social coaching programs to help them cope with work, life, and education. This comprehensive system gives the students labor rights and their interests are secured, while their living and educational needs are satisfied.

# **HTC DNA Program**

The HTC DNA summer job internship program has been expanded worldwide. A total of 80 interns were recruited after more than 3,500 résumés were reviewed. Of these, 20 interns were recruited from top universities around the world and 60 from local public and private colleges and universities in Taiwan.

HTC offers internships in all departments in Taiwan, including research and development, business and marketing, legal affairs, finance, and media and public relations. HTC gives complete training over two-months in such matters as brand history and product descriptions and company culture. The interns also participate in actual project execution, and regularly report progress and share case studies.

# **Dual System of Vocational Training Project, Bureau of Employment and Vocational Training**

MThis provides disadvantaged students with opportunities to receive an education in a co-operation project where industry and schools execute education programs and promote a spirit of vocational education in a pragmatic and practical way. The "learning by doing" Dual System of Vocational Training Project also assures students of future employment by teaching them high-tech skills and even training them in interpersonal relationships and workplace adaptability. HTC and the Bureau of Employment and Vocational Training work together to promote this program for students in four-year universities, as an alternative to the Industry-Academic Hand-in-Hand Project. In 2013, the Lunghwa University of Science and Technology enrolled 58 students and Hsing Wu University of Science and Technology enrolled 41 students under this project.

# **Wage and Welfare for HTC Student Workers**

Aspect	Description
	<ul> <li>A total of 243 training hours was provided for each grade in 2013 that exceeds the 216 hours required by the Ministry of Education (72 hours for each grade in each semester with a total of 216 hours for three grades in one semester).</li> <li>The school directors and HTC production line supervisors together reviewed the course syllabus of the vocational schools to adjust the curriculum guidelines.</li> </ul>
Educational Training	• The courses treat theory and practice as equally important and include in-position practice (for learning practical operations) and supplementary education (for understanding technical theory as a basis for practice).
	HTC engineers gave face-to-face teaching in our professional laboratories and classrooms.
	Night training courses (lectures given by outstanding production line engineers and supervisors), offered soft curricula and character education curricula to give students balanced physical and mental development in addition to professional and technical skills.
	The initial monthly salary for each student worker was NT\$20,600.
Wage	<ul> <li>Upon completion of the 3-month working term and before returning to school, each student worker was given gift coupons for a chain convenience shop (7-11) amounted NT\$ 500.</li> </ul>
	<ul> <li>The monthly salary for each student worker after his/her first year service was NT\$21,600, higher than the minimum wage set by the Labor Standards Act.</li> </ul>
	<ul> <li>Labor Insurance, National Health Insurance, Group Insurance, board, lodging, and annual leave and books gift coupons were all provided for every student worker.</li> </ul>
Welfare	<ul> <li>HTC provided transport for students to and from their schools during rotation intervals, to ensure their safety.</li> </ul>
	HTC provided meal subsidies.
	HTC provided gyms and held sporting events.
	<ul> <li>The working time for student workers was seven hours a day, from Monday to Saturday (as opposed to full working days of 8 hours).</li> </ul>
<b>Working Hours</b>	84 working hours per 2 weeks.
	<ul><li>Daily overtime hours were less than 2 hours.</li><li>45 minutes for lunch break.</li></ul>
	Free dormitories were provided with free water, power, and 24-hour air conditioning.
Lodging	A NT\$700 subsidy for bedding was given when student worker are on board to factory.
	Student guidance was performed by in-factory teachers.
	Hotline 8585 was answered by dedicated staff to communicate with Student.
Consultation &	HTC provided life services, including counseling performed by mental health counselors.      HTC built up a long torm interesting performed by mental health counselors.
Communication	<ul> <li>HTC built up a long-term interaction network with schools, in-factory teachers, and students.</li> <li>HTC worked with the Ministry of Education to complete annual appraisal and visits.</li> </ul>
	HTC worked with the Ministry of Education to complete annual appraisal and visits.      HTC reported to the competent authorities according to law (Labor and Human Resources Bureau, Taoyuan County).

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# Foreign Employees

The top priority for HTC when dealing with foreign employees is to raise the awareness of anti-discrimination regulations, to eliminate 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.

HTC provides complete orientation training for new foreign employees at its facilities in Taiwan, including an introduction to wages and welfare, explanations about the manufacturing process, environmental safety and health, work rules, dormitory regulations and daily life management, etc. We also value and listen to the voice of our employees. In addition to making detailed records of their feedback about their life and work, we communicate our concepts about sharing love and respect and teach them to review themselves honestly, love themselves, and respect others.

The health examination program for foreign workers is managed under a dedicated system and is identical to that for Taiwanese employees without any different treatment. We also manage follow up after the health examination, to ensure the state of health of the foreign employees.

In addition, we engage interpreters, managers, and consultants proficient in the different languages to give our foreign employees assistance in their daily lives, language, culture, and mental needs. The HTC dormitories have free Internet access, 24-hour air conditioning; the living quarters have well equipped gyms, reading rooms, and prayer rooms. Regular activities are held exclusively for foreign employees, such as NYR parties, and annual travel arrangements are made and regular labor-relations meetings are held to allow feedback about work and living conditions to ensure their physical and mental well-being.

Regarding management: In addition to professional skills, we also provide education in character development and communication skills, to build and strengthen good labor-management communications. For those foreign employees who have expressed an intention to quit, in addition to respecting their will, we also arrange interviews to assist in their future career planning and provide them with appropriate assistance.











Giving advanced notice about the tax refund period

Announcing the tax refund date

Cultural trips throughout Taiwan Trips to leading amusement parks

NYE celebrating activities

Encouraging employees to actively track the tax refund process

Tracking foreign worker agencies for the tax refund check

Annual travel (3 days during Chinese New Year Holiday)

• The "spiritual counseling office" available every Wednesday



Wage and Wo	elfare for HTC Student Workers
Listening to the voice of	<ul> <li>Recording employee feedback</li> <li>Holding quarterly labor-management meetings</li> <li>Forwarding employee opinions</li> </ul>
the employee	<ul><li>Following up handling results</li><li>Respecting employee decisions</li></ul>
Leisure measures	<ul> <li>Complimentary wireless Internet access</li> <li>The loan of mobile phones to newly recruited foreign employees that should be returned when they leave the country.</li> <li>An offer of Chunghwa Telecom service at preferential rates.</li> <li>Comfortable dormitory environment (air-conditioning available 24/7)</li> <li>Comprehensive gym facilities</li> <li>Library and prayer room</li> <li>Corridor beautification and propaganda bulletin</li> </ul>
Sound health exam program	<ul> <li>Aligning the welfare system with the requirement of health exam for foreign labor as provided by the applicable laws</li> <li>Biennial health exam for employees</li> <li>Follow-up of health exam results</li> <li>Entry health exam (general physical exam, general health exam as designated by the Council of Labor Affairs, check for intestinal parasites, chest X-ray exam, check for dengue fever, and check for Hansen's disease)</li> </ul>
Reasonable agency fees	<ul> <li>Fees determined according to the cost of the foreign labor coming to Taiwan from their respective countries</li> <li>Established charging standards for the exporter countries of foreign labor</li> <li>Punitive provisions for overcharges agreed with foreign worker agencies</li> <li>Requiring the foreign worker agencies to clearly list the total charge amount</li> <li>Verifying employee household certificates upon signing agreements</li> <li>A first questionnaire survey before visa is issued</li> <li>Second questionnaire survey 3 months after entry</li> </ul>
	Explaining tax policies to the employees

Asking employees to sign a "Proxy Statement for Claiming Tax Refund" before leaving Taiwan

Allowing employees to sign and receive their tax refund checks by presenting their employee badges

HTC 2013 CSR Report 049 048 Partnership

Physical

activities



# **Contractor Partners**

HTC focuses on industrial technology and works in collaboration with different professional contractors to jointly develop innovative products. In addition to learning from our long-term trusted contractors, we value each others' job safety. We have also established comprehensive safety and protection measures of our own and make them available to these trusted partners to promote our joint success.

In this regard, HTC formulates a comprehensive health and safety management plan each year to address the safety and health management of our contractors. Safety and health hazard education and training sessions are arranged in advance for all newly-recruited construction personnel. We help construction workers understand the operating environment, process safety requirements, and become familiar with the use of firefighting equipment to prevent occupational accidents before they happen.

HTC focuses on its core technical expertise and works with contractors leading their respective professions to jointly develop new products and technologies. When working with contractors who have a long relationship with HTC, we not only value the mutual experience, but also job safety. We believe that only when appropriate protective measures have been implemented will contractors and HTC both bring their full strength into play to create a win-win situation.

HTC draws up a comprehensive plan for safety and health management every year addressing the safety and health of contractors to prevent occupational accidents. All new construction workers have to training training about safety and health management, become acquainted with the work environment and safety rules for all processes, and also become familiar with the use of fire-fighting equipment.

# **Construction management measures to be conducted by Contractors**

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

# Safety and health audit to be conducted by Contractors

- Incorporating requirements for safety & health management in the written agreements with all contractors according to the applicable regulations to clearly define contractor obligations and responsibilities, and evaluate all the risks in the working environment, including risks 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. The performance of regular patrols, inspections and audits, 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.



# Supply Chain Partners

Suppliers are a vital factor for the continued success of HTC and also are important partners that support our sustainable development. HTC is committed to fairness and legal compliance in all its conduct towards both consumers and suppliers and has invested consistently in building a win-win partnership with suppliers through mutual sharing, learning, and growth.

# **HTC Supply Chain**

Component	Equipment	Devices	Devices and Service
Manufacturing process equipment & Raw materials	Semiconductors/ Component suppliers Electron device manufacturers/ Mobile device manufacturers		Telecom service providers/ Consumers

HTC was founded in Taiwan and is a Taiwanese company whose operations and procurement drives development of related sectors. Except for certain key parts and components, HTC's general procurement policy is to use raw materials and equipment originating in Taiwan to the greatest extent possible. We not only require our suppliers to provide quality services and products, but also measure our supply chain against stringent ethical and environmental standards.

Unit: NT\$ 100 million

	Supplier Code	Amount	Percentage of Total Purchase Amount (%)	Interests
	Α	22,566	18	None
2013	Others	100,375	82	
	Total Purchase Amount	122,941	100	
	Α	20,780	13	None
2012	Others	139,025	87	
	Total Purchase Amount	159,805	100	

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The HTC Supplier..... **CSR** compliance audit includes five stages

Issue notice the audit schedule

Perform the on-site audi<sup>,</sup>

audit reports nd corrective actions request

Perform on-site follow up audit to close out the nonconformities raised by initial audit

Conduct supplier classification according to the audit result

Require the suppliers to sign the "Corporate Social Responsibility (CSR) Survey and Declaration."

Set the Audit Date and Schedule

on-site audit

Conduct the supplier

Audited supplier replies to the corrective actions

# Undertaking responsibility as an **EICC** member

HTC is a member of the Electronic Industry Citizenship Coalition (EICC) and has formulated an HTC Supplier Code of Conduct based on the EICC Code of Conduct, with the aim of working with our supply chain partners to protect the environment, uphold the human rights of our workers, protect their safety and health, and extend this social responsibility throughout the supply chain system.



After joining the EICC in December 2010, HTC soon established the HTC Supplier Code of Conduct, based on the Code of Conduct issued by EICC, for all our suppliers to observe. We will continue to fulfill the responsibilities of EICC membership and conduct regular supply chain audits, participate in EICC activities, and perform all required information disclosures.

Though our supplier audit program was temporarily suspended in 2013, we seek to conduct annual social responsibility compliance audits on a subset of our suppliers to review compliance with the HTC Supplier Code of Conduct and the applicable laws in force at the suppliers' factory locations and ensure our suppliers all conform to their social responsibilities. The audit covers labor conditions, environmental issues, health and safety policies, ethical practices, and related management systems. In addition to the on-site audit, our auditing team also offers coaching and consultation and provides suppliers with all the latest information and knowledge during the audit process to give suppliers opportunities for growth.

# **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 regular assessment of implementation of the Code as the basis for our further selection of business partners.

The provisions about labor issues, health and safety, and ethics were framed with reference to the related documents issued by the EICC and United Nations Universal Declaration of Human Rights. For more information about the HTC Supplier Code of Conduct, please see: http://www.htc.com/tw/about/corporate-responsibility/

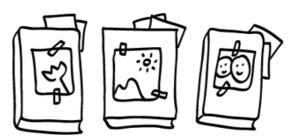
# **CSR Assessment & Audit**

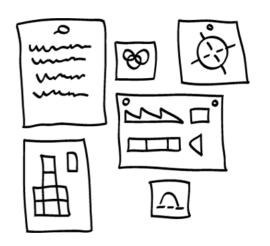
After establishing the CSR unit in 2010, we initiated an investigation of those suppliers that had implemented CSR. Twenty major parts suppliers were chosen in June 2011 for CSR compliance audits. The audits not only verified their understanding of the HTC Supplier Code of Conduct, but also to provided them with consultation and counseling.

We audit our suppliers regularly in compliance with the EICC Code of Conduct. Twenty suppliers were audited in 2011 and thirty in 2012. Thirty were due to be audited in 2013, but the audits were cancelled for business reasons. The supplier compliance audits were resumed in 2014.

# **CSR Educational Training**

HTC expects that our compliance audit will help our business partners recognize the importance of corporate social responsibility and, in turn, integrate CSR components into their operation. To ensure suppliers' support for HTC's CSR policy, in the future we will also organize and hold CSR training sessions that meet individual suppliers' situation and needs, helping our supply chain to improve its CSR capabilities.



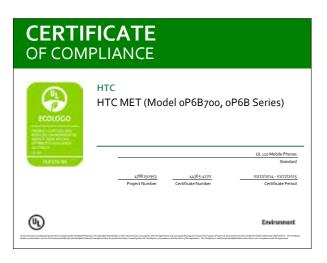




HTC 2013 CSR Report 053 052 Partnership

# The green supply chain management system

HTC has employed a green supply chain management platform since 2006 to help R&D engineers 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 validation process of green products.





# **Responsible Procurement of Minerals**

HTC has responded to global concerns about conflict minerals by supporting the Conflict-Free Smelter Program and pledging not to use conflict minerals. HTC is working with suppliers toward a goal of purchasing only from Conflict-Free Smelters verified by the EICC or with a Conflict-Free Smelter certification through a responsible procurement practice. Because these validation programs are relatively new and industry is still in transition, not all of HTC's suppliers have satisfied this requirement to date. Conflict-free minerals products are scheduled to be developed for market launch in 2016.

To establish HTC's goal of ensuring the sources of metal such as gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) are conflict free, we and our suppliers have adopted the HTC Conflict Minerals Procurement Policy and suppliers sign Conflict-Free Minerals Letter of Guarantee, committing to a concerted effort to avoid all use of conflict minerals.

We have used of the Conflict Mineral Reporting Template issued by the Conflict Free Smelter Initiative (CFSI) to investigate the sourcing of our suppliers. The questionnaire reply rate for HTC's suppliers in 2012 was 92.54%. According to the survey results, the major locations of smelters providing metals for HTC are China, Japan, the United States, and Indonesia, though these smelters may process minerals sourced from other locations. Obviously, HTC has taken practical actions to address the associated impact and influence of conflict minerals.

HTC has not only monitored and managed its supply chain to discourage the use of electronic parts produced with conflict minerals, but HTC also supports the CFSI audit and verification process to ensure the minerals HTC uses will be conflict-free.

# Tin mining on Bangka Island in Indonesia

In 2012, Friends of the Earth reported on the devastating environmental and social costs of tin mining on Indonesia's Bangka Island. HTC recognizes this serious issue and shares concern about environmental and social impact from tin mining in Indonesia. The results of HTC's 2012 survey of first tier suppliers indicate that tin originating from Bangka Island is used within HTC's supply chain.

Because Bangka Island is the source of about a third of the global tin supply, it would be difficult at this time to completely eliminate Bangka Island tin from HTC's supply chain. Additionally, the economy of Bangka Island is heavily reliant on tin mining, much of which is conducted by artisanal and small scale operations. Accordingly, HTC is closely following the efforts of the EICC, in concert with Friends of the Earth, the Sustainable Trade Initiative (IDH), and the international tin industry association (ITRI), to assess the local situation and explore ways to support sustainable growth through responsible sourcing. HTC also has adopted policies designed to promote compliance by directing that, regardless of where materials are sourced from, suppliers must ensure that responsible environmental and social practices are utilized throughout the supply chain, including prohibitions on child labor, forced labor, and excessive damage to the environment.

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<sup>&</sup>lt;sup>1</sup> The Conflict-Free Smelter Program website of the Conflict Free Sourcing Initiative is http://www.conflictfreesourcing.org.

<sup>&</sup>lt;sup>2</sup> The HTC's conflict-free mineral products development will be conducted in accordance with the qualified 3TG Conflict-Free Smelter List (CFS List) published by the Conflict Free Sourcing Initiative. HTC will continue to observe the development of the CFS List and take relevant measures and actions dynamically.





# | HTC People |

At HTC, we believe that the key to maintaining the momentum of innovation in a company lies in its having competent and talented employees. HTC has a presence in many countries around the world and recruits local talent who reflect HTC's motto of "Quietly Brilliant<sup>TM</sup>." In recent years, we have fused the strengths of both Western and Eastern talent, held onto our dreams and passionately faced all the challenges to realize innovation and create an exciting HTC working environment that presents diversity and vitality, as well as enthusiasm.



