

htc
HTC Corporation

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htc

CORPORATE SOCIAL RESPONSIBILITY REPORT

2015


Editorial Principle

Thank you for reading the fourth 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 2015.

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).





HTC CSR Website

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

The HTC 2015 CSR Report

is downloadable in PDF format.



HTC CSR Report 2015

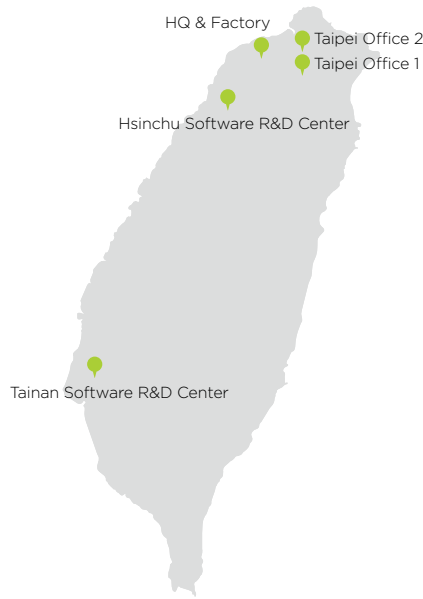
Report Scope and Boundary

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

Geographic Coverage of the HTC CSR Report 2015

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

Note: The 2015 boundary did not cover Shanghai due to changes involving the plant.



Time Coverage of Disclosure

We plan to issue the HTC Corporate Social Responsibility Report annually. This report generally covers the year 2015 from January 1 to December 31. However, in order to provide a more complete picture of all our CSR achievements in various aspects to date, the content and information about some issues refers to work carried out in 2014 to 2016 May, as well as the HTC CSR management policies, key issues, and performance, responses and activities for previous years.

Report Basis

This report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 Core Option and AA1000 (2008) standards and has been confirmed by SGS-Taiwan to be in compliance with AA1000AS Type II top-level assurance and GRI G4 Core option.

Global standards and guiding principles

United Nations Global Impact: Although Taiwan is not a member of the United Nations (UN), the HTC Corporation, as a renowned international company, is committed to operating in accordance with the UN Global Impact and the ten principles of 2001. For details of HTC’s efforts in the direction of the ten principles, please see the annual report.

Guiding principles for ISO 26000: The HTC annual report also provides a matchup between the social responsibility guidelines drafted and formulated by the International Organization for Standardization (ISO) and the efforts made by HTC to concretize the seven core subjects of corporate social responsibility (CSR) as defined in ISO 26000. These include organizational governance, human rights, the environment, fair operating practices, consumer issues and community involvement. Please see the annual report for information about the steps taken by HTC to meet these principles.

Forward-Looking Statements & Statistical Calculations

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

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

Feedback

Should you have any questions about this HTC Corporate Social Responsibility Report 2015, please let us know to help us make continuous progress.

Contact us

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Statement of the management _____

Thank you for reading the fourth annual HTC CSR report. We continue to follow the information disclosure requirements as specified in the Global Reporting Initiative (GRI) G4 Guidelines and AA 1000 Assurance Standard. By this means we are able to let all interested parties as well as the general public know what HTC has been doing with respect to social responsibility and sustainability.

In 2013, HTC went through a big transition. Although our performance was not as good as expected, we believe it was a process that will lead to future success. HTC, faced with strong competition and highly stressful market challenges, failed to reach the projected 2014 financial objectives. We have therefore carried out comprehensive reform, adjusted our pace and boosted company business operations.

To grasp the opportunities presented by recent changes in information technology and to deal with the challenges that may come at the same time, we are focusing our efforts on research and development, technological innovation, and marketing strategy. We are also strengthening the core capability of the enterprise, and believe in “working together to create mutually shared value.” We are cooperating with leading companies in the industry and are creating more innovative momentum through strategic alliances.

We have the ability to change. In addition to the improvements in business operations and corporate structure, we are also taking steps to help suppliers understand and practice social responsibility. We seek to create a positive CSR cycle through integrating our brands, management, employees, associates, supply chain, and CSR actions such as social participation. The effort has to go with daily operations and management.

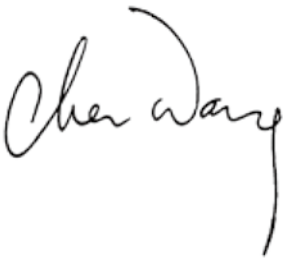
We have the ability to innovate and over the years HTC has launched many new products. HTC is dedicated to the development of outstanding smartphones, and has come up with a most successful product, the HTC One. This testifies to the leading position HTC holds in the smartphone industry. The HTC One boasts excellent design and break-through innovative functions. Pitted against the many competing products of the same class around the world, the HTC One still wins the first prizes given by the major smartphone rating agencies in the world.

“Here’s to change” is the slogan that continues to raise the popularity of HTC around the world. We are confident that we will be able to continue to create value for the HTC brand, our clients and our shareholders in 2014 and that we can look forward to a brighter future.

We have the ability to give. The “Power to Give” project incorporates core functions of the industry to build connections with more people and make great contributions to the medical field through its resources on the Internet. I believe that the success of HTC comes from the experience of its clients and their constant feedback. Concerns and suggestions from various interested parties provide more energy to HTC in its progress toward sustainable development.

HTC has the ability to be introspective, to make change, take action, and create more added value for our shareholders, clients, employees, and the general public. Smartphones have become part of daily life and the recognition of consumer preference deeply influences the thinking and action of HTC. In the future, we will continue making new products that are impressive at first sight. We will continue as an innovative enterprise, investing in brands, marketing and sales management and this will also make us socially responsible and sustainable. We hope you will give us your support, encouragement, and advice.