- HTC was awarded "Employment Contribution Award 2010."
- HTC was recognized as an "Employer Adequately Hiring Handicapped Workers in Taoyuan-Hsinchu-Miaoli Region" in 2011.
- In 2012, HTC hired more than 5,300 employees in Taiwan, and was one of the Top-10 Companies in the TWSE RA Taiwan Employment Creation 99 Index.

# Attracting and Retaining Talent

HTC embodies the concept of being "Quietly Brilliant," integrates the advantages of combined Eastern and Western talent, and insists on the spirit of going after our dreams, passion, challenges and the pursuit of innovation to compete in a rapidly changing global mobile telecommunications market against other international brands.

We have global distribution points deployed in many countries, provide a diverse and multinational working environment, and have promoted and built up a vision of strength and cross-cultural professional knowledge and experience. We promote international personnel training, recruit dedicated youth and guide them towards international careers in research and development, engineering, product development, business management, international marketing, and even literature and art in our global Top-100 brand company. We nurture competitive transnational talent to show the world the solid strength of HTC in Taiwan.

# **HTC Recruitment Plan and Development**

HTC recruits an average of one thousand employees each year through fair and open recruiting channels to ensure a proper balance of competent individuals with both talent and potential. To ensure that the knowledge and skills of the new recruits meet the many different needs of the company, HTC regularly participates in campus recruitment activities and seminars that give students and employees the opportunity to interact and communicate.

In collaboration with Lunghwa University of Science and Technology, Yuan Ze University, Ming Chuan University, China University of Technology, Chien Hsin University, Vanung University, Hsing Wu University of Science and Technology, and Ming Chi University of Technology, HTC offered one year internships to 224 college students so they could engage with and adapt to corporate culture as early as possible and develop important occupational skills. HTC also co-organizes a telecommunications contest with Taiwan's Ministry of Economic Affairs to attract talent to participate in the field of innovation and research and to discover people who have the kind of qualities and professional skills needed by the company.

HTC is actively engaged in recruiting events organized by Taiwan's Department of Labor and Employment Service Office and has made changes to the workplace and environment to make it easy to provide job opportunities for people with disabilities and allow them to exercise their skills and expertise.

# **Overview of Manpower Structure**

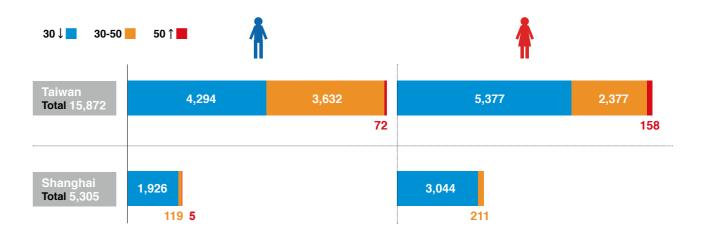
HTC has always regarded employees as an essential part of our business. We actively recruit people who share a worldwide sense of value with the company. At the end of December 2013, the HTC global employee workforce totaled 19,252. Of these, 551 were foreign supervisors, accounting for 36.39% of the total number of executives worldwide; foreign supervisors and professionals together accounted for 18.64% of the total number of executives and professionals worldwide and 20.41% of the 1,514 supervisors were women.

# **HTC Manpower Overview**

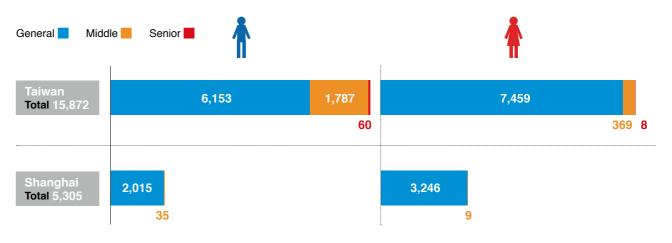
	Unit	2011	2012	2013	2013 Shanghai
Male Taiwanese employees	Individuals	8,079	7,768	8,000	2,049
Female Taiwanese employees	Individuals	6,427	6,484	7,872	3,255
Male full-time workforce	Individuals	8,035	7,757	7,949	2,050
Female full-time workforce	Individuals	6,362	6,477	7,816	3,255
Male direct employees	Individuals	4,002	4,107	4,375	1,853
Female direct employees	Individuals	5,044	5,304	6,658	3,195
Male indirect employees	Individuals	4,077	3,661	3,625	197
Female indirect employees	Individuals	1,383	1,180	1,214	60
Male contingent workforce	Individuals	1,400	1,701	1,334	1,577
Female contingent workforce	Individuals	1,157	1,335	777	2,440
Male employees under fixed-term contracts	Individuals	42	24	51	0
Female employees under fixed-term contracts	%	62	32	56	0
Percentage of employees younger than 30 years old	%	57.07%	59.09%	60.94%	93.69%
Percentage of employees aged 30 to 50 years old	%	41.40%	39.41%	37.61%	6.22%
Percentage of employees older than 50 years old	%	1.54%	1.50%	1.45%	0.09%

Note: The above figures are all annual average.

# People Employed - Disclosed by Age and Sex in 2013 - Taiwan and Shanghai Plant



# People Employed - Disclosed by Age and Sex in 2013 - Taiwan and Shanghai Plant



Note: Senior: CEO, CMO, CFO and other executive positions above Vice GM
Middle: Department Heads, Managers, and Section Chiefs
General: Engineers, Overseers, Foremen, Administrators, Assistant Technicians, Trainees, Student workers, and foreign employees



# A Sound Wage and Welfare System

HTC is committed to maintaining an innovative, stimulating, and profit-sharing work environment. In addition to meeting statutory requirements, we are also committed to fulfilling the needs of our employees and providing appropriate welfare measures along with attractive and motivating compensation and benefits programs.

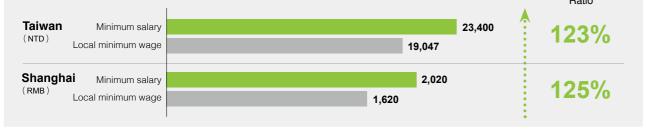
HTC has an annual pay raise scheme stipulated in accordance with the competitive industrial environment, operating performance, and market benchmark standards. HTC promises to offer a long-term retention plan and bonuses for outstanding performance and makes contributions to long-term development. Furthermore, the general manager is to propose the award of additional yearly performance bonuses to the Board of Directors for resolution.

HTC issued employee stock options for 15,000,000 units in 2013. Each option is for the subscription of one share of common HTC stock. The stock option price is based on the closing price of HTC common stock on the date of issue. Having employee contributions integrated with the financial performance of the company encourages staff to continue to contribute and be innovative.

# **Salaries and Benefits for New Recruits**

HTC employee compensation package includes a base salary and short-term and long-term incentives. For new employees, we offer competitive pay based on job responsibility, education, work experience, and the market benchmark. We are committed to a non-discriminatory hiring policy. All applicants are assessed on the basis of their qualifications without regard to gender, race, nationality, age, religious belief, or political affiliation.

The starting salary of HTC junior staff in 2013 was NT\$23,400. The minimum wage in Taiwan in April 2013 was NT\$19,047. The ratio of the minimum HTC salary to the lowest local starting salary ratio was NT\$23,400 / NT\$19,047 = 123%. R&D personnel with a Master's Degree in a suitable major subject, earn a monthly salary of NT\$50,000 and 14-monthly salaries a year are offered.



In addition to bonuses, we invite outstanding teams and individuals to headquarters to receive public recognition and bonus incentives and attend management seminars.

If an employee does not perform well in their originally assigned job and position, HTC has an internal redeployment system available to provide the necessary assistance for redeployment, job enrichment, or planning a career change.

HTC has an official and lawful retirement and pension plan for employees in Taiwan that was established when the company was incorporated. An amount equivalent to 2% of an employee's 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, had their appropriation rate adjusted from 8% to 2%.

# **Diversified Employee Welfare**

We provide a wide range of employee welfare and benefits programs, including: Labor and National Health Insurance, a pension fund, commercial group insurance, meal allowances, annual travel subsidy, physical exams, department's dinner (event) subsidy, monetary assistance on the Dragon Boat, Mid-Autumn, and Chinese New Year holidays, and for personal events, like wedding and dependents' funerals, and company club activities, free on-site gym and fitness training courses, massage and bookstore gift coupons, etc. Benefits for employees outside of Taiwan may vary.

# **Welfare Committee**

The HTC Welfare Committee is responsible for all employee benefit matters, including education scholarships for children, festival gifts, book gift certificates, department travel subsidies, activity subsidies, and group insurance. The committee is also responsible for the gymnasium and outdoor playgrounds.

### **Group Insurance**

HTC and the Welfare Committee buy group insurance for employees with a maximum coverage of 60 times the monthly salary, so that an employee who is hospitalized for sickness, injury, or who dies, can still provide some security and protection for their families.

# **Annual Health Check Subsidies**

All employees in Taiwan receive a health examination subsidy according to their job titles and rank. HTC signed an agreement with the health examination agency to include the spouse and family in the health examination program.

	DL	IDL	Top Management
Qualification	Direct labor with one-year seniority	Indirect labor with one-year seniority	Director and Junior VP and superiors with one-year seniority
Items	Health examination better than required by law	Health examination better than required by law	MRI + blood test

# **Free Dormitory for Students**

HTC has given in-depth consideration to accommodation space and other needs of students. Living and entertainment facilities, such as a gym, library, reading and common rooms, as well as the provision of full-time administrators and guards who form a joint force with the police and citizens to ensure the safety and security of the residents.

# **Transportation Vehicles**

HTC offers employees many different means of transportation on several different routes for commuting to and from work. The vehicles provided ensure safety and peace of mind as well as being very convenient.

# **The Meal Subsidy Program**

Meal subsidies of NT\$55 for lunch, NT\$75 for dinner, and NT\$100 during holidays are offered to indirect labor. Meal subsidies of NT\$50 for lunch and dinner are available for direct labor working during regular office hours..

# **Travel Subsidy**

A travel subsidy of NT\$2,000~NT\$4,000, according to seniority, is provided to employees by HTC and the Welfare Committee.

# **Sports Season**

To encourage employees to be more involved in leisure activities, HTC holds an annual sports event every July-August. This has gone on for seven consecutive years since 2006. The sports usually include basketball, table tennis, badminton, and dodge ball and even quiet games such as bridge and chess.

There were 624 participants in the 2013 sports event. Diverse sports were offered to exercise both physical and mental ability. This helped many employees who were rarely involved in physical activity to take part and enjoy themselves.









# Family Day 2013

HTC not only values our employees, but also places great value on family relationships. Family Day events are held annually and all employees and their families are invited to participate. The mission is to bring the company and the family closer through the Family Day events and HTC takes this opportunity to show their appreciation for the loyalty and support of all our employees.

Family Day events are periodically held by the company at the Taipei and Taoyuan offices that help the families of employees appreciate the working environment and allow access to the available recreational facilities. Recreation spaces as large as 140,000 square meters are available and up to 45% of the 12,000 people who take part are employee family members.

A Family Day event was held on August 3, 2013. The featured themes were a LOHAS Hall activity, environmental protection and energy saving, and health. The energy-saving design of the TPE1 Building, which received USA LEED Gold Certification and Taiwan Green Building Gold Label, was introduced.



# Valuing Human Rights and a High Standard of Professional Ethics

HTC values human rights and equal compensation and does not tolerate gender discrimination. As an international corporation and a member of EICC (to view the EICC membership list please visit http://www.eicc.info/MEMBERSHIP.htm), HTC strictly follows the related regulations and as a responsible employer incorporates care for human rights into all aspects of daily operations. All HTC operating facilities in Taiwan and China received a human rights inspection and impact evaluation in 2013.



People are the most important asset

# Non-Discrimination and Harassment

Diversity of nationality is one of the characteristics of HTC staff and the principles of equality and non-discrimination are core company values. We are an equal opportunity employer and do not discriminate in employment and personnel practices on the basis of race, sex, age, physical or mental disability, religion, national origin or any other characteristics protected by law.

# No Child Labor

HTC strictly prohibits the use of under-aged 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.

Our Supplier Code of Conduct for manufacturing suppliers restricts any form of unfair labor practices and clearly articulates our requirement that all factory workers are of legal working age.

# **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.

The HTC Code of Conduct establishes policies related to secrecy, corporate property, protection of corporate and personal information, employees and their direct relatives, consumers, vendor relationships and business etiquette, business travel, conflicts of interest, external part time jobs, insider trading and so on, to place strict curbs on any kind of dishonest activity. HTC has introduced procedures for donations by providing principles for their approval and handling.

All HTC employees are required to understand and observe the employee rules and other policies of the company. Supervisors are responsible for verifying that employees fully understand the contents of this code. In 2013, all HTC employees completed an online review and signed the HTC Code of Conduct.

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, environment, safety, and health (ESH) policy and corporate social responsibility. An e-learning program for new employees is also provided that explains the HTC corporate principles using exemplary cases.

The HTC Code of Conduct has provisions that give clear directions for employees who face conflicts of interest. In all countries where HTC operates the Code takes precedence over any local regulations unless there is direct conflict between the HTC code and the laws and regulations proclaimed by the local government. 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.

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# **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 policies and programs 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 cancer screening program is part of the annual health check for women. 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 breast pumping, in addition to the free selection of time for breast pumping, including nursing facilities and environment better than required by law, which feature a warm and comfortable nursing environment, ultraviolet milk bottle disinfection devices, microcomputer thermos, comfortable sofa chairs, breast milk storage refrigerator, and infant breast-feeding-related publications and light music. HTC has 25 breast-milking rooms which were visited 33,732 times in 2013.

We provide employees with opportunities to have an enriched professional life in HTC. We encourage and support employees who give birth and raise children. In addition to providing full support for pregnant employees, we also have an application mechanism for parental leave, so that postpartum employees can have parental leave and take care of their babies with their future working rights fully assured.

# **Employees applying for Family Care Leave, 2010 to 2013**

Year	2011	2012	2013
Male	9	56	131
Female	41	86	149
Total	50	142	280

# **Employees applying for Unpaid Parental Leave and Resuming Duty after Leave, 2011to 2013**

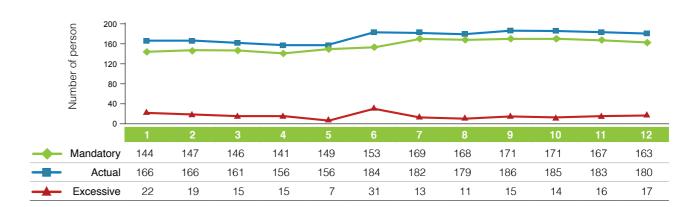
	Male	Female	Total
Employees applying for Unpaid Parental Leave in 2013	42	109	151
Employees supposed to return after Unpaid Parental Leave in 2013(A)	21	49	70
Employees supposed to return and those resuming duties after Unpaid Parental Leave in 2013 (B)	11	33	44
Rate of return after Unpaid Parental Leave in 2013 (B/A)	52.38%	67.35%	62.86%

Note: 1. Employees applying for Unpaid Parental Leave: Employees on Unpaid Parental Leave

# **Employment and an Accessible Working Environment for People with Disabilities**

As a responsible employer, HTC provides opportunities for people with disabilities. In addition to relying on talent-job matching conducted by supportive organizations, 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. Thorough education and training is provided to help employees with disabilities to make a contribution to society and enhance their own quality of life. In 2013, HTC hired 180 people with disabilities, which exceeded the mandatory minimum number by 17.

In addition to maintaining a handicap-accessible environment for our employees and visitors, we also have employee volunteers who act as "Angels" to help handicapped coworkers handle the basic necessities of life and work.



# **HTC Shanghai Plant – Employee Training**

HTC values all employees equally, and those in Shanghai receive exactly the same training and health services as those in Taiwan. In addition to front-line production operator safety training and operations discipline, the monthly ongoing internal training courses include job skills, management skills, and processing. Employees can also join activity groups with interests that coincide with their own: hobby classes of many kinds, such as flower arranging, yoga, beauty courses and so on.

New HTC recruits undergo an orientation training session on the day they report for duty to learn about HTC corporate policy, the Code of Conduct for employees, ESH policy, and corporate social responsibility. An e-learning program for new employees is also provided that explains the HTC corporate principles using exemplary cases.

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. Any violation of the HTC Code of Conduct can lead to serious disciplinary action, including the termination of employment.

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<sup>2.</sup> Employees returning after Unpaid Parental Leave: Employees applying for Unpaid Parental Leave- Employees having filed return applications

# Valuing Employee Health

HTC regards employees as a crucial asset. For this reason, we strive to create a working environment that is safe, comfortable and which inspires creativity. We always care for employee working needs and try our best to satisfy them. At HTC, we know that only when all our employees maintain their professional strength and engage themselves fully in development of the company will HTC succeed as a corporation and enjoy sustainable development. HTC continues to help our employees maintain a proper life-work balance, as well as their mental and physical health.

Ensuring the health of our employees has the highest priority, and we strive to provide all employees with a healthy and comfortable working environment. We pay particular attention to four areas: health management, health enhancement, vocational health, and employee assistance. HTC has also established a response mechanism at management level for all modifiable infectious diseases to ensure the effective use of support resources and safeguard the health of our employees.

# **Health Enhancement Scheme for HTC Employees**

Area	Actions	20 9 0 0 0 0	
Health Management	<ul> <li>Health center for managing and planning aff</li> <li>General and outpatient rehabilitation service</li> <li>MRI health exam and management for senic</li> <li>Health exam and management for indirect s</li> <li>Health exam and management for direct sta</li> <li>Health exam and management for new emp</li> <li>Health exam and management for foreign end</li> <li>Health exam and management for catering sometimes</li> <li>Health exam and management for special-on</li> <li>Special care and case follow-up management</li> <li>Management/tracking for abnormal HE resu</li> <li>Health information webpage</li> </ul>	Employee Citic Welcome fo TV3	
Health Enhancement	<ul><li>Monthly topic seminars</li><li>Cancer screening</li><li>Outdoor fitness equipment settings</li></ul>	Smoking cessation promotion Influenza vaccination Infectious disease control and treat Blood donation activity Aerobics	tment
Vocational Health	<ul> <li>Establishment and maintenance of HE Database for Special-Operation Staff</li> <li>First-aid training</li> <li>Prevention and treatment of occupational injuries and illness</li> <li>Workers return to work management</li> </ul>		
Employee Assistance	<ul> <li>Mental consultations</li> <li>Special counseling</li> <li>EAP promotion activities and leaflets for new</li> <li>EAP advocacy monthly newsletter</li> </ul>	v employees	





# **Setup of the HTC Staff Clinic (HTC Infirmary)**

In order to fulfill our commitment to care for the health of employees, we established the HTC staff clinic in 2013 to provide employees with health services, including family medicine, rehabilitative medicine, general medical service, physical therapy, radiology, etc.

HTC employees are not required to pay a registration fee at the staff clinic. The dependents of employees and suppliers (stationed at HTC to provide service) can be treated at the staff clinic and enjoy the same benefits and services as HTC employees.

# **Regular Health Checks**

In addition to providing employees in Taiwan with regular statutory health checks, HTC provides an annual health check superior to that required by law. In the implementation of various measures, the direct labor health examination rate in 2013 was 100%; indirect labor health examination rate was 89.48% which was a substantial increase (10.97%) over the previous year.

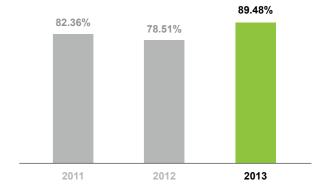




# HTC employee health check measures

- 1. Held biennially
- Health check items superior to those specified by the Council of Labor Affairs
- 3. Health Check Category:
- General employee health checks
- Specific health check for special work operators
- · Executives MRI health check
- 4. Health examination subsidy, so that employees can enjoy a more comprehensive health examination
- Contract health examination instituted to include the dependents of the employees in the health examination program

# **IDL Annual Health Check Rate**



# **Health Follow-up Management**

After a health check has been completed, the clinic staff will classify any abnormal results for management in accordance with the findings. They will also help arrange the services of consulting physicians, conduct any relevant health management and education, and continue to care and track the health and condition of the employee as required, according to the severity of the condition, to ensure patients receive comprehensive health care.

The HTC health management program includes: basic health data archiving, abnormal results hierarchical management, abnormality reporting, rechecking and follow-up, annual health check report statistics and analysis, chronic disease management, and special disease case interviews and follow-up. Health promotion activities are also arranged for common health check abnormalities to help employees manage their health.

# **Health Promotion Programs**

It is well known that the pressure of a technology industry can cause employees to neglect the importance of their health. For this reason HTC, in addition to providing employees with an additional comprehensive health care service, also promotes relevant health care programs to provide employees with accurate health management information and give staff the necessary self-health management capabilities.



#### **HTC Health Promotion Courses Participation in 2013**

	EAP Propaganda	Human Factors Engineering courses	Dental Care	Trauma Course	Smoking Cessation Courses	First Aid Courses	Parenting Courses for Women	Vision Care	Infectious Diseases and Cancer Prevention	Exercise and diet weight loss courses	Total
Course hours	2	6	2	3	1	18	13	2	5	6	58
Number of participant	53	181	77	94	8	630	183	205	814	718	2,963

#### **2013 Regional Health Promotion Courses Participation**

	KD	TPE1	Beijing	Beijing E. Road	Tainan	Taoyuan	Zhangjiang	Hsinchu	Total
Number of participants	10	1,440	19	52	66	1,314	49	13	2,963



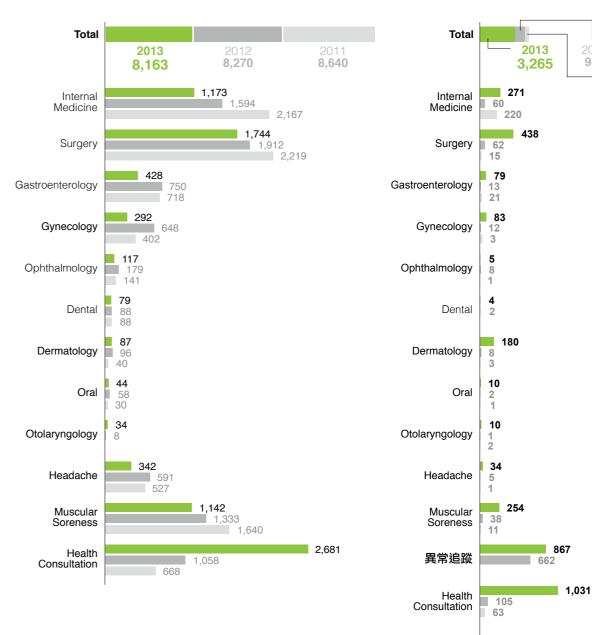


#### **Taoyuan Health Center Patient Statistics**

#### **Taipei Health Center Patient Statistics**

2011 **341** 

988









# **Creating a Great Working Environment Where Employees Can Work Happily**

HTC provides all employees with a happy and healthy working environment. To this end, HTC's Taipei headquarters has devoted two floors - with the best views - to the construction of a multi-purpose recreational center. This includes a lofty and spacious restaurant where employees can be served healthy and nutritionally balanced gourmet meals.

A gym has been set up on the tenth floor where there are tall French Windows that allow enjoyment of the very fine view during workout sessions. The HTC gym is open 24 hours a day and there are 74 different pieces of fitness equipment available. Fitness coaches are available to provide guidance and counseling. In addition, there are stress alleviation courses, such as yoga, boxing and so on.

HTC has made an arrangement with a professional fitness consultancy firm to provide employees with fitness coaches who can guide and help them with fitness plan curricula, as well as providing advice about safety and health and the avoidance of sports injuries.

HTC offers a wide-ranging employee health program that includes a diverse selection of courses such as static yoga, Pilates, dynamic pop dance, flywheels, TRX core muscle development and so on. Employees can select courses according to their needs and interest. HTC developed a staff app that allows employees to enroll in courses by tapping them on their phone screens to save themselves the time and trouble of waiting in line.

We have also signed a contract with the Eden Social Welfare Foundation to set up a full-time blind massage area in the gym, where our employees can enjoy a massage to relieve pressure and fatigue.

HTC has improved the green landscaping around our buildings and has installed pot plants inside the offices. These plants, which give the areas a green freshness, are situated 20~50 meters apart all around the working spaces and are changed regularly. The outdoors landscaping has permanently arranged trees and shrubs that provide a pleasant green environment for leisure.

#### **Overview of Gym Visits**

Location	Person/Visits
Taoyuan	94,842
Xindian	55,878

# HTC Aerobic Classes Participation

Location	Person/Visits
Taoyuan	5,575
Xindian	7,027

#### **HTC Massage Participation**

Location	Person/Visits
Taoyuan	682
Xindian	628

### **The Sense Academy**

To stimulate employees' art appreciation and aesthetic application to life and design, HTC invites experts in branding, aesthetics, and humanities, arts, worldwide fashion and other fields of interest, to help employees develop their aesthetic sense and appreciate the balance of sense and sensibility while facing the pressures and challenges of global science and technology development.



#### **Achievements of the Sense Academy**

Course	Lecturer	No. of Participants
A dream is a treasure map	Yan Po Chen	139
The secret recipe for success in the kitchen	Master Chef Aki (Yen Chi Cheng)	162
Master thinking, a life with no regret - "Think fast slowly" review	Lan Hung	180
Enhance science and technology work with sensibility	Wen Hua Wang	164
Don't forget the initial dream and the dream comes true (I)	Hsin Ling Shen	88
Don't forget the initial dream and the dream comes true (II)	Cheng Chung Wang	66

#### **Gallery-like Environment**

The ground floor lobby in the HTC headquarters building in Taipei is used as a gallery for art exhibitions. Many famous and potentially famous Taiwanese artists are able to show their work to the more than 2,000 employees, customers and business partners who pass through the lobby each day. In addition, the 2nd and 3rd floors are used by the HTC Education Foundation, which is focused on character education. The Foundation runs training classes to cultivate domestic and foreign character education teachers who help children in remote villages to expand their life experience and broaden their horizons.

The central staircases in our buildings are decorated with paintings made by members of the company painting club and photographs taken by enthusiasts from the photography group. One work is displayed on each landing and there is a text introduction to each. Green decorating ideas are also used, and there are plants in plots and hanging baskets. Background music is played and the stairwells are transformed into galleries with diverse aesthetic elements. The fresh and interesting atmosphere helps to release both physical and mental stress.

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# **Art Appreciation - Magnus**

#### **Number of participants and Art Festival sessions**

Art Season courses	Instructor	Number of participants
Puppet Show	Puppet & Its Double	42
Art Gathering	Taipei Art Troupe	65
How to create a pleasant relationship between the sexes	Yu Hui Liao	42
Entering the classical music hall (TEP1 / TY)	Professor Chu Wei Liu	64/52
Traditional opera for you and me	Professor Mao Hsien Lin	38
Threesome (TPE1 / TY)	Ping-Fong Acting Troupe	142/98
Love of movies and music - Cello	Phiharmonia Moments Musicaux	65
Chinese Opera kaleidoscope	Contemporary Legend Theatre	54

#### **The Global Employees Photography Contest**

HTC works hard to make employees feel appreciated and the art environment at headquarters encourages them to exercise their creativity. HTC held a global employee photography competition in 2013, and employees all around the world caught moments of joy and happiness on their HTC mobile phones. A selection of these photos are exhibited at the Taipei and Taoyuan facilities. The product quality shines through these images and they are much appreciated by the employees and by everyone else who sees them.







Most popular work: Beautiful Hallstatt (HTC 2nd Prize: True friendship (HTC Gurgaon)



1<sup>st</sup> Prize: Festivities in the bridge cave (HTC 3<sup>rd</sup> prize: Water Dance Elf (HTC Taiwan) Shanghai)







# **Employee Assistance Program (EAP)**

The constant challenge and rapid changes in our highly technological industry can result in rather high job stress in our employees. The avoidance of stress is a major concern at HTC and we pay constant attention to employee working hours to steer clear of disorder and the attending stress and fatigue.

HTC has been working with the Hsinchu Lifeline Association since 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. All employees are entitled to six free counseling sessions per year at the expense of the company. By the end of 2013, 141 persons had taken advantage of counseling.

- Appointment Hours: Monday ~ Friday 9:00am ~7:00pm
- Reservation Tel: 439 595 or Mobile: 03-5260415





# **Physical and Mental Pressure-Releasing Mechanism**

To encourage our employees to develop the habit of exercise, we have built a high standard fitness center with fitness training professionals in attendance. Training courses are available that include slim curve, pain relief, aerobics, yoga, and flywheels. In addition we have a contract with the Eden Social Welfare Foundation who have set up a fulltime blind massage facility. Employees can take advantage of the services of an expert masseur to relieve pressure and fatigue.

We offer employees a wide range of interfaces, provide grants and encourage them to participate in community activities. We urge employees to cultivate an interest in sports and leisure activities in their spare time to enhance life experience. We organize all kinds of events, family days, sports competitions, and literary competitions for employees to enjoy leisurely and friendly gatherings outside work.

#### **Activity Groups**

The available clubs are: Badminton, Puzzle Board Games, Orphanage, Hawaiian Guitar, Leisure Fun, Yuan-Min Rai-Chi, Creative Volunteer, Melody Health, Basketball, Table Tennis, Creative Aesthetics, Cycling, Music, Photography, Fashion & Beauty, Tai-Chi, Ukulele, HTC Run, and Wine Tasting.

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# **Upholding Healthy Catering**

To ensure our employees have healthy and satisfying food, we have engaged experienced licensed chefs from five-star hotels and dieticians to design and produce healthy, nutritional, and delicious meals using ingredients from reputable and certified food suppliers. The meals are nutritionally balanced and the number of calories is controlled, giving HTC employees the opportunity to enjoy high quality and healthy food.

We strictly prohibit the use of food ingredients provided by shady suppliers and insist on food that complies with CAS, GMP, ISO, and HACCP certification. The procurement of branded food ingredients is prioritized. An annual procurement contract is signed with each source and inspection certificates are confirmed. We do our best to support local Taiwanese producers.

In terms of the safety of food and health management, HTC ensures: environmental disinfection, the clothing of kitchen employees, waste control, frozen food storage temperature, and energy use, are all controlled using a check list. Food handling is strictly controlled from storage, cleaning and cutting, to cooking and serving.

Kitchen utensils and cups and glasses used in HTC meetings are all recycled. The use of self-supplied cups for counter drinks is encouraged.





HTC Café One

The café uses ILLY brand coffee from Italy which is served in fine looking cups with exquisite flower patterns. Delicious desserts help employees start each beautiful day and enjoy every happy moment.



Fresh, high-quality natural ingredients are used for the hand-made low-sugar and low-fat bread. The Juice Bar provides a fruit feast that has no additives at an affordable price.



# **Smoke-Free Workplace**

HTC proactively addresses the government policy of a smoke-free workplace. Tobacco control rules have been established and there is an absolute ban on indoors smoking at all our facilities. In addition, we hold smoking-cessation courses for employees who smoke. These courses are planned by physicians, social workers and nurses, and family members are invited to join. Tracking and follow-up coaching is provided during and after the courses. We also provide pressure release massage as an incentive for successful smoking cessation to encourage employees to quit smoking on their own.



# Listening to Voice of the Employee

HTC employs more than 17,000 people around the world, and a sound internal communication mechanism is vital to our operation and growth. For this reason, HTC pays serious attention to ensuring proper internal communications and endeavors to maintain good harmony between the employees and management based on mutual trust.

HTC is committed to creating an atmosphere of mutual trust between employer and employees while also focusing on internal communications. A labor conference is held at our Taiwan office every two months and seven employee representatives, elected in March 2013, regularly negotiate with seven company representatives. At least six annual meetings are held. 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.

At labor-management meetings, pending issues not resolved in the last meeting are discussed first. The heads of related departments are invited to attend and propose practicable improvement measures. In the event that any matter requires negotiation, the results are only valid if 75% of the attending representatives come to a properly negotiated agreement.

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 these regular staff communication meetings, we have also set up several other communications channels through which employees may make suggestions and offer opinions. One of these is the 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. A good communications mechanism results in harmonious labor relations. Labor disputes, bad feelings and losses can all be avoided.

# **Employee Satisfaction Survey**

To investigate and understand specific employee comments about the company and seek suggestions and improvements, we commissioned Aon Hewitt to conduct a global employee survey in 2013. Questionnaires were sent out to 6,884 employees and a total of 5,255 were collected, which represents a 76% response rate. There were 22 categories in the HTC Employee Questionnaire, with the degree of satisfaction illustrated as follows.

Relatively high satisfaction	Coworkers, Customer Focus, Immediate manager, Communication
Relatively low satisfaction	Managing Performance, Collaboration, Career Opportunities

In the relatively high satisfaction aspect it was clear that HTC staff appreciate relationships. A good relationship with colleagues and supervisors definitely makes employees more comfortable and happy. HTC employees also value our relationship with customers and provide customer feedback on demand in a timely manner.

HTC is addressing the shortcomings reflected in the relatively low satisfaction comments by the introduction of a new strategy and the promotion of improvement measures (e.g., opportunities for staff to meet with top management in a casual setting).

# **Employee Feedback Channels**

To maintain a friendly working environment, HTC employees are able to report workplace problems and seek assistance through a hotline.

- Work problems
- Leadership style and communication
- Compensation, benefits, and working hours
- Workplace sexual harassment, sexual abuse, or sexual discrimination
- Counseling and referral to Employee Assistance Program

- Direct labor at the production line: Ext. 38585
- Indirect labor: Ext. 28585
- HTC Employee Assistance E-mail: HelpMe\_8585@htc.com

# **HTC Employees Notification System App**

To provide employees with a more convenient information network and services, HTC has built a proprietary company app to provide staff with readily available services, these include relevant course information, the latest event announcements, staff clinic services, as well as all kinds of reservations such as: regular physical examination, gym courses, massage appointments, restaurant bookings, employee issues, and immediate feedback.



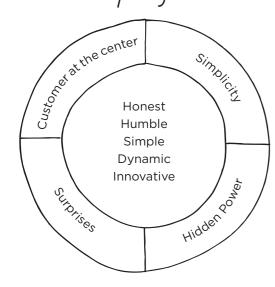
# Complete Education and Training Plan

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 in seeking 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.

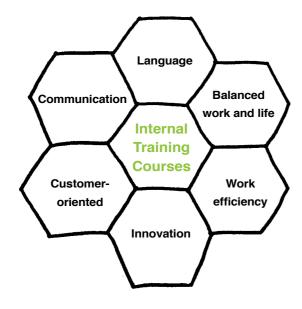
Talent cultivation is a focus of HTC. We have a blueprint for systematic learning and development and design internal training courses based on the five core occupational functions so our employees can learn through diverse channels and substantiate learning effectiveness.