HTC Corporation
Chairperson



About HTC

Name

HTC Corporation (TWSE stock symbol 2498)

Address

No 23, Xinghua Rd, Taoyuan City, Taoyuan County, Taiwan

Established

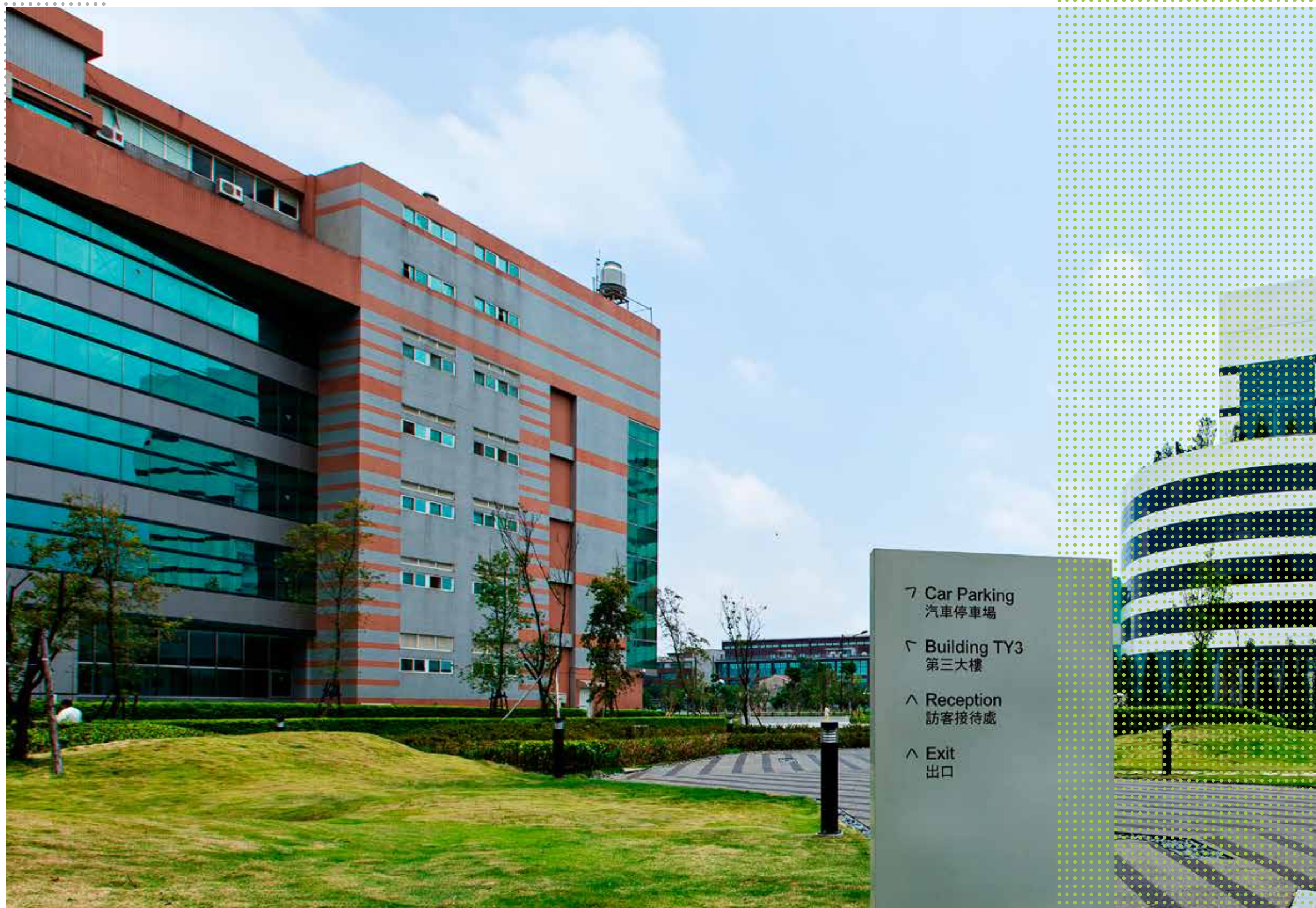
May 15, 1997

Sector

Manufacturer of computers and consumer electronics (handheld smart computers and wireless communication products)

Main business

Smartphone/HTC phones and accessories



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, HTC has, since our incorporation, embraced a passion for innovation and a 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.

HTC is driven by the “The Pursuit of Brilliance” to move forward with innovative and revolutionary mobile devices. HTC explores the unknown and is committed to bringing imaginative and innovative design to life and to devise new ways to link people and their dreams to the world.

HTC is a confident industry leader that continues to provide consumer-oriented innovative technology and superior designs both inside and out. HTC continues to launch refreshing products and continue to invest in branding, marketing, and sales management as well as maintaining active communication with our consumers. HTC is persistent in the sense of caring for colleagues, products, social welfare and environmental protection programs. The HTC philosophy is based on a spirit of “The Pursuit of Brilliance” to move forward continuously and to create a better experience for everyone.

Product

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

We believe that only a deep, sincere, innovative, and unique experience can truly stand out in competition. In this regard, HTC mobile phone design extends the texture and craftsmanship of products and integrates the design, hardware, user interface, software, applications programs, and cloud service flawlessly.

iF Gold Product Design Award



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 main Product: Smartphone

Year	Capacity (thousand)	Output (thousand)	Output Value (NT\$ Million)
2013	38,550	20,345	129,184
2014	37,570	15,623	92,250
2015	20,800	9,364	49,796

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 and Others (Accessories)

Year	Domestic Sales		Export Sales	
	Volume (Thousands)	Value (Million)	Volume (Thousands)	Value (Million)
2013	3,024	19,653	97,233	180,555
2014	2,146	18,797	82,181	166,132
2015	70,424	17,624	60,183	102,464

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

The Smartphone Industry

The growth of the world smartphone market has slowed down in recent years to become saturated in developed countries. The leading information technology research and advisory company Gartner predicts that 2016 will only see a 2.5% growth in mobile phone sales, with the number of mobile phones sold reaching 2 billion units. These sales will be attributed to first-time buyers in emerging countries in the Asia-Pacific region, the Middle East, and Africa. The International Data Corporation (IDC) also forecasts that by 2019, phablets with 5.5 to 6 inch screens will account for 71% of the total smartphone shipments.

The rise of phablets and detachable tablets shows that they are actually shaping fashion. These devices, PCs, tablets, ultramobiles and mobile phones, are expected to reach 2.4 billion units shipped worldwide in 2016, according to Gartner. This is a 1.9% increase over 2015. However, end-user spending on these devices is expected to decline 0.5% for the first time. This market saturation with personal mobile devices means that manufacturers cannot avoid taking advantage of every possible opportunity to make the best of their products. However, the “quantified life” movement in sport has made wearable devices for health management and sleep tracking very popular.