#### **Five core occupational functions**

# We are quietly brilliant



#### **Internal Training Courses**



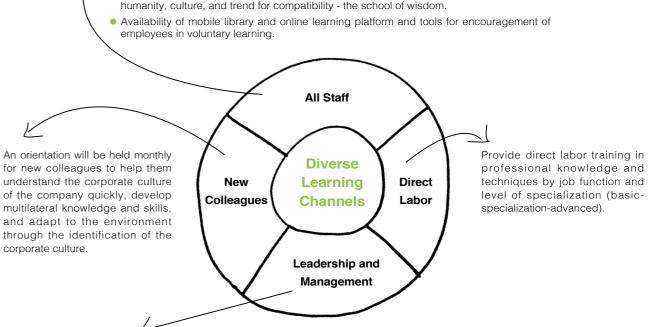


# **Diverse Learning Channels**

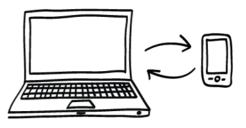
HTC has a blueprint for systematic learning and development and provides diverse learning channels and an environment that substantiates the promise of employee growth alongside that of the company. HTC cultivates a learning program that includes: general staff training, leadership and management job training, professional skills training, and new employee training courses (including languages and new staff training).

HTC provides a diverse and comprehensive learning environment, creates a learning culture, and promotes staff growth and organizational development through internal and external training, job training, teaching and guidance by supervisors, online learning, and the self-taught approach.

- Internal training is designed on the basis of the 5 core functional areas of management through a series of diversified channels of learning for reinforcement of the result.
- Learning skills through exercise drills in a classroom environment and online learning.
- Experts in different fields of specialization from all parts of the world are invited to share their innovative concepts of industry trends and the roadmap of technology of the future.
- An emphasis on sense and sensibility through the integration of brand, aesthetics, humanity, culture, and trend for compatibility - the school of wisdom.



For the incubation of key leading team, we have developed a series of Leadership Development Framework for the training of function heads at all levels. The program is an integration of core values, organizational development strategic direction, leadership and management. Action plans have also been designed after each session of the program so that management at all levels can realize their knowledge and skills in daily work and demonstrate their leadership skills, including an evaluation before and after the training, keeping records under supervision, and presentation of insights after the training.



## **Comprehensive Eucation and Training**

HTC employees are trained to face the severe challenges of global technology and grasp opportunities in the industry. This is in addition to the department-specific courses needed enhance their professional technical knowledge. An organized learning program is arranged that includes courses in company policy combined with subsidized external training. NT\$54.8 million was invested in employee training in 2011-2013 and total training time amounted to 711,000 hours. A total of 158,000 persons received an average of 43.7 hours of training each.

Year Item	Course hours	Number of persons	Average training hours
2011	170,459	52,457	11.19
2012	297.728	63,689	17.66
2013	242,943	41,879	14.83

Note: Total number of training hours of the year / total number of employees of the year (16,382) = average number of training hours per person of the year Average number of training hours per person in 2011-2013 = total training hours in 3 years / average number of employees in 3 years (16,416)

# **New Employee Training Courses**

New employees receive comprehensive training from the day they first report for duty through several different learning communication channels. These include new recruit monthly sessions and a variety of practical and online courses to help new employees adapt to HTC culture and develop a full range of knowledge and skills in the shortest possible time.

In addition, the Share Tree campaign encourages new employees to talk to their predecessors to share information about the company and to help them join and quickly fit into the HTC 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 our excellent managers to become present and future drivers who will continuously lead HTC towards steady growth and development in times of hardship and challenge.

The company has a series of leadership courses, tailored for supervisors at all levels, to cultivate key leadership teams. When curricula are planned, in addition to the core HTC values and strategic organizational development direction, three occupational functions of the company leadership and management are included:

In 2013, leadership training courses were given to 2,211 persons.



# e-Learning Platform

The HTC e-Learning platform 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.

#### **HTC e-Learning system**



# **Mobile Library**

We help employees develop good reading habits and enrich their knowledge by providing many diverse reading activities and a rich collection of resources for professional and general knowledge.



# **Training and Performance Integration**

The purpose of the HTC annual employee performance evaluation is to help each employee get a clear view of their work objectives that is consistent and in line with company business policy. This not only helps employees think and plan their annual job priorities to get the best results, but enhances company operating performance as well.

HTC has integrated a training and development system into performance management, and all employees (including staff and management) assess their personal goals and achievements through the drafting of a personal annual performance report and an interview with an immediate supervisor.

In addition, a progress and project development update mechanism provides for review of employee objectives and plans. Employees can then be given timely feedback and their objectives can be updated for a win-win situation and a brighter future with the company.

# **English Learning Resources and On-the-job Training Grants**

As an international brand, HTC employees communicate with their international partners using a common language – English. HTC places great value and importance on the development of English language ability in our employees. In 2013, online English language training course participants numbered 198 persons and NT\$348,000 in grants was paid by HTC for a total of 4,969 training hours.

Online English Learning is provided to encourage staff to learn continuously and spontaneously. The choice of sessions, the grade of difficulty and the learning hours and objectives are designed to match the abilities of students at different competence levels.

In addition, HTC encourages employees to continue to absorb professional knowledge and to match their study program to their work to ensure growth. We offer on-the-job graduate study grants and a scholarship program to encourage employees to continuously absorb professional knowledge and match their studies to their work for further growth. In 2013, 66 employees took advantage of these program at a cost of NT\$3,070,000.









#### **Legal Training**

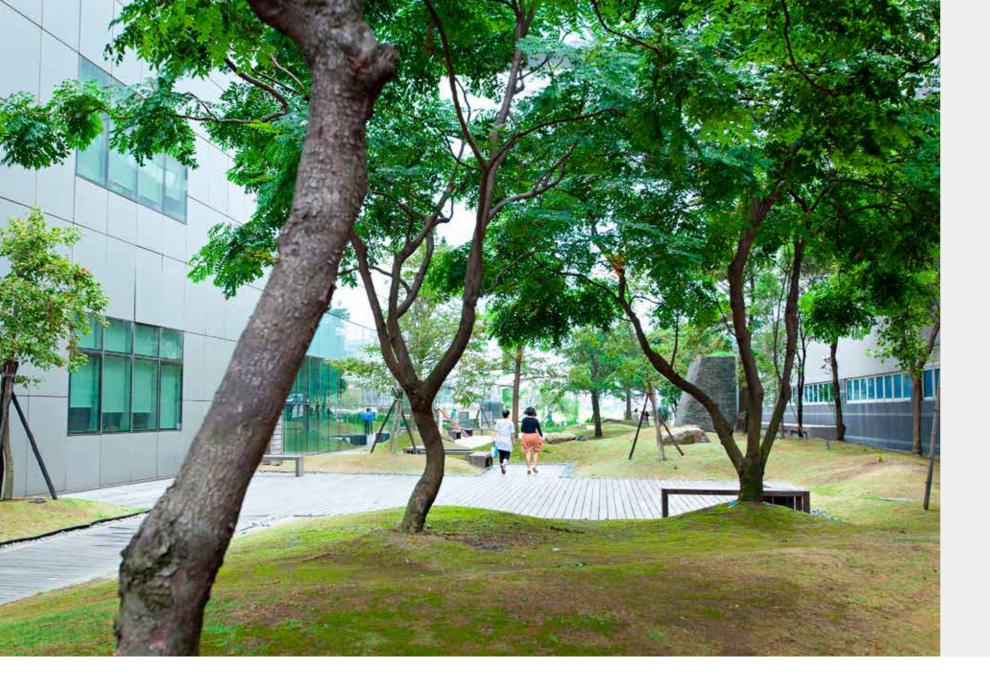
HTC has arranged insider trading prevention and anti-corruption education and training for all mid-level and high-level executives; also, the following courses are promoted for the training of new employees:

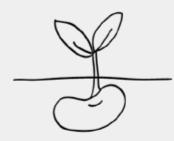
- Confidentiality & anti-insider trading introducing HTC confidentiality clauses and promoting anti-insider trading;
- Intellectual property rights introducing basic patent knowledge & patent application / incentive policies
- US patent litigation understanding the relevant US patent litigation related legal knowledge

#### HTC legal training results in 2013

Number of participants	Course hours
389	2 hr.
367	1.5 hr
1,432	35 min.
1,432	40 min.
1,432	35 min.
	389 367 1,432 1,432

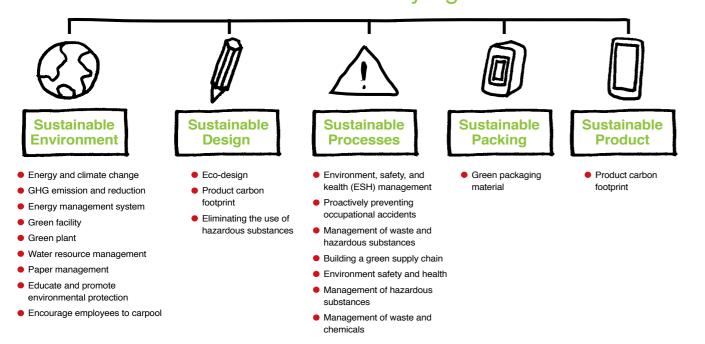
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# Environmental Sustainability Agenda

# HTC Sustainability Agenda

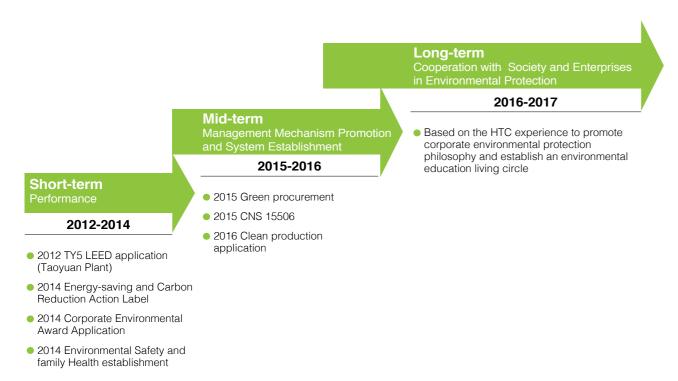


As a global leader in the innovative design of mobile phones, HTC recognizes that by minimizing the environmental impact of our manufacturing processes we, and our vast number of consumers, can make a contribution to the well-being of our planet.

To this end, HTC has created a Sustainability Agenda incorporating five aspects: sustainable environment, design, processes, packing, and product. We have put this concept of environmental sustainability into action, have implemented controls, and are reducing the impact of our operations on the natural environment.



#### **Green Management Vision and Mid-term and Long-term Planning**



Sustainable Solutions	2014 Annual Targets	Measures	2013 Achievements
		Saving TY5-1F/6F lighting electricity consumption	Saved 20,160 kWh electricity annually
Electricity conservation	Electricity consumption reduced by 1.5%	Saving TY3 dormitory on the back lighting electricity consumption	Saved 24,080 kWh electricity annually
		Saving Taoyuan Plan lighting electricity consumption	Saved 6,283 kWh electricity annually
Water conservation	Water recycled by 60%	The use of recycled sewage water for irrigation	Saved 182,500 tons of water annually
Paper conservation	Paper consumption reduced by 10%	Decrease of the use of photocopy paper	Saved paper 1,234,500 sheets annually
Waste reduction	Waste recycled by 70%	Reducing the volume of garbage output Improving the waste recycling efficiency and recycling rate	Recycled waste 2,785,082kg annually

### **Response to Climate Change**

Smart mobile devices have significantly changed the lifestyle, working patterns, learning ways and even the entertainment of modern people. These devices have become an indispensable part of daily life. When these products are manufactured, energy consumption goes up in proportion to the output quantity and greenhouse gas (GHG) emissions rise as a consequence. Nevertheless, smart mobile products are helpful in that they can reduce the amount of transportation and travel that is traditionally required for communication. This helps reduce the mobile user's carbon footprint. The use of mobile devices combines many of the aspects of daily life (work, leisure, learning, travel) and results in the creation of a whole new integrated lifestyle that can be energy saving and carbon emission reducing.

To this end, we have devised a dual-aspect strategy composed of adopting an energy management system and performing energy-saving practices. On one hand we strive to optimize our management system to reduce energy consumption, and on the other we use energy-saving technology to improve the energy efficiency of our products.

Through positive management of the supply chain and refining the green design of our products, HTC tries to minimize hazardous substances in our products and reduce the use of packaging material. It is our mission to be a positive influence and help the users of our mobile devices around the world have a smarter work and lifestyle with less carbon.

HTC will reach our short-, medium-, and long-term goals of sustainable development by the performance, management mechanism promotion and system establishment, as well as by cooperation with society and other enterprises in environmental protection. Please contact us at: corporate\_responsibility@htc.com if you have any suggestions regarding HTC environmental protection.

#### **GHG Emission and Reduction**

HTC has been promoting the investigation and disclosure of greenhouse gas emissions in Taiwan factories and office buildings since 2009. The plants in Mainland China have been included for investigation and disclosure since 2010 through the ISO-14064-1 third-party verification.

Total greenhouse gas emissions by HTC were 74,316.8t CO<sub>2</sub>e in 2013. The emissions were primarily CO<sub>2</sub>, while CH<sub>4</sub>, N<sub>2</sub>O and HFCs emissions were in fairly small proportion. The scope of Category I includes methane escape, the use of natural gas in kitchens and dormitories, refrigerant escape, and the fuel for emergency generators.

In the future, we will extend greenhouse gas emission investigation and external verification scope to include control over subsidiaries, including comprehensive statistics, and the monitoring of greenhouse gas emissions to improve the overall energy use efficiency and generate ecological benefits in accordance with the implementation of the ISO 50001 Energy Management System and effective energy-saving measures.

In addition, HTC's GHG emissions contained no PFCs, SF $_6$ , SOX and other waste gasses, and HTC does not use any substances that might endanger the ozonosphere. The cooling and air-conditioning systems in HTC's new building all use environment friendly coolant R-134a, in an effort to preserve the ozonosphere.

#### **HTC GHG Emission**

Total Emission	Unit	2011 (TW)	2012 (TW)	2013 (TW+KQ)
Total Emission Scope 1	t-CO <sub>2</sub> e	1,664.57	1,782.79	5,692.840
Total Emission Scope 2	t-CO2e	40,796.16	43,875.82	68,623.959
Eco-Efficiency	NT\$	10.98	6.33	2.74
Emission intensity	t-CO <sub>2</sub> e	2.93	3.20	3.51
CH <sub>4</sub> emission	t-CO2e	1,112.48	1,099.701	2,004.96
N <sub>2</sub> O emission	t-CO2e	2.07	2.369	3.10
HFCs emission	t-CO2e	0	0	1,127.10

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

- 2. Emission intensity values (greenhouse gas emission per employee of the unit) = greenhouse gas emission / Number of employees
- 3. Taiwan and Shanghai plant greenhouse gas investigated in accordance with the operational control method
- 4. Taiwan greenhouse gas investigation in 2013, due to the new construction of the Dazhi Plant and the Hsin-Hua No 18 dormitory in the boundary organization, there was a significant change of greenhouse gases emission over the threshold of 3%; therefore 2013 was re-set as the baseline year.
- 5. The result of the Shanghai Plant greenhouse gas investigation in 2013, showed the change of greenhouse gases emission did not exceed the threshold of 3% and so the 2012 greenhouse gas emission remained the baseline.
- 6. The IPCC 2007 4th Assessment Report "Global Warming Potential value" is quoted for the Global Warming Potential (GWP).
- 7. The 2012 electricity emission coefficients (0.532 Ton CO<sub>2</sub> / 1,000kWh) published by the Ministry of Economic Affairs Bureau of Energy in 2013 is quoted in the Taiwan area.
- 8. The electricity emission coefficients (0.81 Ton CO<sub>2</sub> / 1,000kWh) published in the China regional power grid baseline emission factor bulletin in 2013 is quoted for the Shanghai Plant.

#### **Energy Consumption**

HTC's main source of energy is electricity. Total electricity consumption between 2010 and 2013 increased with the expansion of the manufacturing facilities. For example, the increase in electricity consumption from 2012 to 2013 was due to the introduction of the KQ plant and the Hsin Hua No 18 dormitory.

#### **HTC Electricity Consumption**

Environmental Indicators	Units	2011	2012	2013
Floatsiait	1,000 kWh/Year	66,660	82,473	117,748.69
Electricity	GJ	239,976.00	296,902.80	423,895.28
Operating revenue	NT\$1 million	465,795	289,020	203,403
Energy intensity	1,000 kWh/person	4.60	5.79	5.56
Eco-efficiency value	NT\$	6.99	3.5	1.73

Note: 1. The eco-efficiency value (revenue generated from each electricity consumption unit) = Operating revenue (millions) / electricity consumption

- 2. Energy intensity = Electricity consumption / Number of employees
- 3. GJ = Electricity (kWh) \* 0.0036

#### **Energy-Saving Actions**

Since large manufacturing centers are where the employees and the equipment consume energy most, we focus our energy-saving efforts on the energy management of the large manufacturing centers, and carry out different energy-saving strategies and measures according to the individual states of our respective facilities.