Business content

As promised last year, HTC continues to develop smartphones in the low-, mid-, and high-end sectors. The HTC A9 that was released in October 2015 is an example. It was well-received in Asia, the US, and Europe and we have expanded our sales channels as a result. In addition to original telecommunications operators and retailers, HTC has put its products on sale at consumer electronic product stores, technology retail stores, and eStores owned by the company. In 2013, HTC opened eStores in China and in 2015, we went on to open eStores in Taiwan, India, the US and EMEA (Europe, the Middle East and Africa).

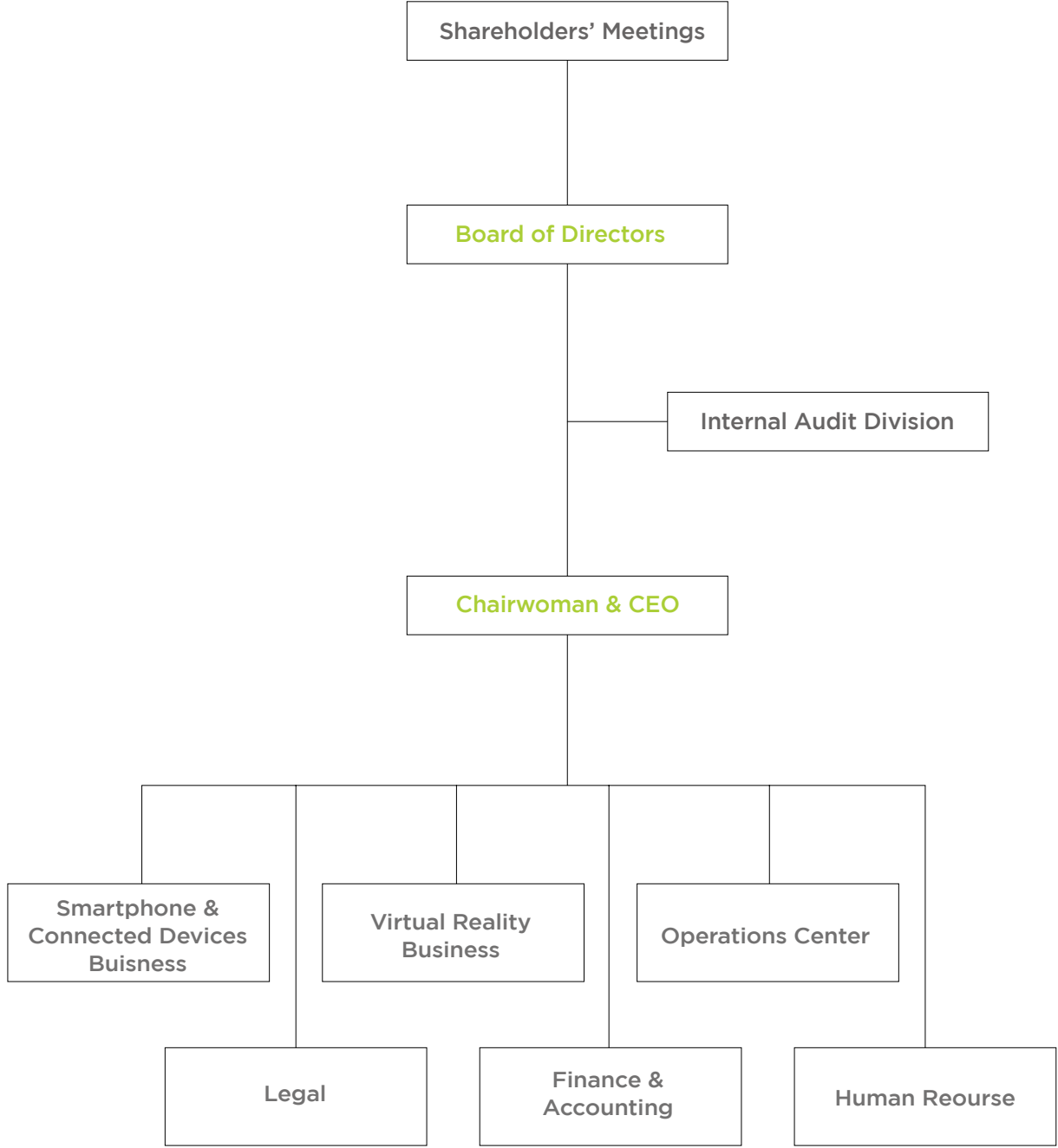
We will continue challenging the status quo and launching products that wow the user. To do this we need to carefully evaluate and use our resources and also continue to improve the smartphone production lines and optimize cost structure. Our investment in digital marketing will be continued, and more attention is to be paid to our brand and customer loyalty. This will raise the value of HTC and help the company to carry out the commitments made to consumers and shareholders. We firmly believe that determination and expertise will help us overcome future challenges and make HTC the Number One smart device brand.

Business performance

HTC consolidated revenue for the past year was NT\$121.7 billion, while the consolidated gross margin was 18.0%. In addition to core smartphone business, HTC has launched new products such as virtual reality (VR) wearable devices and Internet of Things (IoT) products, which have received positive responses from the market. We have been very successful since the beginning of 2016 winning 21 awards at CES 2016 alone.

Of these 21 awards, 14 went to HTC Vive Pre and 7 to the UA HealthBox. Vive will officially launch in April 2016 and 7,000 additional Vive systems will be provided for our developers. The UA HealthBox will be available for sale in the US from January 22, 2016, both on websites like www.HTC.com and www.UA.com, as well as in Armour Brand House stores. We also find our way into retail stores in the US in the first quarter of 2016 and will be distributed to other markets later in 2016.

Organization Structure



Please refer to annual report Page.28

Global Operational Locations



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 our operational HQ, HTC provides customers with a network of professional services.

HTC stands in the immediate presence of our 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, Spain, Poland, Denmark, Sweden, Russia, Indonesia, India, Australia, China, Japan, Hong Kong, Singapore, Thailand, Myanmar, Vietnam, Malaysia, Cezhx, 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 made strategic investments in the VR business in 2015. The investments were directed toward specialized risk funds and companies such as VR media player developer WEVR, medical VR software company Surgical Theater, game developer Steel Wool Games, VR social platform High Fidelity, and animation studio Larry Eric & Mo. We expect HTC’s overall development in the VR market to strengthen.

Overview of Financial Performance

HTC’s consolidated revenue in 2015 was NT\$121.7 billion and the consolidated gross profit was NT\$22 billion. The consolidated gross margin was 18.0% and the operating margin was -11.7%. The net profit after tax was – NT\$15.3 billion and the loss per share (LPS) was NT\$18.8.

We expect to reach our projected goals between 2016 and 2017. It is also expected that new products like the VR devices and smart connected devices will increase company revenue and bring profit.

	Unit	2013	2014	2015
Operating Revenue	NT\$ Million	203,403	187,911	121,684
Operating Costs & Expenses	NT\$ Million	207,373	187,242	135,887
Income Tax	NT\$ Million	1,128	500	-48
Employee Wages	NT\$ Million	18,332	17,485	15,781
Dividends	NT\$	0	0	314,636
Social Investment /Donation	NT\$ Million	0	7.01	0

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

The Pursuit of Brilliance

Future Goal

- To increase market share
- To strengthen integration of marketing
- To deepen the penetration of our brand

Current Achievement

- Creating a global smart phone with excellent design
- The most valuable international brand from Taiwan

HTC's Challenge

How to enhance brand loyalty



Chronicle of HTC Product Development in 2015



Our initial goal was to let people experience smart mobile life through high-performance portable devices. HTC, through non-stop innovation in product research and special product design that offers unique user experience, was able to lead the transition of the information technology industry from palmtop computers to smartphones.

The core spirit of the “The Pursuit of Brilliance” inspires us to strive for better performance and to create revolutionary new mobile devices. We explore the unknown and are committed to bringing innovative design into the lives of users and to think of new ways to link people and their dreams to the world.

An Unending Curiosity

At HTC, we go where others haven't thought to. Breaking down barriers and creating industry firsts is a large part of our history, which is why HTC has become synonymous with innovation, engineering breakthroughs, and designing the future of human communications as we continue to expand into uncharted product territories.

An Unyielding Resilience

Strong character is at our core. Award-winning vision requires taking risks and challenging convention. From the very beginning, resilience has been at the heart of our creative spirit. To this day, we stay committed to our pursuit, believing that the greatest ideas transcend temporary recognition: they influence behavior, shape lives, and inspire new thinking.

A Refined Approach

We hold our ideas and our products to a higher set of standards. That is why we design for performance over popularity – and our partners have taken notice. Other industry leaders come to us because they understand that we create great products with an eye for design and mind for engineering that's celebrated by the industry and customers alike.

A Real Impact

It is our belief that technology's purpose has always been to bring humanity together to overcome and conquer difficult challenges. That is why we always design our technology to generate a real impact – to serve a greater, human purpose that every single human being can benefit from.

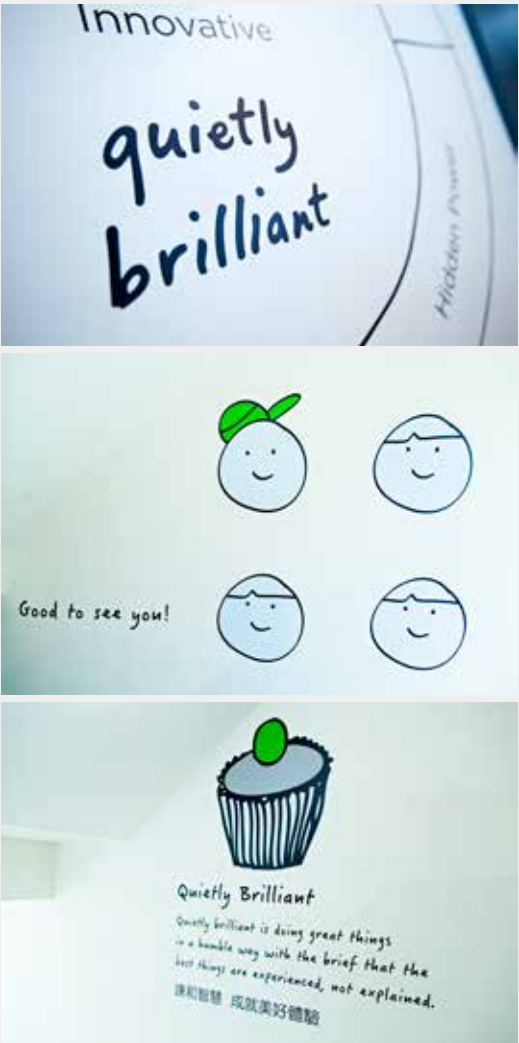
A Greater Purpose

HTC takes a broader approach to serving society and making life better. We believe that we can make more of a difference looking beyond the obvious, reaching out to people and enabling them to make a difference, and in improving the way we do things.

A Working Environment Incorporating Brand Spirit

HTC regards the creativity that stems from brainstorming as one of our most valuable assets. To promote interpersonal communication, the R&D headquarter in Taipei is configured with many staff areas that allow our people to interact and talk, this includes interlacing sky bridges between the buildings that link departments together and interaction rooms that project from the floors like transparent boxes. We hope that these interaction-oriented spaces will encourage and promote cross-department synergism and cooperation, supporting the free extension of creativity.

HTC believes sharing is the best kind of interaction. To this end we will share the lobby on the first floor of the R&D Building with the community, This HTC Gallery will help young local artists show their creativity and work, promoting social and community interaction. In addition, the HTC Gallery will cooperate with different institutions and artists to regularly showcase new cultural and artistic works. It will be open to the community schools, groups, and the public. Let us all get closer to the arts. All the people who work in this building can also appreciate being in an “art gallery” that will inspire creativity and help HTC launch better and more amazing products.