Energy-Saving Efforts	Action
Power Management	<ul> <li>T5 and LED power-saving lamps</li> <li>Infrared sensor switches for lighting</li> <li>Large machinery overhead lighting fixtures reduced and removed</li> <li>Five out of the six elevators in the RD Building closed on Holidays</li> <li>Process optimization and two plants merged</li> </ul>
Air-Conditioning Control	<ul><li>Improvements of AC system</li><li>Environmentally friendly coolant and energy- saving high- performance machines</li></ul>
Energy Efficiency	<ul><li>Refined mode settings of refrigerated air dryers</li><li>Gearless permanent magnet synchronous motors for elevators</li></ul>
Use Habit	<ul><li>Using both sides of copy paper</li><li>Turning lights off</li></ul>

In order to build a low-carbon emission living and work environment, we use green energy, including the use of solar panels, cold air heat pumps, electric vehicles, and the installation of energy-saving equipment.

<b>Energy-saving program</b>	Descriptions
Solar panels	<ul> <li>Taipei headquarters has solar panels that generate electricity used for lighting the staircases and basement.</li> <li>The dormitory at the Taoyuan Plant was equipped with solar panels in 2013 that cost NT\$11.5 million. The power is used to heat shower water for the employees.</li> </ul>
Cold air heat pumps for air conditioning	<ul> <li>Taoyuan and Taipei Headquarters are equipped with cold air heat pump systems for shower water for the employees and other uses.</li> <li>The cold air heat pump system absorbs heat energy from the atmosphere (or water) and this is transferred to water in the system through a high-efficiency heat exchanger. The heated water is stored and forms a large volume supply of low-cost hot water. The air released after this process becomes dry and cool and is used for air conditioning. This dual purpose system is efficient and economical.</li> </ul>
Electric vehicles and bicycles	<ul> <li>Taipei headquarters has installed an ample number of power charging sockets for electric vehicles and bicycles to encourage employees to use low pollution and energy efficient means of transport.</li> </ul>
Energy-saving installation / equipment	<ul> <li>Fire Safety Indicators         To save energy, HTC has installed 4,892 fire-safety light fixtures. Currently, LED light and PL light fixture is used 100% in the manufacturing facility.     </li> <li>Infrared automatic on/off devices         Where the need for lighting is low, or there are no safety concerns, light fixtures have automatic on/off switches that turn off after a certain time if there are no persons present.     </li> <li>Independent pull ring lamps         Individual LED pull ring lamps are installed over desks that can be reached by hand and turned off by the employee on the way out to save energy and reduce carbon emission.     </li> </ul>

#### **Energy-Saving Measures on Sites**

Firm measures have been implemented for energy-saving and carbon-reduction within the plants. These measures include air conditioning system performance management, the replacement and control of lighting equipment, air compressor feature adjustment, and the reduction of energy consumption by the elevators.

Item	Description
	<ul> <li>Traditional high energy consumption T8/T9 fluorescent lamps are being phased out and a switch to LED energy-saving lamps is under way. This represents a 50% saving of power when compared to conventional lighting.</li> </ul>
Lighting System	<ul> <li>Time-based control for lighting equipment installed in offices, linking infrared sensors to lighting switches in some areas, thereby using automatic sensing and time-based control measures to save power effectively.</li> </ul>
	<ul> <li>Taipei headquarters is equipped with daylight control. The use of natural light plus automatic on/off light fixtures helps reduce the waste of power.</li> </ul>
	<ul> <li>Gearless permanent magnet synchronous traction motors that are more powerful in terms of torque than gear-based traction machinery eliminate power wasted driving gears, resulting in power savings of 30 to 40% compared to conventional motors.</li> </ul>
	<ul> <li>The ReGeNelevator energy-regenerating driving device that uses innovative green technology to integrate energy regenerating modules with the inverters. These devices convert energy, that might otherwise be wasted during operation of the elevators, into electricity.</li> </ul>
Elevators	Power feedback during no-load ascending and full-load descending operation is used. The weight difference between the cabin side and the counterweight side of an elevator reaches a peak when the cabin is fully loaded or empty. At these times the elevator consumes the most energy and has the highest power feedback efficiency. The larger the travel, the more power is generated. The maximum rate is 70% and this generated electricity is fed back to the grid for use by other devices in the building.
	Holiday elevator control and single elevator operation.
Air Compressor	<ul> <li>Taking different in-process energy-saving measures for different air compressors used in the buildings, wherein the schemes conducted including closing refrigerated air dryers, refining operating modes and lowering operation parameters.</li> </ul>
Air- Conditioning	<ul> <li>Setting up Energy-Saving Operation and Management Rules for Air-Conditioning Equipment for managing maintenance and performance and the evaluation and review of efficient use of air-conditioning equipment and piping.</li> <li>Using environmentally friendly coolants and energy-saving high-performance machines in chiller units.</li> <li>Improving low-performance chiller systems by adding frequency conversion control.</li> <li>Replacing manually-controlled fan motors for cooling towers with those using enthalpy-based energy-saving control.</li> <li>Incorporating all air-conditioning systems into energy-saving management and monitoring and controlling air-conditioning</li> </ul>
System	systems in terms of frequency conversion, timing and CO <sub>2</sub> .  The smart ice storage air-conditioning system helps reduce the peak power consumption load by one-third. Surplus night time power is used to produce ice that is used for air conditioning during the day. This arrangement helps reduce peak day-time power consumption loads.
	<ul> <li>Integrating air-conditioning systems, replacing low-efficiency chillers, setting up a dedicated control room to perform unified management.</li> </ul>
	<ul> <li>Adding production lines with automated assembly and testing robots, so as to significantly reduce average power consumption per production unit.</li> </ul>
	Replacing old power-consuming drinking fountains.
	Pull ring lamp systems are used for automatic on/off lighting installations, as well as independent partition switches.
	<ul> <li>Solar panels have been installed on the Taipei headquarters building roof and the electricity produced is used to light the staircases and basement.</li> </ul>
	The employee dormitory of Taoyuan Plant has solar panels that are used to heat the bathroom shower water.
Others	A cold air heat pump energy-saving system is also used for heating water for the bathrooms and kitchens.
	<ul> <li>Taipei headquarters parking lot traffic is controlled by an RFID parking management system. The RFID system is very effective and saves the need for an extra parking floor.</li> </ul>
	<ul> <li>Taipei headquarters encourages employees to carpool and to drive less polluting cars. Carpool parking space is offered for environmentally friendly cars, and secure bicycle racks and showers are available for cyclists.</li> </ul>
	Taipei headquarters Energy Management System is equipped with automatic on/off control that is synchronized with office working hours. Manual as well as automatic switching makes the lighting system flexible, but avoids the waste of electricity caused by people forgetting to turn off the lights. The energy management system real-time screen can be color-coded to identify the on/off mode state so the management personnel can see the situation at once.

#### **Energy-Saving Programs and Effectiveness**

In 2013, power regulation for the TY5 Building and Taipei headquarters resulted in the electrical power factor being adjusted to 100% (which increases energy efficiency) and ice storage air-conditioning system expenses were reduced. The building power consumption reflected a saving of NT\$ 9,455,078.

Electricity consumption reduced by 1.5%

#### **2013 Energy-Saving Programs and Effectiveness**

Program	Objective		Performance	Units	Ratio of savings to total annual consumption
Dazhi Road No 2 10	kWh saved	3,431.00	3,429.60	kWh	
Hp air compressor operating pressure	Reducing carbon emission	1,825.29	1,824.55	Kg / CO2e	0.004%
reduced	Saving expense	10,293.00	9,259.92	NT\$	
TY5 1 floor air	kWh saved	365,875.00	365,871.44	kWh	
compressor CDA operating pressure	Reducing carbon emission	194,645.50	194,643.61	Kg / CO <sub>2</sub> e	0.443%
reduced	Saving expense	1,097,626.00	987,852.89	NT\$	
H 3 floor air	kWh saved	492,083.00	492,079.20	kWh	
compressor pressure setting reduced for a	Reducing carbon emission	261,788.16	261,786.13	Kg / CO2e	0.596%
second time	Saving expense	1,476,249.00	1,328,613.84	NT\$	_
TY3 floor dormitory	kWh saved	23,562.00	19,240.00	kWh	
1F light fixtures	Reducing carbon emission	12,534.98	10,235.68	Kg / CO2e	0.023%
changed to LED	Saving expense	63,648.00	51,948.00	NT\$	
TY5 1.2.5 floor robot	kWh saved	16,371.00	23,362.00	kWh	
overhead light fixture	Reducing carbon emission	8,709.37	12,428.58	Kg / CO <sub>2</sub> e	0.025%
removed	Saving expense	44,217.00	63,077	NT\$	
Reduced the	kWh saved	95,438.00	141,065.00	kWh	
use of the heavy power-consuming Chamber.	Reducing carbon emission	50,773.02	75,046.58	Kg / CO <sub>2</sub> e	0.171%
	Saving expense	240,506.00	380,876	NT\$	
Process optimization and two plants	kWh saved	-	1,578,800.00	kWh	
	Reducing carbon emission	-	839,921.60	Kg / CO <sub>2</sub> e	1.913%
merged	Saving expense	-	4,262,760.00	NT\$	

Note: 1. The amount saved was calculated in accordance with the average of NT\$2.7/kWh for industrial power announced by the Taiwan Power Company.

- 2. The carbon dioxide emission coefficient was calculated in accordance with the 0.532 (kg/kWh) announced by the Energy Agency.
- 3. Savings from the reduction of pressure was deduced from the adjusted down pressure.
- Saving from replacement and removal of light fixtures were deduced from power conversion. 5. Savings from reduced use of the Chamber was deduced from time control and power conversion.
- 6. Savings from process optimization and the merging of the plants were calculated by comparing the actual consumption in 2012 and 2013.

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merged	Saving expense	-	4,262,760.00	NT\$	

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# **Adopting an Energy Management System**

HTC introduced an energy management system in accordance with 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. Systematic management allows HTC to properly manage energy consumption to reduce costs and GHG emissions and other environmental impacts. A progressive action plan was adopted to eliminate the waste of energy caused by bad habits or incorrect information.

#### **Active Use of Solar Photovoltaic**

HTC is not a heavy energy consumer. However, we are committed to the concept of energy-saving and carbon reduction within our operation and we also use renewable energy. The rooftop of the dormitory is covered with solar panels that generate electricity used for the hot water supply systems. The hot water is stored and used as a normal hot water supply for cleaning and washing that effectively reduces the consumption of natural gas.

By the effective use of solar photovoltaic energy in 2013 we were able to save 98,161 kWh of natural gas energy and carbon emission was reduced by 184,445 kg  $CO_2$  / kWh which is equivalent to the amount of carbon absorbed by 10,249 trees.

Note: 1. Natural gas saved (kWh) = average solar heating temperature (°C) - Water Temperature (°C) x water per ton required 1000 (Kcal) / per kWh Gas 8500 (Kcal) x average daily use of 175 (tons)

- 2. Natural gas calculated at NT\$19.06/kWh
- Natural gas carbon emission coefficient calculated in accordance with the 1.879 (kg / kWh) on the greenhouse gas emissions management table version 6.0.1.



#### **Excellent Environmental Impact Assessment Green Award**

HTC Taipei Headquarters received the highest "Green Award" in the 2012 impact assessment of the New Taipei City Environmental Burea. Incidentally, HTC was the only company to receive this award during the year.

#### **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 protections have been implemented in compliance with local regulations and internal environmental policies and specifications designed to minimize impact on the local ecosystem and animal and plant species. Nevertheless, we encourage each operating facility to undertake environmental protection and beautification actions. A green building program has been introduced for new buildings to provide a high quality working environment for all our employees.





# **Green Landscaping**

We uphold the concept of environmental sustainability and regularly increase our green space. The HTC outdoors green area now totals 56,034m² and there are many tree species native to Taiwan on the grounds, such as Camphor, Yellow Cypress and the Taiwan Golden-rain Tree. There are now 810 individual trees and our employees enjoy the lush green surroundings to their work environment.

simulation analysis, shows that a 42.2% saving of electricity has been achieved, as compared to the baseline scenario.

To improve air quality, we have planted trees extensively inside the factories and offices, which purify the indoor air by reducing CO2 concentration. The annual management fees for our green environment amounts to NT\$5 million, which is used to provide our offices with green areas to help reduce indoor air pollution (dust, carbon dioxide, and VOCs).

The surroundings and parts of the inside of HTC factories that have plants are gardens, not just patches of green. There are functional green walls, green corridors, and a green roof. The sewage treatment equipment and passages are curtained by green walls and green corridors. The green roof is covered with light colored paint that reflects sunlight and reduces the heat island effect to improve the green energy and carbon reduction benefits.

Tree Type	Number	Tree Type	Number
Camphor	90	Maple	45
Yellow cypress tree	60	Lobular Terminalia	70
Podocarpus	340	Larch	50
Taiwan Golden-rain Tree	60	Common Garcinia	50
Indian Rosewood	20	Taiwan Cherry	25
Total	10		



# **Water Resource Management**

Global warming makes climate change increasingly significant, and this means that water conservation has become an important issue. Although manufacturing at HTC does not involve large water consumption, it is still our responsibility as a world citizen to preserve water resources in our daily operations by reducing water use and encouraging our people to maintain good water management, recycling, and reuse.

The water source at the HTC facilities is tap water. The production line processes at our facilities do not use any water, so no industrial wastewater is generated. HTC consumes water only for office and employee use.

In 2013, the total water consumption of our facilities in Taoyuan came to 370,267 tons; the output of treated domestic sewage was 220,430 tons. Water recycled from treated domestic sewage was 160,985 tons, representing 73% of the total treated volume. The amount of water recycled was much higher than the goal of 60% set for the year of 2013.

#### Office/Facility Water Use and Water Conservation Measures

Taoyuan 393,208 Adding recycled water irrigation; installed water-saving fauce TPE1 - TPE1 started using water-saving devices  Taoyuan 370,267 60% of the recycled sewage water is used for irrigation  TPE1 & TPE2 510,280 Use of rainwater for plant irrigation  Shanghai plant 532,793 Use of river water for plant irrigation	Year	Facility	Use in 2012 (Unit: ton)	Water Conservation Measures	
TPE1 - TPE1 started using water-saving devices  Taoyuan 370,267 60% of the recycled sewage water is used for irrigation  TPE1 & TPE2 510,280 Use of rainwater for plant irrigation	2012	Taoyuan	393,208	Adding recycled water irrigation; installed water-saving faucets	
2013 TPE1 & TPE2 510,280 Use of rainwater for plant irrigation	2012	TPE1	-	TPE1 started using water-saving devices	
		Taoyuan	370,267	60% of the recycled sewage water is used for irrigation	
Shanghai plant 532,793 Use of river water for plant irrigation	2013	TPE1 & TPE2	510,280	Use of rainwater for plant irrigation	
	Shanghai plant		532,793	Use of river water for plant irrigation	







#### **Sewage Treatment**

he wastewater generated by our facilities is mainly domestic sewage from washroom and for other cleaning uses and restaurant wastewater that contains no process wastewater. Such domestic sewage can be directly drained to sanitary sewers without the risk of any adverse effect on nearby waters.

Since January 2013, the average output of our sewage treatment plant reached 600 tons, sufficient for replacing tap water for garden irrigation and toilet flushing.

#### **Drained Water, Recycled Water and Average BOD Concentration in Effluent**

Year	Facility(ton)	Drained Water (ton)	Recycled Water (ton)	Average BOD Concentration (mg/l)
2011	Taiwan plant	102,407	45,646	12
2012	Taiwan plant	87,195	119,324	19.7
2012	Taiwan plant	59,445	160,985	15.3
2013	Shanghai plant	-	-	209

#### Water discharge

Facility	Receiving Water	
Taoyuan	Dongmen Stream	
TPE1	Dedicated Drainage in New Taipei City	
TPE2	Dedicated Drainage in New Taipei City	
Shanghai plant	Shanghai Bailonggang sewage treatment center	

#### **Rainwater Recycling**

HTC has a rainwater recycling system in which the recycling statistics are continuously monitored and recorded by a sophisticated computerized system. The collected rainwater and air conditioning water have been recycled for the flushing of toilets and irrigation since August 2013. In 2013, the Taoyuan plant recycled a total of 1,324,518 liters of wastewater and the Hsintien office recycled 4,939,000 liters for a grand total of 6,263,518 liters of effectively saved water resources.

#### Water-saving Sanitation Equipment

HTC gives top priority to the use of sanitary equipment with a water-saving label. For example, that with a water-saving label from Taiwan's Water Resources Agency, Ministry of Economic Affairs, the Water Awareness Label (WaterSense) of the US Environmental Protection Agency, or water-saving equipment tested by the Industrial Technology Research Institute (ITRI). The faucet device installed with water-saving spiral (Model: SD-103-2) allows the faucet to reduce the amount of water outflow -- a test performed by ITRI showed a 64.4% water saving. Each of these faucets is expected to save 77 liters of water per day. All the toilets and urinals in the bathrooms should be energy efficient and have the WaterSense Label of the United States Environmental Protection Agency.

#### **Sewage Recycling**

The green fields and planted areas inside the factories are irrigated with recycled sewage water without increasing the total amount of water consumed. The water conservation management program was introduced and impermented in 2012 with a target of 60% sewage water recycling set for 2013 – 73% was actually achieved.

#### Sewage recycling strategy and effectiveness

Strategy and effectiveness	Sewage recycling
Annual target	60%
Recycled water for irrigation (tons)	160,985
Sewage water output (tons)	220,430
Amount saved (NT\$)	2,125,002
Actual waste water recycling rate	73%



# **Paper Management**

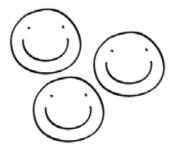
To achieve a reduction in the amount paper consumed, we have integrated photocopying, scanning, and facsimile functions in office machines to the personal computer. The functions have also been linked to employee ID number. A computer printout will not be authorized until the ID card has been detected and approved by the office machine. The file can then be selected, printed and collected. This procedure has effectively reduced the number of uncollected printouts and achieved a reduction in paper consumption and greatly improved energy saving management.