Innovative R&D

Future Goal

People-oriented:

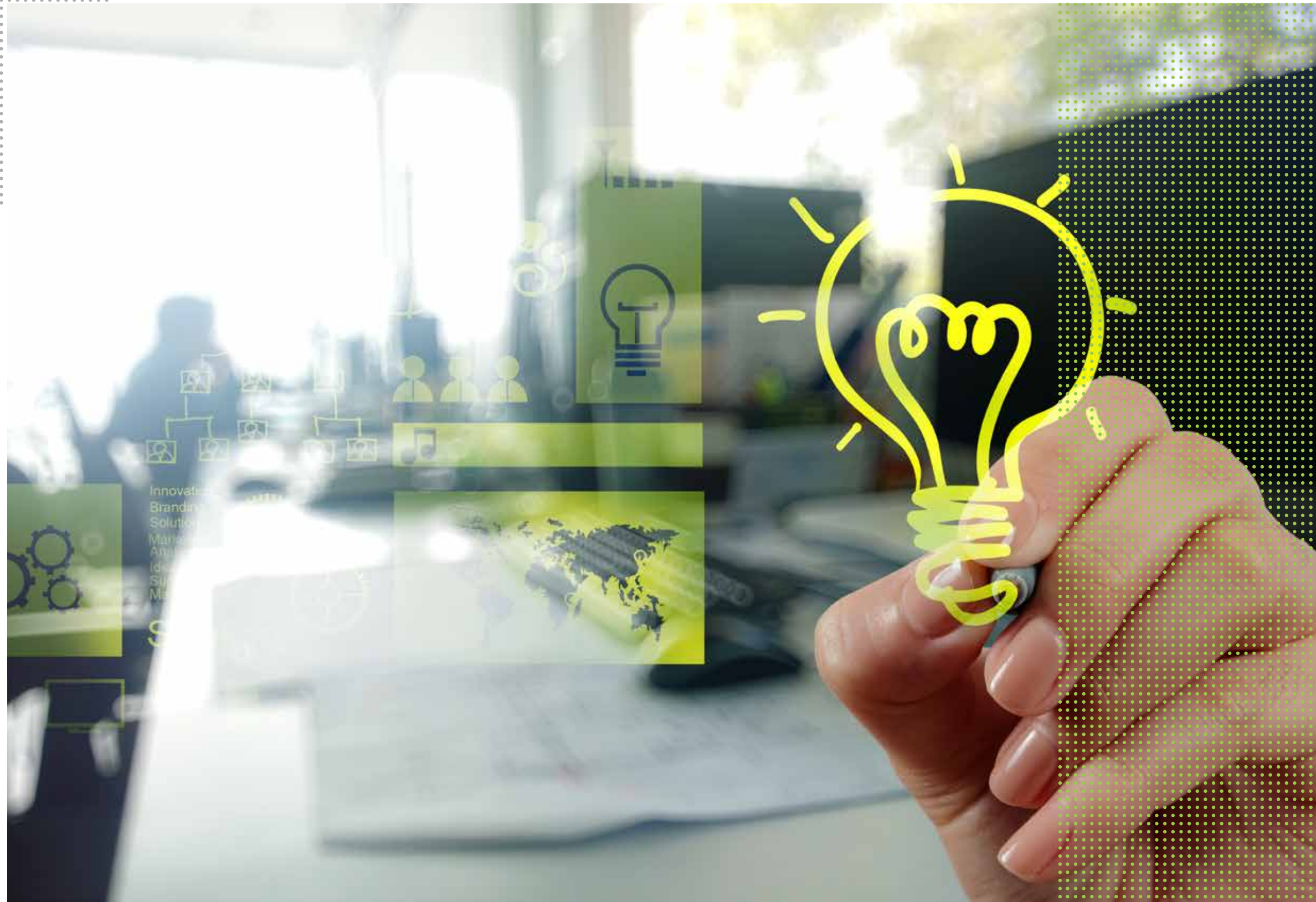
- Continuous innovation to make the mobile phone function meet every practical need.
- Input from wearable devices and Internet of Things (IoT) devices.
- Changing the way people interact, and the technology around the world.

Current Achievement

- HTC Vive received “Best In Show” from MWC.

HTC's Challenge

Expediting patent layout
Strengthening advertising of product innovation



Actively conducting innovative R&D

Since our establishment, HTC has invested heavily in cultivating R&D talent and developing technical innovation. Currently, our in-house R&D employees make up 30% of all HTC’s global employees, the investment of which is about 11% of the total operating revenue. 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.

Investment in Innovative R&D

	Unit	2013	2014	2015
Fixed R&D Investment	Million (NT)	12,543	13,047	13,728
Total Revenue	Million (NT)	203,403	187,911	121,684
Percentage	%	6.2%	7%	11%

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

HTC introduced a new flagship model HTC One M9 at the MWC in early 2015. We entered a strategic alliance with Valve® to jointly research and develop HTC Vive™. This has drastically changed the virtual reality experience, and HTC Vive™ has received positive response and the best exhibit award at the Mobile World Conference. Such cooperation helps us expand and reach new consumer groups. We will continue this momentum in 2016 and reinforce HTC commitment to the promotion of human communication and interaction.

HTC Vive™

HTC Vive™, the result of joint research and development by HTC and Valve®, is a high-end virtual reality (VR) system that provides the best available experience. We are leveraging Vive’s platform, including a 125 million user virtual community, with close to 9 million simultaneous users, to ensure that HTC Vive becomes the highest standard of global VR experience.

VR (Visual Reality) is an exciting feature of next generation computing and entertainment. In ordinary VR systems the position of the user is fixed, and movement and hand gestures are limited. HTC Vive allows users to browse through the VR world, move around in a 15-foot square space and use unique hand-simulation controllers to interact with objects.



Note: Valve® provides the world’s leading game platform, Steam, and is the developer of acclaimed games such as Portal and Half-Life.

HTC 10

HTC products have fully demonstrated our insistence on product quality, function and excellent user experience. HTC 10 has realized our commitment to consumers and supporters in general and the flagship smartphone meets all the expectations of users.

HTC 10 is not only an outstanding model for all top-end smartphones on the market, but is also an example of HTC capability in the pursuit of excellence. We will move on with innovation in design to give our supporters the best user experience, and more fun as well.



UA HealthBox™

In 2015, we found a foothold in the industry by producing and marketing the world’s top-class smartphones. Our leading technology enabled us to enter the field of smart wearable devices and VR. A strategic alliance between HTC and renowned apparel company Under Armour has contributed to the launch of UA HealthBox, an all-aspect smart connected fitness system. It provides the user with comprehensive data on health-related matters and solutions to potential problems. It serves to set up new standards for products related to the fitness industry. It is expected that sports enthusiasts around the world will benefit from the device and push their strength to the limits.

UA HealthBox™ is the world’s first connected fitness system, which enables users to monitor, store and understand their 24/7 daily activities, workouts, nutrition, and sleep. Following the same philosophy HTC takes when designing smartphones, UA HealthBox removes the barriers and complexity of technology with a simple to set up and easy to use system.



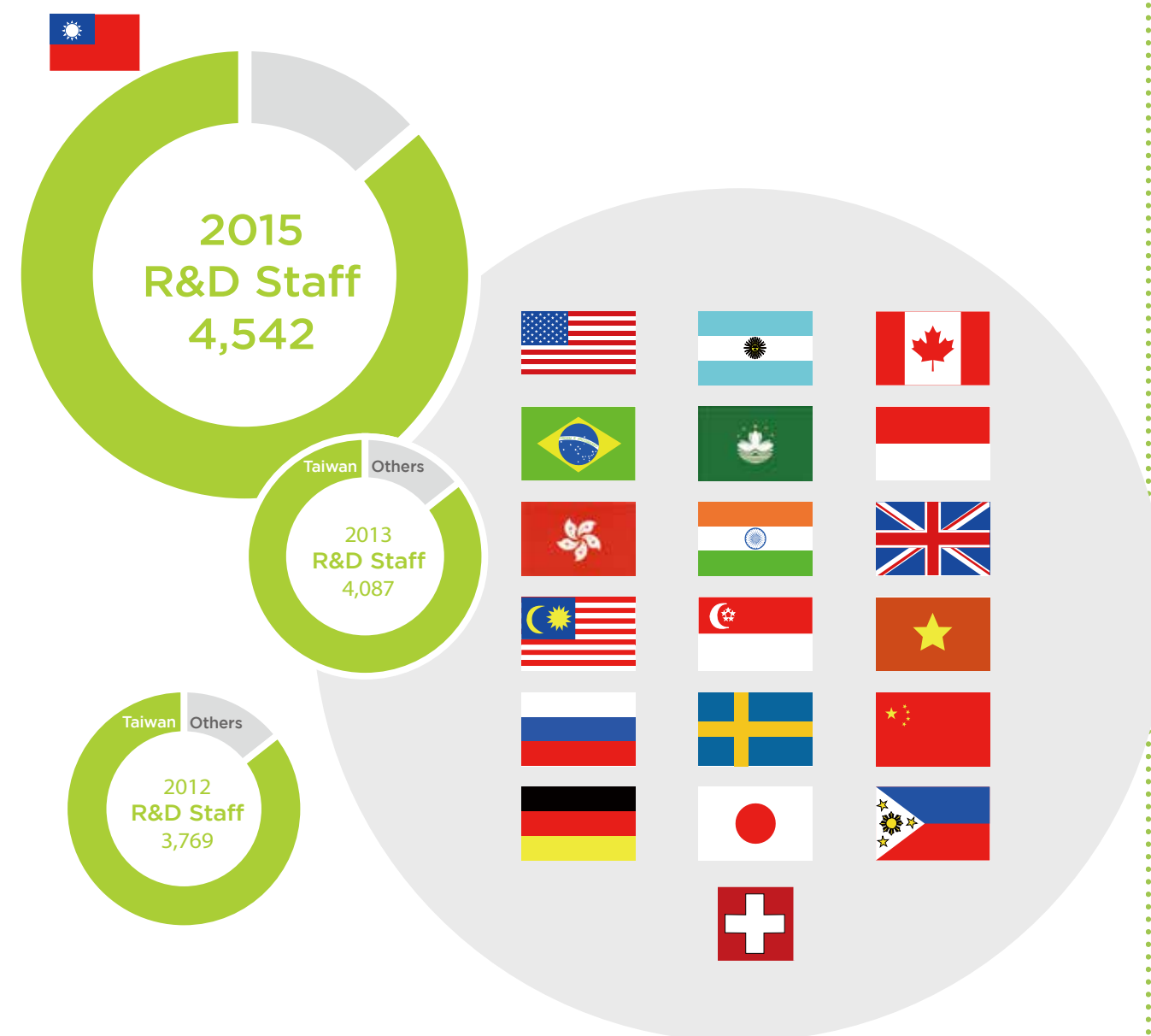
POWER OF 10



htc
pursuit of brilliance

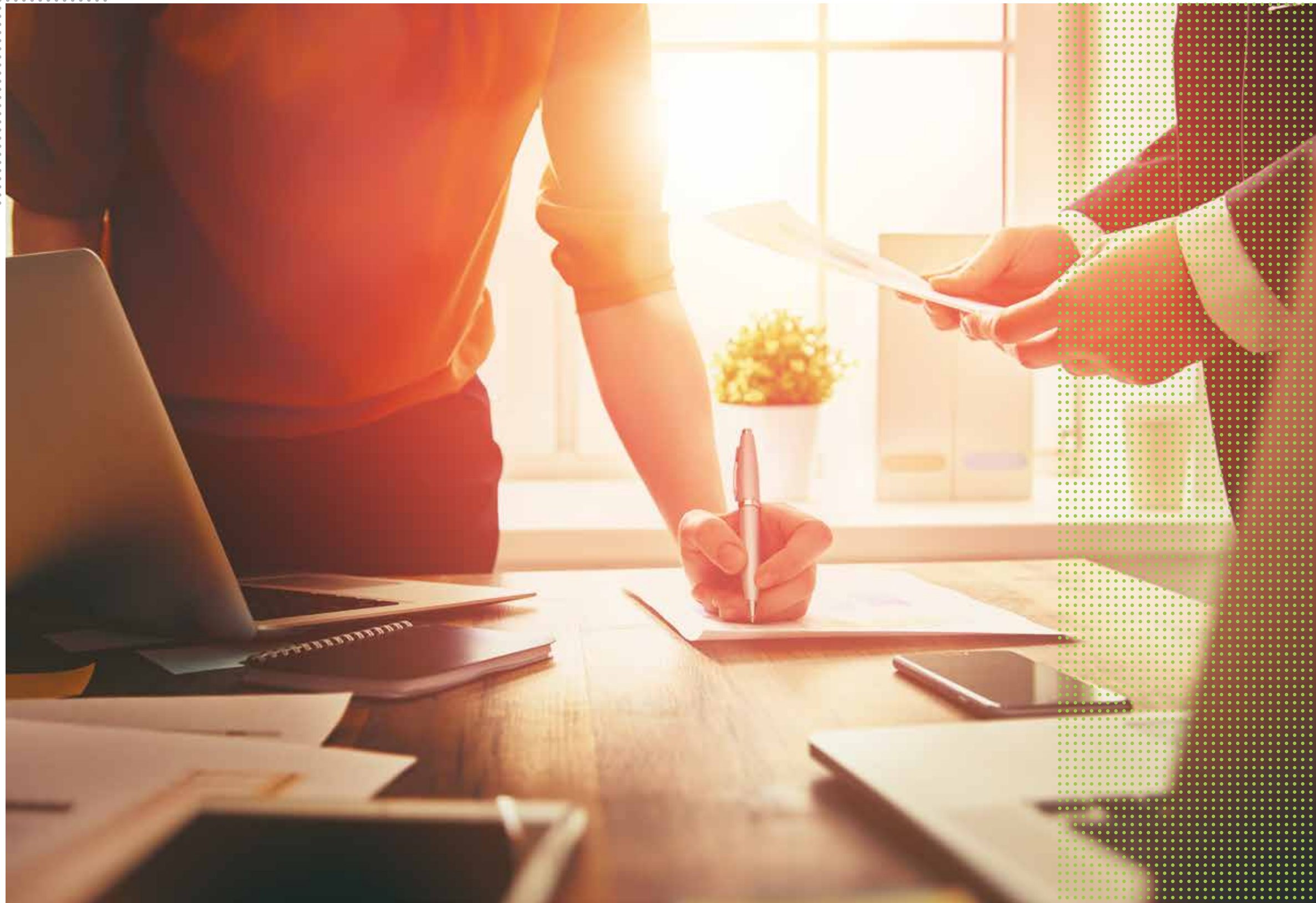
Engaging Diversified R&D Talent

We have a talent-based recruitment policy and engage R&D talent available in the local labor markets wherever we operate. In 2015, a total of 4,542 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.



Responsibility Management

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



Corporate Governance

To achieve this high standard, we formulated the HTC Corporate Governance Framework in 2014, which has been approved by the Board of Directors and complies with the Corporate Governance 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 up 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

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. They are also responsible for maintaining an internal financial and accounting inspection system, assessing operating risks, and proposing strategies for the reduction of such risks.

In early 2015, the Board of Directors decided to appoint Cher Wang as President and Peter Chou was reassigned as head of the HTC Future Product Center, dedicated to the research and development of smart-living connected devices. The board believes this adjustment of leadership strategy will allow HTC to grasp future growth opportunities.

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

Breakdown by Age	Male	Female	Total
<30 (excluding 30)	0	0	0
30 - 50	0	0	0
>50 (excluding 50)	5	1	6
Total	5	1	6

Independent Directors

HTC believes that good corporate governance is critical if a business is to gain the long-term funding that underlies further investment and growth. We recognize that to achieve good corporate governance, it is necessary to widen the scope of independent viewpoints in order to win the trust of the public and the shareholders. During the election of board members (directors and supervisors) in 2007, two independent directors were elected according to the provisions set forth in the Securities and Exchange Act. This action served to solidify our corporate governance, strengthen the independence and functions of the directors, and improve the general performance of the Board of Directors.

Compensation Committee

The Compensation Committee is set up under the HTC Board of Directors. The committee is comprised of an independent director, and two independent external experts. The Compensation Committee assesses the salary remuneration policies and system of the Company directors, supervisors, and managers from a professional and objective viewpoint. The committee also makes suggestions to the Board of Directors for discussing. For HTC corporate governace organization and members, please refer to Page 26,27 in 2015 Annual report.

Supervisors