When a document is scanned, it is not printed out, but after the employee ID has been recognized and scanning has been completed, the file is sent to the employee's email address as a message attachment. Faxes are handled by one fax machine in the factory. To send a fax the employee uses the fax program in his own PC and a paper printout for faxing is no longer required.

These measures enabled HTC to save 2.09 million sheets of paper in 2013. We are continuing this mission of reducing paper consumption by 10% annually and review performance regularly at the quarterly Environmental Protection and Health and Safety Committee meetings to achieve optimum paper savings.

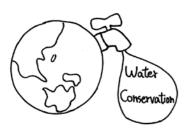






#### **Environmental Protection Education and Promotion**

HTC makes full use of staff activity space to regularly stimulate and enhance the environmental consciousness and awareness of the employees. We make energy-saving and carbon reduction announcements in the form of banners and icons and energy-saving and carbon reduction labels such as "turn off the light" and "save water and electricity". We also advocate a sustainable environment through the new employee sustainable education program (11,899 visits in 2013), the environmental policy card, mobile phone app, computer screen savers, and other means.







To promote sustainable energy awareness of employees and turn it into a personal habit, we established the Green Energy Pavilion on our Family Day in 2013, enabling everyone to see our environmental protection and energy-saving achievements and allowing employees to experience environmental protection in an interactive way.



# **Encourage Employees to Carpool**

HTC has a large number of employees. We understand that emissions from travel and transportation have a serious impact on the environment. To reduce carbon emissions generated from employee travel and transportation, we encourage the use of the shuttle buses we provide. The bus routes run between the MRT Yuanshan stop and the Taoyuan plant, the MRT Chungho Jingan stop and the Taoyuan plant, Taipei headquarters and the Taoyuan plant, and the Taoyuan train station and Taoyuan plant.

Currently, the HTC shuttle buses can carry about 1,280 people per day, and this represents some reduction of the greenhouse gas emission that would otherwise come from staff vehicles.

#### **HTC Shuttle Buses Carpool Performance**

HTC shuttle bus route	Schedule	Number of passengers daily
MDT Vuonahan atan and Tanijuan plant	Yuanshan to Taoyuan	20
MRT Yuanshan stop and Taoyuan plant	Taoyuan to Yuanshan	20
MRT Chungho Jingan stop and Taoyuan plant	Chungho to Taoyuan	40
Tainsi haadawaataa aad Taawaa alaat	Hsintien to Taoyuan	420
Taipei headquarters and Taoyuan plant	Taoyuan to Hsintien	460
Taxana takin atatian and Taxanan alant	Taoyuan train station to Taoyuan Plant	140
Taoyuan train station and Taoyuan plant	Taoyuan Plant to Taoyuan train station	180

#### **Staff Environmental Improvement Proposals**

We value employee proposals for improvement, as well as the opinions of our customers. We have a systematic management and reporting system that uses both external and internal reports as a basis for review and improvement.

Subject	Feedback Interface	Improvement Mechanism
	The internal Employee Services App is available for download by HTC employees who can use it to make instant photos to illustrate their relevant comments for review and further processing by a responsible department.	The Environmental Safety Department will carry out any necessary corrective action in accordance with the valid suggestions and opinions of employees. Review and follow up of such improvements are addressed at the weekly meetings of the Safety and Security Committee.
Internal	The routine inspection mechanism of the Environment Safety and Health Department.	Routine voluntary inspection by the Environment Safety and Health Department reduces environmental security issues.
	The Health and Safety Committee improvement plan.	Every department can propose protection, safety and health improvement programs to foster environmental safety and health and reduce risk.
	The environmental protection department is responsible for collecting customers' green requirements and regulations and to ensure their implementation.	Take corrective action for, and follow-up on, products that do not meet the ITS (Issue Tracking System) requirements.
External	Participate in some foreign customers' Eco-rating programs.	Assess product eco-design and green production to minimize the impact of mobile phones on the environment and society. Prompt the up- and downstream supply chain to adopt the appropriate green activities.





We believe that HTC products are helpful and improve daily life by the provision of efficient communications and help to promote an integrated lifestyle that could lead to reduced GHG emissions. However, we also recognize that the mass production and shipment of our mobile devices, and the materials and substances we use, all have an impact on the environment. We believe that by careful design of the products from the very beginning of their life cycle, we can minimize adverse effects on the environment.

We have set about optimizing product design by improving energy efficiency, reducing hazardous substances, refining packaging design, and ensuring product recyclability. We work with our R&D team, customers, material suppliers, and technical service providers to set up a systematic platform that ensures smooth communication. We stress innovative thinking and strive to develop sustainable products that pose the least threat to the environment.

# **Sustainable Design Concept**

We go far beyond a consideration of the applicable laws and regulations in the design and development of our sustainable products. Every stage, from the initial proposal and planning, R&D design, experimental, engineering, preproduction trials, and mass production, all the way to disposal of the product, is given full Life Cycle Assessment (LCA) evaluation. We break down the process into very detailed parts, to give our R&D team a complete picture of the complicated environmental considerations.

We endeavor to minize harm to the environment while making mobile devices that will satisfy our consumers' needs. To achieve this we strive, from the earliest design and development stages, to select materials for production with low environmental risk and to exclude all internationally restricted substances

#### **UL Environment Certificate Platinum Rating**

The HTC One (M7), HTC One (M8), and HTC One Max series launched by HTC have been rigorously verified by an impartial third party verification institution resulting in the award of the UL Environment Platinum Certificate for the HTC One (M7) in January 2013, based on the UL ISR 110 standard to measure the environmentally friendly factors for mobile phones. This standard includes consideration of environmentally sensitive materials, energy consumption monitoring, manufacturing and operational processes, and the impact on human health and the environment. Only a product that meets the highest environmental protection requirements of the UL ISR 110 standard can justify the award of a Platinum Certificate.



#### **Green Marks obtained by HTC**

Green Mark	Description	Applicable Area
Energy Verified	Verified by a third-party verification company (UL) as meeting North American (US and Canada) energy efficiency requirements.	Power supply units.
( <del>3)</del>	Verified by a third-party verification company (UL) as satisfying UL, sustainability standard for mobile phone, and rated as Platinum.	Mobile phones, accessories. (including shipping packaging )
BC	Verified by a third-party verification company (UL/TUV/ITS) as complying with California appliance efficiency regulation.	Mobile phones, including Accessories with rechargeable batteries, etc.
	Working with Call2Recycle to properly recycle used batteries in the US and Canada.	Battery.

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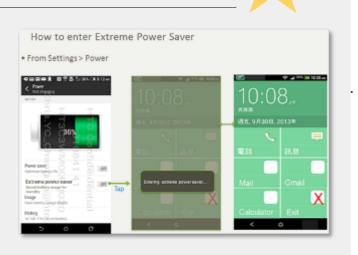
#### **Enhancement of Energy Efficiency**

An analysis of energy efficiency starts with the raw materials used to produce the electronic telecommunications product, its manufacture, life cycle and disposal. A mobile phone's raw material carbon footprint is low, as is that of the manufacturing process and usage, when most of the greenhouse gas is emitted. We concentrate on energy-saving from the early design and research and development phase. All power supplies used for HTC products must comply with the relevant international energy consumption specifications: US Energy Star, California Energy Commission, the EU Code of Conduct, the EuP, and Energy Efficiency Certification (EEC) with third-party verification. The power supply devices used for all specific models in 2013 meet the 0.03W standby power minimum energy consumption standard.

The HTC R&D team has developed excellent power management modes that allow the phone (depending on user habit) to automatically enter Standby mode to extend battery life. Some of our phones have an ambient light sensing function that controls the LCD backlight according to the ambient light level in order to provide a comfortable reading environment and also to save power.

## HTC One (M8) Extreme Power-saving Mode

The HTC One (M8) offers a highly optimized power-saving functionality. After the phone has been activated, battery life can be effectively extended to provide the user with basic functions in the energy-saving standby mode, these include phone calls, texting, and sending e-mails. Energy can be saved and carbon emission kept down even while synchronous communication is being carried out.



#### **Electromagnetic Compatibility**

Among the radio frequency specific absportion rate (SAR) regulations currently in force, FCC (US) and CE (EU) are the most strict, and all HTC products satisfy these requirements. HTC products also comply with the rules on electromagnetic interference issued by all major countries, with an EMI value 3dB lower than the criteria of the FCC and CE.

#### **Participation in the Foreign Service Carriers' Eco-Rating Program**

In 2013, HTC continued taking part in the Eco-Rating Programs run by several foreign service carriers. As part of the program, an evaluation of the social responsibility of HTC and the eco-design of products and green production was carried out. Improvements were made to reduce the impact of the production of our mobile phones on the environment and society. This evaluation and ranking has also driven the companies in our supply chain to improve their environmental policies and further ensure the sustainability of our products.



#### Recyclability

We start a full evaluation of a product for recyclability at an early stage of the R&D process. To do this we conduct a simulation of disassembly and analyze the material composition of the product and relative recycling rate. In addition, we carry out a series of strategies such as material marking (as per the standards of ISO 11469 and ISO 1043) and component simplification and degree of ease of disassembly. Then feedback is given to the R&D team about any useful and valuable strategies. Currently, HTC product can meet the present and known future requirements for recycling.



#### **Reducing Hazardous Substances**

In 2005, HTC unveiled the world's first mass-produced RoHS-compliant PDA mobile phone. Today we require that all parts, components, modules, materials, and so on delivered to HTC meet a set of requirements which are even stricter. The HTC Substance Control List not only restricts the six substances controlled by RoHS, but also others restrained by international environmental regulations and customer requirements.

In addition, we established (as early as 2006) a platform for unified management of our entire green supply chain to help our R&D engineers select green materials that meet international environmental regulations and customer requirements from the HTC product database. By introducing green materials from the source, we are able to significantly improve the reliability of our green products and shorten the verification time. The management platform was revamped in 2008 to provide a more convenient and simpler user interface, and improve the overall efficiency of hazardous substance control.

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# Sustainable Manufacturing Process

# **Environment, Safety, and Health (ESH) Management**

HTC provides and maintains a safe and healthy working environment as part of our environmental protection, safety and health, and energy management efforts. To fulfill our commitment to securing employee safety, HTC promotes occupational safety and health management systems at all our facilities. A Labor Safety Committee carries out basic work for environmental protection, safety and health management, as well as the prevention of pollution.

All our facility management systems comply with the OHSAS18001 standard for Occupational Health and Safety Management. Every new employee is given complete safety and health educational training upon entry. We have also published an ESH Management Manual and Safety and Health Rules which have also been posted on our Intranet website for employees to consult at any time.

#### **Labor Safety Committee**

Facility	Percentage of Labor Representatives		
Taoyuan	Taoyuan 28 members in total, 12 being labor representatives, making up 46%		
TPE1 Class 3 unit as per SS Regulation, no Safety Committee required			
TPE2	Class 3 unit as per SS Regulation, no Safety Committee required		

In addition, we update the occupational accident prevention plans every year according to current safety and health management. The focus is on compliance with safety and health laws and regulations, the identification of hazards to reduce risk, management of controlled, hazardous or dangerous material, communication of safety and health information, and contractor management.

In addition, we have prepared emergency response plans for accidents caused by human error, such as, fire, explosion, leakage, mechanical breakdowns, injury to persons, or disease. We are also prepared for natural disasters like typhoons, floods, and earthquakes. We react by immediate implementation of the related emergency plan, inprocess response measures, and later post reviews and give feedback. We hold regular fire and evacuation drills to ensure the proper action to secure the safety of personnel and also HTC property.

HTC has introduced an environment management system as per ISO 14001 and received third-party verification. The environment policy was formulated by HTC headquarters in Taoyuan and local facilities are required to carry it out. Goals have been set that are aligned with the policy and systematic implementation has been completed. The policy has been incorporated into daily management.

We are committed to saving water resources and energy, and to waste reduction. There is an annual budget for upgrading software and hardware equipment which amounted to NT\$362 million in 2012-2014 to substantiate our philosophy of a sustainable business operation.

#### **Environmental expenditure**

單位:新台幣千元

Year	2012	2013
Water resources, energy, and waste reduction expenditure	105,000	125,700



# **HTC ESH Policy**

HTC continues to provide safe and healthy working conditions for employees while also continuing comprehensive environmental protection and efficient energy management. With this fundamental commitment in mind, we abide by the following basic principles to provide our employees, customers, suppliers, and contractors with the best quality working environment that makes an ample contribution to sustainable development.

- 1. We place equal importance on environmental protection, safety and hygiene and health, production, quality, and energy efficiency.
- 2. We also place equal importance on the safety and health of our employees, customers, suppliers, and contractors.
- 3. We require our employees to comply with regulations and operating standards on environmental protection, safety, hygiene and health, and the proper use of energy.
- 4. We are committed to avoiding foreseeable dangers and we conduct loss control.
- 5. We comply with the requirements set forth in all applicable laws and regulations.
- 6. We shall use, maintain, and continuously improve our management systems for environmental protection, safety and hygiene and health, and energy efficiency.

# **Proactively 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.

In 2013, our work covered eight aspects: Safety and Health Organization, 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, Medical Care, and Safety and Health Campaign for the comprehensive prevention of occupational accidents.

Aspect	Measure
Safety and Health Organization	When modifying its organizational system or adding a new business body, HTC reports to the related inspection agency according to law.
Management of Safety and Health  HTC tracks accident statistics, conducts accident investigation analysis, calls meeting Safety and Health Committee, patrols and investigates to prevent accidents, as well as contractor access management.	
Education and Training for Safety and Health	HTC regularly holds ESH training.
Standard Operating Procedure and Job Safety Analysis	HTC has formulated operating regulations, maintained these regulations as well as safe working procedure, supplemented safety and health rules, and performed hazard communication and risk assessment.
Inspections for Safety and Health	Periodic inspections are carried out of all the working environments, vehicles, equipment, facilities, and fire-fighting equipment. This includes stored organic solvents and processes in which they are used, ionizing radiation dosage, and infrared detection in the work environment.
Emergency Response	HTC updates the response plans every year and holds emergency response drills.
Medical Care	HTC purchases medical consumables, provides physical exams for new employees and a health check for existing employees, and also holds health exams and management for special hazards.
The Safety and Health Campaign	We implement and participate in forums, put up posters, circulate comics, and slogans, and regularly update and communicate work safety advice. We monitor and improve work efficiency in accordance with all the government regulations.

#### The Environment, Safety, and Health-Related Training Schedule

Aspect	Measure
New employees education and training	Environmental safety and health training programs are formulated in accordance with the environmental safety and health-related laws and regulations and the company's operating needs. New employees are educated and trained to ensure they have appropriate understanding of all the environmental safety and health related practices. The following courses are provided for relevant new employees in accordance with actual practice:  New employees general health and safety education and training (includes fire-fighting training);  Self-defense and firefighting training by groups;  Employee job rotation and general labor safety and health education and training;  Operations using organic solvents and general hazard awareness training.
Employee on-the-job training	The company stipulates an on-the-job employee education and training program in accordance with the relevant government regulations and a career growth plan for each employee. The following courses are scheduled annually or handled by professional outside institutions:  Organic solvents process supervisors and operators general hazard awareness training; Forklift (1 ton or more) operator training; ISO14000 chief auditor training; OHSAS18000 internal auditor training; Safety and health management personnel / managers; Labor safety and health personnel on-the-job credit hours training; Council of Labor Affairs occupational health nurses training; Nurses credit hours training; Radiation safety training; Self-defense firefighting training by group; Emergency response drills; Emergency personnel on-the-job training.
Equipment safety management and emergency response measures	<ul> <li>Plan emergency drills and maintain an emergency response mechanism.</li> <li>Arrange monthly fire-fighting training for new employees and self-defense and fire-fighting drills by group every six months. This ensures employees will be able to use the fire-fighting equipment correctly in an emergency.</li> <li>Arrange personnel evacuation drills in accordance with the emergency response mechanism to ensure employees are able to evacuate the premises by a safe route and in a timely manner in an emergency.</li> </ul>

#### **Full-time Environmental Safety and Health Personnel Training**

Courses	Number of trainee	Total training time
ISO 14001+OHSAS 18001+ISO 50001 internal auditors	17 persons	51 hours
Energy management personnel training	5 persons	90 hours
CDP seminar in 2012	3 persons	10.5 hours
CDP seminar in 2013	3 persons	10.5 hours

HTC places great value on pollution prevention tasks. To reduce impact on the environment, HTC continues to invest a lot of money in pollution control facilities. Responsible personnel who are trained externally and have obtained the relevant licenses and certificates are responsible for the prevention and control of pollution and for facilities and maintenance. Regular audits are carried out to ensure all pollution prevention tasks are managed properly by trained personnel so that the impact of pollution is minimized. This effective management ensures that the environmental protection purpose of "clean production" is properly achieved.

These related measures have been effectively carried out at HTC and the average employee injury frequency rate (FR) was 0.36 person-time/per million hours worked, average severe injury rate (SR) was 4 days/per million hours worked – failing to meet our 2013 annual goal for a severe injury rate of no more than 1.5 days/per million hours worked. In 2013, most occupational injuries were the result of traffic accidents (115 cases) that happened during commutes. Fifteen others were the result of tripping, falling, catch and roll, and incised injuries that occurred within the facility.

We will advertise the safe commute arrangements and work on the concept of safety to reduce the Severity Rate.



#### **GRI Injury Indicators**

#### Injury Frequency Rate (FR)

Injury Frequency Rate per Million Hours Worked

	2011	2012	2013
Taoyuan	0.21	0.29	0.36
Shanghai plant	0.19	0.21	0
Management Target	0.4	0.4	Taoyuan:0.4 Shanghai:0.42

Note: Injury Frequency Rate = Incidence of Lost-Time Injury×1000000/total hours

#### **Injury Severity Rate (SR)**

Lost Day Injury Frequency Rate per Million Hours Worked

	2011	2012	2013
Taoyuan	1	3	4
Shanghai plant	1	1	0
Management Target	1.2	1.2	Taoyuan:1.5 Shanghai:1.28

Note: Injury Severity Rate=Days Lost for Lost-Time Injury×1000000/Total Hours Worked

#### **Incidence Rate (IR)**

	2011	2012	2013
Taiwan	0.04	0.06	0.07
Shanghai plant	0.04	0.04	0

Note: Incidence Rate = Total Incidences / Total Hours Worked × 200,000\* (\*: adjusted for 50 weeks a year, 40 working hours per week, and per 100 employees)

#### **Occupational Disease Rate (ODR)**

	2011	2012	2013
Taiwan	0	0	0
Shanghai plant	0	0	0

Note: ODR = Occupational Disease Cases / Total Hours Worked × 200,000\* (\*: adjusted for 50 weeks a year, 40 working hours per week, and per 100 employees)

#### Day Lost Rate (LDR)

	2011	2012	2013
Taiwan	0.14	0.64	0.73
Shanghai plant	0.10	0.23	0

Note: LDR = Total Days Lost/ Total Hours Worked × 200,000\*
(\*: adjusted for 50 weeks a year, 40 working hours per week, and per 100 employees)

#### Absence rate (AR)

	2011	2012	2013
Taiwan	1.16	6.23	4.47
Shanghai plant	-	-	0

Note: Absence rate (AR) = Total Days Lost/Total Days Worked

# **Management of Waste and Hazardous Substances**

The major manufacturing operation at HTC is the assembly of smartphones, so the only waste gasses are produced by welding, with no NOx or Sox emission. We handle and dispose of waste according to our self-regulated Process for Removal and Handling of Business Waste, and practice good resource recycling to ensure cleanliness of the working environment and reduce environmental impact. The related measures include:e:

#### **Proper Waste Management**

- Engaging qualified service providers to properly handle and dispose of our business waste as required by the applicable laws;
- Using a Patrol and Inspection Form for regular checks of waste storage/ transient areas and requiring noncompliance to be corrected by a deadline;
- Using an ESH Check and Self-Assessment Form and audit to perform operation management and risk ranking management;
- Performing irregular trailing audits of the contractors and on-site checks of treatment compliance.

#### Reducing, Recycling, and Reusing

HTC actively promotes the concept of waste reduction. Our strategy is a reduction of waste from the source by classification and advocacy. Recycling has absolutely top priority to reduce the loss of valuable resources.

At the front end, we have educated our employees to reduce waste from the source and to practice recycling through classification, recovery, and management. At the back end, we adopted manual classification management to return recyclable products to the production line for reuse. Regular online reports are made on waste output and waste materials that are safely stored.

Measures	Methods
Set up recycling bins and commission manual sorting of domestic waste.	Set up recycling bins and encourage and promote staff sorting of domestic waste. Employees recycled 131,862kgs of domestic waste in 2011~2013.
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.

All these measures resulted in a year by year increase in recycling amount to a grand total of NT\$31.1 million in 2011 ~ 2013. This represented an increase from 56.89% to 65.82%, which is close to our environmental sustainability goal of 70%.

In addition, we have been collecting statistical data on waste recycling and waste incineration at our facilities in Mainland China since 2013. The waste recycling volume at the Shanghai plant was 808,601 kg in 2013; waste incineration was 825,600 kg, accounting for 49.48% of the total waste recycled volume.

#### **Touch Screen and LCD Recycling**

Our energy-saving strategy is directed to waste prevention at the source of its generation. Initially, touch screens that failed final test were disposed of entirely as waste. Since 2011, the screens have been separated from the LCDs in a dismantling process and salvageable and good components are returned to production.

We recycled 371,510 touch screens and 638,631 LCDs in 2013 which amounted to 18.34 tons of electronic waste reduction. This accounts for NT\$773 million. This is truly a win-win reduction of waste at the source and a great economic benefit.

#### **Touch Panel and LCD waste recycling**

Туре	Recycling weight (tons)	Recycling rate (%)
Touch Panel	5.57	60%
LCD	12.77	85%



#### **Mobile Telecommunications Products Waste Recycling**

According to the statistics of the Taiwan Environmental Protection Administration (EPA), a kilogram of gold can be recovered from 30,000 recycled phones and 10,000 phones will yield a kilogram of silver. The 10,000 phones recycled can also help save 220,000 kWh of electricity, equivalent to the amount used by 57 average families in Taiwan in a year, or a reduction of 140 metric tons of carbon dioxide emission. In consideration of these facts, we signed a mobile telecommunications product waste recycling memorandum of understanding with the Taiwan Environmental Protection Agency in 2011.



All our employees are encouraged in recycling and green behavior by regular positive promotion campaigns. They are urged to sort and reduce general domestic and office waste. We also encourage employees, guests, and visitors who bring take-out foods and drinks with them, to use environmentally friendly tableware and drinking cups. In addition, we have identified batteries, lamps, and discarded mobile devices, etc., as items to be fully recycled.

In addition to domestic waste recycling within the plants, we have also initiated the recycling of paper, plastic, and scrap metal. The recycled waste after being sorted manually is sent to recycling plants for treatment and further processing. We also intend to develop waste recycling technologies and implement sorting procedures to reduce the proportion of remaining non-recyclable waste.

#### **HTC Waste Statistics**

Unit:kg

Treatment		Treated Amount	
Treatment	2011	2012	2013
Recovery	2,464,345	2,930,592	3,618,398
Incineration	1,802,185	1,522,195	2,385,210

#### **Weight of Recycled Material at HTC**

Category (Unit: kg)	Taiwan	Shanghai plant
Paper	1,258,878.0	515,924
Plastic	1,201,192.5	292,471
Pallets	151,386.0	1,899
Waste metal	20,599.0	-
Waste Computers	2,794.0	-
Printed circuit boards containing scrap metal and its power dust	77,288.9	206
Solder paste cans	1,282.0	-
Ferrous metal	16,338.0	-
Gold-plated boards	1,208.5	-
Waste printed circuit boards with components attached	280.0	-
Others	-	689
Life Resources Recycled	53,835	-

#### **Management of Hazardous Substances and Chemicals**

At HTC, we recognize that in the new green competition between businesses all over the world, the only way to effectively ensure compliance with the applicable laws and client requirements during manufacturing is active management of the use of hazardous substances and chemicals. To answer the increasingly strict controls placed on the use of chemicals by international regulations, we have taken positive measures to manage and monitor the use of all the different chemicals used in parts, components, and the manufacturing process:

- 1. We have appointed dedicated staff to regularly inventory, patrol, inspect, and verify the management of chemicals in our facilities, including:
  - Recording the type and amount of chemicals used and the storage status of stock chemicals (including storage container management);
  - Checking whether the responsible unit has labeled the chemicals correctly;
  - Checking whether the information of chemicals is complete, such as, Safety Data Sheets (SDSs) for example;
  - Requiring personnel handling chemicals to wear basic protective gear.
- 2. Ensuring that gas extinguishing systems use environmentally safe substances: replacing the existing CO<sub>2</sub> extinguishing systems with halide extinguishing equipment.
- 3. Ensuring emergency lighting uses environment friendly batteries: replacing lead-acid batteries with nickel-cadmium batteries.
- 4. Setting up a management system for agents used in cooling towers: the use of cleaning agents that have the required safety certificate, or comply with the applicable regulations for cleaning cooling towers.
- 5. Ensuring that suppliers and contractors manage chemicals properly: check the chemical management by the suppliers in terms of environmental protection, safety, hygiene, and corporate social responsibility. Investigate and perform audits and checks of the ranking of the internal management system of the vendors.

# **Building a Green Supply Chain**

To effectively reduce the use of hazardous substance in parts and components, we require all our parts suppliers to pass HTC's green parts verification process, ensuring the parts supplied comply with international requirements for environmental protection.

HTC and our supplier partners have jointly established sound analysis, testing and report collection systems. Through conscious management of our green supply chain, we can ensure that all materials used in HTC products and all parts and components are environmentally friendly as required by regulations.

Our internal green design and supplier management ensures HTC products comply with EC directives and all other international environmental requirements, as evidenced by all the related documents and certificates, including chemical test reports, material composition sheets, safety data sheets, and so on.

In addition, 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. Between 2011 and 2013, green procurement totaled NT\$84.76 million.



HTC mobile phone products are packed using materials that make transportation safe and add aesthetics to the products upon delivery. We also consider the impact the packaging materials will have on the environment when they are discarded. The materials we use must be compliant with regulations, environmental friendly, and sustainable. In packaging design, consideration is given to the following:

- 1. Reduction of the amount of material used;
- 2. The use of biodegradable raw material;
- 3. Printing with environmental friendly ink (soy ink);
- 4. The facilitation of shipment;
- 5. The education of the consumers about recycling packaging material

All the packaging materials for HTC products are compliant with the EC directive on packaging (EU 94/62/EC) and the US requirement on packaging (state toxics in packaging laws). 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.



\All the packaging materials we used in 2013 are highly-recyclable, and two main packaging designs were used:

Lightweight folded- paper packaging design

70%~80% from recycled paper pulp, which is 100% recyclable after being discarded.

Lightweight integrated packaging design

Formed by 65% sugar cane bagasse and 35% bamboo pulp, and is 100% recyclable and biodegradable.

We use sustainable and recycled materials for packing as far as possible. In the event that it is necessary to use virgin paper in the packaging materials, HTC always requires our paper suppliers to provide paper certified by the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification (PEFC).



# The HTC's Standard Mobile Phone Box is 100% Recyclable and Biodegradable

HTC has elaborated the energy-saving and power-saving functions in the colored mobile phone box and manual. Environment friendly material is used for the box (75% sugar cane and bamboo fibre) that is 100% recyclable. In addition, HTC always buys paper from suppliers who provide paper certified by the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification (PEFC) to promote the concept and awareness of environmental protection.

#### **History of HTC Sustainable Packaging**





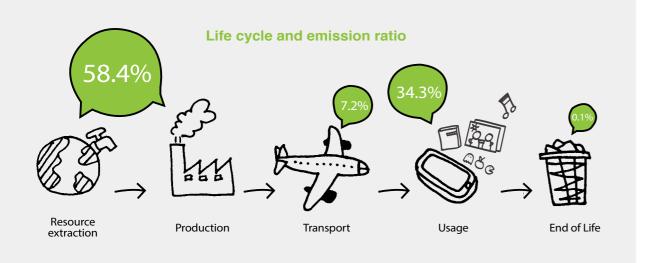


In response to the global warming crisis, HTC constantly looks for ways to reduce the impact and influence of manufacture, production, and consumption by users of HTC products on the environment. The concept of life-cyclethinking (LCT) is our way of approaching this, and we start with R&D. The R&D engineers are provided with quantified and fully comprehensive green information for the initiation of life-cycle-investigation (LCI) on the supply chain to establish a database of the key parts and components and their environmental impact.

HTC product carbon footprint calculations are based mainly on ISO 14040 and ISO 14044. Direct data are collected from HTC factories and upstream suppliers, and by using internationally-accepted life cycle assessment software and databases. Indirect data are collected from SimaPro and Ecoinvent. Customers are given transparent product-related environmental information for reference after a product carbon footprint report or Eco Declaration has been verified by a third-party.

#### **Product Carbon Footprint Verification in 2013**

We chose the HTC One to serve as a representative product and worked with our suppliers to have it pass carbon footprint certification by the third-party notification body - German Rhine. The HTC One was the first smartphone in the world to comply with international standards ISO/TS 14067:2013, PAS 2050:2011, ISO 14040:2006, and ISO 14044:2006 in a carbon footprint and life cycle assessment. This shows that all details of this HTC product - from design to production and usage to end-of-life, have been calculated and disclosed in accordance with full life cycle and carbon emission analysis. The carbon footprint in communications and service is also in compliance with the standards.



#### **Product Carbon Emission Reduction**

The impact of our products on global climate change and their carbon footprint has been analyzed from the extraction of raw materials to product manufacture and distribution, and from delivery and consumption, to final disposition. According to the results of the analysis, the carbon footprint of the smartphones is most significant in the phase of raw material extraction and product manufacturing, as well as consumption by users. HTC is therefore giving our full attention to the planning and implementation of carbon reduction.

#### **Carbon Footprint-Related Plans and Reports over the Years**

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::

- We participated in the Product Environmental Information Disclosure Program of Taiwan's Industrial Development Bureau MOEA in 2010, and completed the Environmental Protection Declaration (EPD) with 19 suppliers.
- 2. We participated in the Low Carbon Product Design Program of the Industrial Development Bureau MOEA in 2011, and completed carbon footprint analysis and low carbon design counseling with 15 major suppliers.
- 3. We cooperated with 11 suppliers to complete the ISO/TS14067 product carbon footprint inspection in 2013.
- 4. Our main action plan in 2014 is to establish carbon reduction targets and action programs by providing the major suppliers with detailed life cycle investigation data analyses.

#### **Product Environmental Declaration (EPD) report**

http://environdec.com/en/Detail/?Epd=8226#.Uzpg5PmSxMU

#### **Carbon footprint report**

http://www.htc.com/assets-desktop/images/csr/tw/download/HTC-One-CFP-report.pdf









# Social Investment and Contribution

HTC has long been committed to 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 education. This is a distinctive corporate culture of which HTC is rightfully proud.

# **HTC Foundation**



#### https://zh-tw.facebook.com/htcfoundation

The HTC Foundation focuses on promoting character education, working to help children and youngsters develop good character by supporting both schools and teachers. We place great importance on building 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 HTC 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 people in the HTC Foundation believe that: everyone has good personality; mutual respect and support exists between one individual and another and between groups; entrepreneurs are honest and responsible global citizens; political leaders are capable and willing to strive for the welfare of the people, to help the disadvantaged and to reduce the continuously widening poverty gap; and countries can all get along with each other. To realize these beliefs, we urge all leaders to join forces to encourage a "character culture." Leading by personal example will influence others to value character in daily life. By good example we can cause others to pass on interest in culture, aesthetics, art, and an appreciation of the serious need and the details of environmental protection. We can beautify the environment, preserve the natural landscape and historical sites, respect natural resources that are shared by us all, and jointly take better care of our wonderful planet.

The HTC Foundation invested NT\$21,779,600 in funding education programs in 2013 and the HTC Social Welfare Charity Foundation invested NT\$88,702,100 in relevant charity events.

## **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 contributing members of 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; and
- 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.

#### **Achievement**

#### Participation of Character Education between 2004 and 2013

	Carnegie	Character Education	Excellent Life	Total
No. of Sessions	699	382	102	1,183
Person-Time	35,651	27,184	5,474	68,309

#### 2009~2013 Teenager training and Participation lecture courses

	Youngster	Character Lecture	Celebrity Lecture	Summer Institute in Character Education	Total
No. of Sessions	36	28	31	2	97
Person-Time	1,187	2,212	13,148	70	16,617

#### **Rock Education Program in 2013**

The HTC Foundation works with schools, townships, and corporate institutions that care about character education. Support and help is provided to their teams who work together to construct a character learning environment.

To this end we have promoted "Rock Education" and planned and worked together with others who share our ideas to promote character-related training and to establish a feasible training mode to upgrade social character and morals. The following related training courses were promoted at 768 schools and corporations in 2013.

Classes	Courses		
1. Dale Carnegie® "incentive training" principal class	Enhancing confidence, attitude control, understanding others,		
2. Dale Carnegie® "incentive training" faculty class	expressing opinions, and setting targets		
3. Excellence in Life "In-depth communications and expression training" faculty / character township class	Emotion EQ, beliefs, language power, and self-image and value		
4. HTC "character education" principal class	Character school, model, implementing character praise, and		
5. HTC "character education" faculty class	discipline		
6. HTC "character enterprise" faculty / character township class	Character enterprise, model, implementing hiring, complaints, and discipline by character		
<ol> <li>HTC school / parents character workshops (target: school and student parents participate)</li> </ol>	Cultivating core values and character in children		
8. HTC character township "character monthly meeting"	Character discussion and values clarification; adult learning and practice		
<ol> <li>HTC teenagers "multi-fortune Leadership" courses (junior high and senior high classes, the class instructor, and administrative team to participate)</li> </ol>	Enhancing self-confidence, positive attitude, driving force, attractive personality, you can change the world		

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#### **English Character School in Taitung**

The HTC Foundation has established character-building schools in the English language in Hualien, Yunlin, and Chiayi. The Taitung English character school was established in 2013. Its mission is to assist in the promotion of character education using a series of specially provided programs. Domestic character is fostered and a civic education curriculum is included that will build both character and English language ability. We hope this can be extended to every corner of Taitung County to build character and also to teach the students to speak English.

The Taiwan Character Summer School of 2013 ran a character education immersion workshop that was attended by 37 people from 6 different schools around the country. The mission was to help them understand comprehensive character education using different learning methods. Lectures, discussions, reflection, feedback, the exchange of experiences, games, and team power meetings were all used to build experience that could be taken back and used in their Home schools.