HTC has an appropriate number of supervisors. These supervisors regularly review the accounting of the quarterly financial statements with Certified Public Accountants to help ensure their reasonable and proper reporting. 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.

Integrity management

The “HTC Code of Conduct” establishes a high ethical standard for staff as a guide for the implementation of company operation. The Code includes general principles, customer and supplier relationships, and conflicts of interest, as well as the HTC integrity management policy.

The “HTC Code of Conduct” is published in the annual report and under investor relations on the company Website. The Board and management adhere to the highest standard of integrity and morality in business practice and employee conduct. Any form of bribery, corruption, fraud, and any other kind of improper behavior is absolutely forbidden.

Complete Disclosure

HTC is committed to real-time and transparent information disclosure. In addition to disclosing all the major financial and business information on the TWSE open information website (<http://newmops.twse.com.tw>) as regulated, we also hold online investor conferences quarterly, where the predictive figures for operating revenue and gross and net operating profits for the coming quarter are given 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. This was received for the first time in the 6th information disclosure assessment of the Securities and Futures Institute and the A+ rating has been awarded for three consecutive terms, including A++ ratings in the 9th, 10th and 11th terms.

HTC took part in the 1st “Corporate Governance Evaluation” held by the Securities and Futures Institute in 2014 and was ranked amongst the top 20% of companies with excellent performance.

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	<div>1. HTC has established an Investor Relations Website (in both Chinese and English) through which the investors can access and download the company’s financial statements, annual reports, other financial news, information about investor conferences, and correspondence with shareholders. 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.</div> <div>2. The Investor Relations Website is continuously maintained and updated with the latest HTC Company development information.</div> <div>HTC will continue maintaining and updating relevant and material company information, so that investors can get the latest news.</div>
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.

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 makes internal announcements to all employees through e-mail, and also posts related information to our Intranet website. Furthermore, the latest version of the rules is always accessible for immediate reference on the corporate website and on the Intranet.

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.

Internal Audit System

HTC has set up our internal audit unit as subordinate to the Board of Directors. The internal unit is responsible for assisting the Board of Directors and management in checking any defects in internal control and in 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.