# Five-Day Character Building Family Camp and Summer Vacation at the Hualien Character and English Institute

A Character Building Family Camp was held by the HTC Foundation and Hualien Character and English Institute as a joint summer vacation family break. Separate courses were provided for parents and children. The program for the parents lasted two days and no lodging was provided. The students' course spanned five days and four nights, and lodging was provided. Expenses were paid by the HTC Foundation and participation was free.

#### **Character Building Family Camp-Parent Session**

The content of the student courses was discussed during the parents' two-day study, and a session about communications skill entitled Excellent Life-Expression Skills for Deep Communication was held. This introduced several important concepts: the importance of values, image and value, the power of words, and tips for effective communication. The intention being that participating parents and students would continue practicing the character pointers and positive thinking they learned, so these would become parts of a character-building process in the family.

#### **Character Building Family Camp-Student Session**

The 5-day study for the students covered five aspects of behavior: respect, concentration, honesty, responsibility, and gratitude, and two attitudes: positive thinking and self-confidence. Character123, a course about practical conflict-resolution skills, and 10 English language sessions led by foreign teachers were also included.

# **Planned Development for 2014**

**Character Education in Schools:** Implementation of character building education in individual school and strengthening character networking:

- 1. Development of Regional Success Mode Continuous follow-up of the development of highlighted schools and help for them in building up a core model for character education.
- 2. Development of Partnership with Schools Giving assistance for the integration of character education schemes according to the development of the school's core teaching framework.
- 3. Development of Leadership (Professional) Community of Character Education Developing a community by "Hand in Hand" or "Professional Field" means.
- 4. Strengthening Regional Strategic Alliances Strengthening character education networking through integrated courses or large conferences.
- 5. Link to other Domestic and Foreign Character Education Resources.

#### **Character Education in Villages and Towns**

- 1. romoting character learning by way of Character Learning Centers or a Character Academy
- Scheduling character sharing monthly meetings, two hours a month;
- Cultivating seeded sharing promoters for going to villages and towns to hold character sharing sessions, cultivating character education;
- Calling the existing local resources, womens' associations, community-building groups, etc., to work together;
- Organizing book clubs/growth groups for promoting continual learning and growth, currently done in the form of a Celebrity Lecture in Character.
- 2. Inspiring active learning and positive engagement
- Enhancing the function of the Character Committee;
- Cultivating seeded sharing promoters for Character Sharing Sessions;
- Planning group activities to promote motivation and engagement within groups;
- Assisting in producing character websites for towns and villages.
- 3. Engaging other local organizations
- Engaging schools, city councils, farmers' associations, hospitals, and other companies or businesses.

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# 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 2013, our accomplishments in social works included:

#### **HTC Power To Give**

To apply the power of telecommunications to the solution of some social problems, HTC promoted the HTC Power To Give project in 2013, which takes advantage of the power of the quad-core or eight-core processors used in mobile phones and the 3G/4G and Wi-Fi cloud, using the computing power available during idle time to participate in some major scientific projects around the world.

There are many large scientific programs that require enormous computing resources. Using the facilities available in a normal computer lab, some of these might run for hundreds of years without accomplishing very much. However, if everyone in the world with a mobile phone were to contribute idle processor time, a great deal of scientific progress could be made.



HTC and Dr. David Anderson at the University of California, Berkeley, worked together to develop a mobile phone application that allows smartphone users to access BOINC, a distributed computing platform, and share computing resources while the phone is being recharged. There are many major questions that require lots of computing power, such as cancer research, the quest for a cure for Alzheimer's, the supply of clean drinking water around the world, many ecological matters, climate change, and even the exploration of outer space to find signs of life. To share, just download the HTC Power to Give App and complete the relevant settings. When the mobile phone:

● Power is on, ● There is more than 90% power, ● A WiFi network connection exists, ● The screen is not active.

The HTC Power to Give app will automatically activate the phone to take part in a computation of global importance. Of course, the computing capacity of a single mobile phone over a short time does not add up to much. However, if one considers the many other mobiles also connected, it can add up to the power of several super computers. HTC expects the assembly of mobile telecommunications devices to help solve some very important world issues.

# **Donations of Digital Products**

HTC works with the National Tsing Hua University in the collection of old computers for donation to Sierra Leone in West Africa through the international Lion Group. New life is given to these second-hand computers which are then sent to this rather remote African country. HTC also donates tablet PCs to high schools and provides cloud services that allow teachers and students to learn comprehensively from a huge knowledge base and communicate with large numbers of others.

# "Warm Winter for Love" Book Donation Event

HTC started off the Autumn Festival "Let Love Embrace You", a first wave of second-hand book donations, with 781 books that will help children in single-parent families or those being raised by grandparents. The book donation event was held for pupils at the Jhuci Elementary School in Chiayi County.

# **Donations of Used Articles and the Promotion of Environmental Charity**

HTC continues to promote environmental charity, support the donation of blankets and winter clothing, care for the elderly living alone in remote areas, and also supports the donation of books, used bicycles, and daily supplies to disadvantaged groups in the community.









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## **Beach and Mountain Cleaning Activities**

HTC is committed to the promotion of the concept of internal environmental protection and encourages employees to participate in such activities outside the factory as well. Employees have participated in beach and mountain cleaning since 2011 that has inspired them to care for forest and water resources and work to optimize the environment and enhance the awareness of protection.

Date	Location
2013/1/5	Jhuwei fishing port beach cleaning
2013/5/18	Jhuwei fishing port beach cleaning
2013/9/22	Jhuwei fishing port beach cleaning
2013/12/15	Hu Tou Shan mountain cleaning
2014/5/24	Taoyuan City San-Ming Park



# **Sponsorship of Schooling for Disadvantaged Children**

For many years, the HTC Foundation has been taking care of disadvantaged, children and providing them with the opportunity to receive education. The education program highlights continuous learning and HTC plays an active part in community engagement and social services. HTC cultivates communication with the children and the community to pass on the core values of integrity, honesty, care, love, positive thinking, and respect for natural resources.

# 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 China Children's Fund (CCF) to support the sponsorship of children in need. In 2013, 245 HTC employees made donations. The funds raised by the HTC Child Support Club and the Employee Welfare Committee came to NT\$2,700,700, and was used to sponsor 210 children. Among those, 202 were domestic children while eight of these were from foreign countries, including Guatemala, Indonesia, the Philippines, Senegal, Sri Lanka, Qirghiz, and Paraguay.





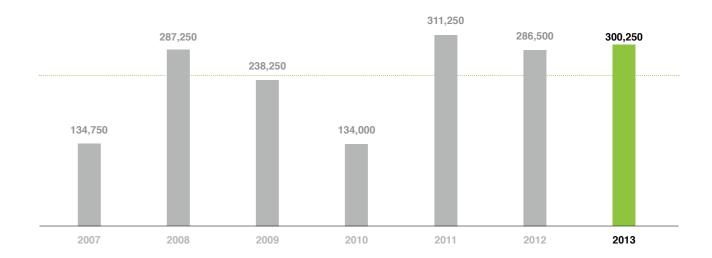


#### **Blood Donations**

Four times every year HTC cooperates with the Hsinchu Blood Center to hold blood donation drives. Many of our kind-hearted employees have developed the habit of regular blood donation. 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.

#### **Statistics of Blood Donation**

Requirement for Honorable Blood Donor Group - 25,000 c.c.



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# ASSURANCE STATEMENT

# SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE HTC CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2013

#### 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 (hereinafter referred to as CSR Report) of 2013. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the HTC's CSR Report of 2013 and its presentation are the responsibility of the superintendents, CSR committee and the management of HTC. SGS has not been involved in the preparation of any of the material included in the HTC's CSR Report of 2013.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all HTC's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity 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;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee members and the management; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts 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 affirms our independence from HTC, being free from bias and conflicts of interest with the organization, 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, EICC, 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 information and data contained within HTC's CSR Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of HTC sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the second to be assured by an independent assurance team and HTC has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

# AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS Inclusivity

HTC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, HTC may proactively consider having more direct involvement of stakeholders during future engagement.

#### Materiality

HTC has established effective 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. Stakeholders' understanding of sustainability impacts of HTC may be strengthened in next report.

#### Responsiveness

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

# GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, HTC's CSR Report of 2013, is adequately in line with the GRI G4 Core Option. The material aspects 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 aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More disclosure on subsidiaries, supply chain management and material aspects having boundaries outside of the organization, and disclosures on G4-EC6 and G4-EN17 are recommended in future reporting, and the address of Disclosure on Management Approach may be further enhanced in future reports.

#### Signed

For and on behalf of SGS Taiwan Ltd.





Dennis Yang, Chief Operating Officer Taipei, Taiwan 26 August, 2014 WWW.SGS.COM

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# GRI G4 Comparison Table

## **GENERAL STANDARD DISCLOSURES**

Indicator	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
	STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organization	6-7		•
G4-2	Description of key impacts, risks, and opportunities	6		•
	ORGANIZATIONAL PROFILE			
G4-3	Name of the organization	2		•
G4-4	Primary brands, products, and services	12, 19		•
G4-5	Location of the organization's headquarters	3		•
G4-6	Number of countries where the organization operates	15-16		•
G4-7	Nature of ownership and legal form	17		•
G4-8	Markets served	15		•
G4-9	Scale of the organization	17, 54		•
G4-10	Total number of employees	54		
G4-11	Percentage of total employees covered by collective bargaining agreements	We don't have labor union		•
G4-12	Describe the organization's supply chain	117		•
G4-13	Significant changes during the reporting period	No significant changes		•
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	106-109		•
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	48		•
G4-16	List memberships of associations and national or international advocacy organizations			•
	IDENTIFIED MATERIAL ASPECTS AND BO	DUNDARIES		
G4-17	Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Refer to page 229~231 of Annual Report		•
G4-18	Process for defining the report content and the Aspect Boundaries	38-39		•
G4-19	List all the material Aspects identified in the process for defining report content	38		•
G4-20	For each material Aspect, report the Aspect Boundary within the organization	38		•
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	38		•
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	No significant changes		•
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Shanghai office is also including in boundaries this year		•

Indicator	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
	STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization	42-43		•
G4-25	Basis for identification and selection of stakeholders with whom to engage	41		•
G4-26	Organization's approach to stakeholder engagement	42-43		•
G4-27	Stakeholder groups that raised each of the key topics and concerns	42-43		•
	REPORT PROFILE			
G4-28	Reporting period for information provided	3		
G4-29	Date of most recent previous report	August, 2013		•
G4-30	Reporting cycle	Annually		•
G4-31	Contact point for questions regarding the report or its contents.	3		•
G4-32	'In accordance' option the organization has chosen	130-131		•
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	134		•
	GOVERNANCE			
G4-34	Governance structure of the organization	28		•
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	28		•
G4-36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	35		•
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	42-43		•
G4-38	Composition of the highest governance body and its committees	28		•
G4-39	Whether the Chair of the highest governance body is also an executive officer	No		•
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used	28		•
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided, managed and disclosed to stakeholders	30		•
G4-42	Highest governance body's and senior executives' roles in the management of economic, environmental and social impacts	35		•
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	35		•
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	36		•

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Indicator	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	7		•
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	35		•
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	38-39		•
G4-48	Highest committee or position that formally reviews and approve	28		•
G4-49	Process for communicating critical concerns to the highest governance body	28		•
G4-52	Process for determining remuneration	29		•
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	29		•
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	29		•
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	29		•
	ETHICS AND INTEGRITY			
G4-56	Organization's values, principles, standards and norms of behavior	18, 65		•
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	30		•
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	30		•

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
	CATEGORY: ECONOMIC			
Aspect: E	Economic Performance			
G4-DMA		15		
G4-EC1	Direct economic value generated and distributed	15		
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	33		•
G4-EC3	Coverage of the organization's defined benefit plan obligations	Refer to page 179 of Annual Report		•
G4-EC4	Financial assistance received from government	No such assistance		
Aspect: I	Market Presence			
G4-DMA		60		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	60		•
Aspect: I	ndirect Economic Impacts			
G4-DMA		121		
G4-EC7	Development and impact of infrastructure investments and services supported	127		•
G4-EC8	Significant indirect economic impacts, including the extent of impacts	127		•
Aspect: F	Procurement Practices			
G4-DMA		51		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Refer to page 42~43 of Annual Report		•
	CATEGORY: ENVIRONMEN	т		
Aspect: E	Energy			
G4-DMA		89		
G4-EN3	Energy consumption within the organization	90		•
G4-EN5	Energy intensity	90		•
G4-EN6	Reduction of energy consumption	93-94		•
G4-EN7	Reductions in energy requirements of products and services	104		•
Aspect: \	Vater			
G4-DMA		96		•
G4-EN8	Total water withdrawal by source	96		

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DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
G4-EN10	Water sources significantly affected by withdrawal of water	97		
Aspect: E	missions			
G4-DMA		89		•
G4-EN15	Direct greenhouse gas (GHG) emissions (SCOPE 1)	90		•
G4-EN16	Energy indirect GHG emissions (SCOPE 2)	90		•
G4-EN18	GHG emissions intensity	90		•
G4-EN19	Reduction of GHG emissions	93, 94		•
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	No such emission		•
Aspect: E	ffluents and Waste			
G4-DMA		96, 112		•
G4-EN22	Total water discharge by quality and destination	97		•
G4-EN23	Total weight of waste by type and disposal method	112-114		•
G4-EN24	Total number and volume of significant spills	None		•
Aspect: P	roducts and Services			
G4-DMA		102		•
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	103, 105		•
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	112, 113		•
Aspect: C	compliance			
G4-DMA		104		
G4-EN29	Monetary value of significant fines and total number of significant fines and total number of non-monetary sanctions for non-monetary for non-compliance with environmental laws and regulations	None		•
Aspect: T	ransport			
G4-DMA		101		•
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	101		•
G4-EN31	Total environmental protection expenditures and investments by type	101		•
Aspect: S	supplier Environmental Assessment			
G4-DMA		106		

DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
G4-EN31	Total environmental protection expenditures and investments by type	106, 115		•
Aspect: 9	Supplier Environmental Assessment			
G4-DMA		52		
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	53		
Aspect: E	Environmental Grievance Mechanisms			
G4-DMA		100		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	None		
	CATEGORY: SOCIAL			
Sub-Cate	gory: Labor Practices and Decent Work			
Aspect: E	Employment			
G4-DMA		56		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	58		
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	61-62		•
G4-LA3	Return to work and retention rates after parental leave, by gender	66		
Aspect: L	abor/Management Relations			
G4-DMA		60		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	We don't have labor union		
Aspect: 0	Occupational Health and Safety			
G4-DMA		107		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety program	106		•
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	110-111	Data can't be broke down by gender	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	We don't have labor union		
Aspect: 1	raining and Education			
G4-DMA		80		

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DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
G4-LA9	Average hours of training per year per employee by gender, and by employee category	82	Data can't be broke down by gender	•
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	80-81		•
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	84 ( 100% )		•
Aspect: [	Diversity and Equal Opportunity			
G4-DMA		56		•
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	28, 58, 67		•
Aspect: S	Supplier Assessment for Labor Practices			
G4-DMA		51		
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	53		•
Aspect: L	abor Practices Grievance Mechanisms			
G4-DMA		79		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	None		•
Sub-Cate	gory: Human Rights			
Aspect: N	Ion-Discrimination			
G4-DMA		64		•
G4-HR3	otal number of incidents of discrimination and corrective actions taken	None		•
Aspect: F	reedom of Association and Collective Bargaining			
G4-DMA		64		•
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	65		•
Aspect: 0	child Labor			
G4-DMA		64		•
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	None		•

DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
Aspect: F	orced or Compulsory Labor			
G4-DMA		64		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	None		•
Aspect: A	assessment			
G4-DMA		52		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	52		•
Aspect: S	Supplier Human Rights Assessment			
G4-DMA		45		
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	45		•
Aspect: F	luman Rights Grievance Mechanisms			
G4-DMA		79		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	None		•
Sub-Cate	gory: Society			
Aspect: A	nti-Corruption			
G4-DMA		30		•
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	30		•
G4-SO4	Communication and training on anti-corruption policies and procedures	85		•
G4-S05	Confirmed incidents of corruption and actions taken	30		
Aspect: A	anti-Competitive Behavior			
G4-DMA		34		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	None		•
Aspect: C	Compliance			
G4-DMA		32		
G4-SO8	Monetary value of significant fines and total number of non- monetary sanctions for non-compliance with laws and regulations	None		•
Sub-Cate	gory: Product Responsibility			
Aspect: C	Customer Health and Safety			
G4-DMA		102		

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DMA and Indicators	Disclosure Item	Page Number and Comment	Identified Omission and Explanation	External Assurance
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	105		•
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	None		•
Aspect: F	Product and Service Labeling			
G4-DMA		116		•
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	100%		•
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None		•
G4-PR5	Results of surveys measuring customer satisfaction	45		•
Aspect: N	Marketing Communications			
G4-DMA		116		•
G4-PR6	Sale of banned or disputed products	None		
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	None		•
Aspect: 0	Customer Privacy			
G4-DMA		44		•
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	44		•
Aspect: 0	Compliance			
G4-DMA		103		•
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None		•
Aspect: 0	Conflict Minerals			
G4-DMA		55		•
Aspect: E	Brand Management			
G4-DMA		18		
Aspect: 0	Character Education			
G4-DMA		120		•