Risk Management



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

Management of Financial Risks

In 2015, HTC foreign exports accounted for around 84.20% of our total business revenues, with all products sold overseas and raw materials bought from abroad quoted in US dollars. Most of our foreign currency holdings could be offset by recurrent purchase loans to achieve hedging. The rest of the foreign currency holdings are converted to NT dollars according to actual demand. 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 never made high-risk, high-leverage investment, yet, as a part of our long-term business strategy, we are still positively evaluating the risks and benefits of introducing new technology. To remain responsive to the potential risks caused by increased costs as a result rapid industrial development, we control operating cost risks by strengthening the functions of our products, reducing overall costs, and strictly controlling expenses.

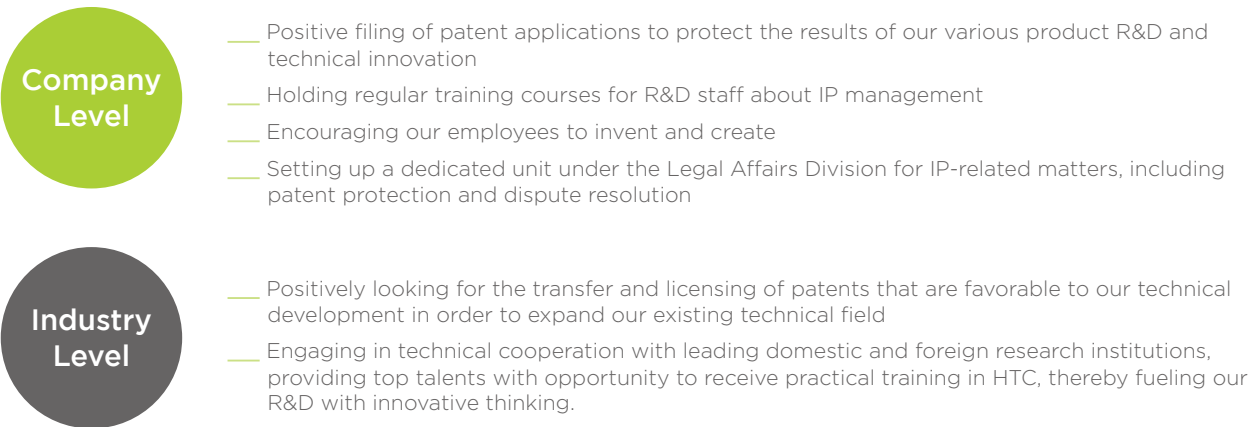
Management of Climate Change Risk

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 style="list-style-type: none">● Shut down in production lines● Shortened life or immediate damage to instruments and devices due to unstable room temperatures	Adjusting and optimizing production processes in advance, to improve efficiency and reduce energy consumption
	Regional natural disaster The increasingly extreme climate can bring about floods, super typhoons, super downpours, or even drought	<ul style="list-style-type: none">● Grounded flights impacting transportation● Increased shipping time and costs	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 style="list-style-type: none">● Increased costs for materials and parts	Introduction of a green supply chain Looking for green innovation business (e.g. reduced packing and recycled packing materials)
	The Taiwan Draft Greenhouse Gas Reduction Act Customer guidelines The customer may ask for our regular disclosure of carbon emission	<ul style="list-style-type: none">● 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

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 attitude with respect 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 all the HTC marks, in more than one hundred countries. This includes all HTC brands, product names (e.g. HTC One), and the names of various parts and technologies (HTC Sense, HTC Zoe, etc.). When imitations or unauthorized use of our trademarks is found, HTC takes legal action together with the local law-enforcement agencies to protect our rights and interests.

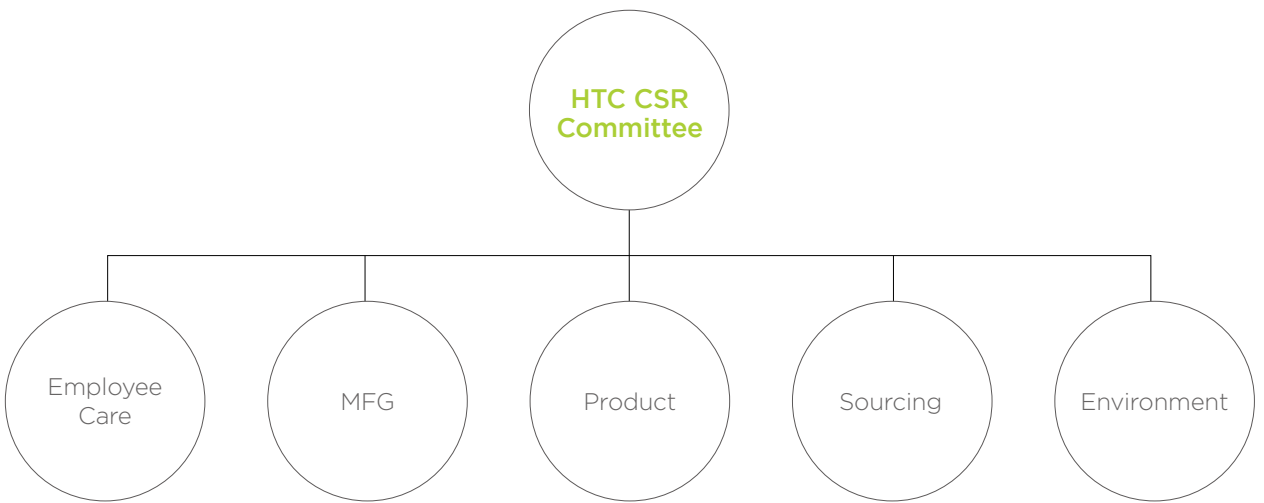
In addition, HTC also has regulations in position to protect the commercially valuable information that is not covered by trademark or patent protection, such as copyright of program code, product photos and images, and other trade secrets and information about products to be launched. We use strict 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 run 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, the external stakeholders and our key suppliers.

Structure of the HTC CSR Committee



We use clear organization and work breakdown, 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.

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 would be provided.

The HTC CSR Committee holds annual discussions about the CSR objectives established by each department and the major CSR issues of the year. The head of each department is also authorized to take relevant action and to trace and control the outcome and report the results to the Board of Directors.

In addition, the CSR Department holds periodic meetings with each responsible department where the annual CSR performance results are summarized. A CSR report is then prepared in accordance with the GRI Outlines and is signed by the CSR Committee Chairman before publication.



The HTC “Corporate Social Responsibility (CSR) Policy”

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

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

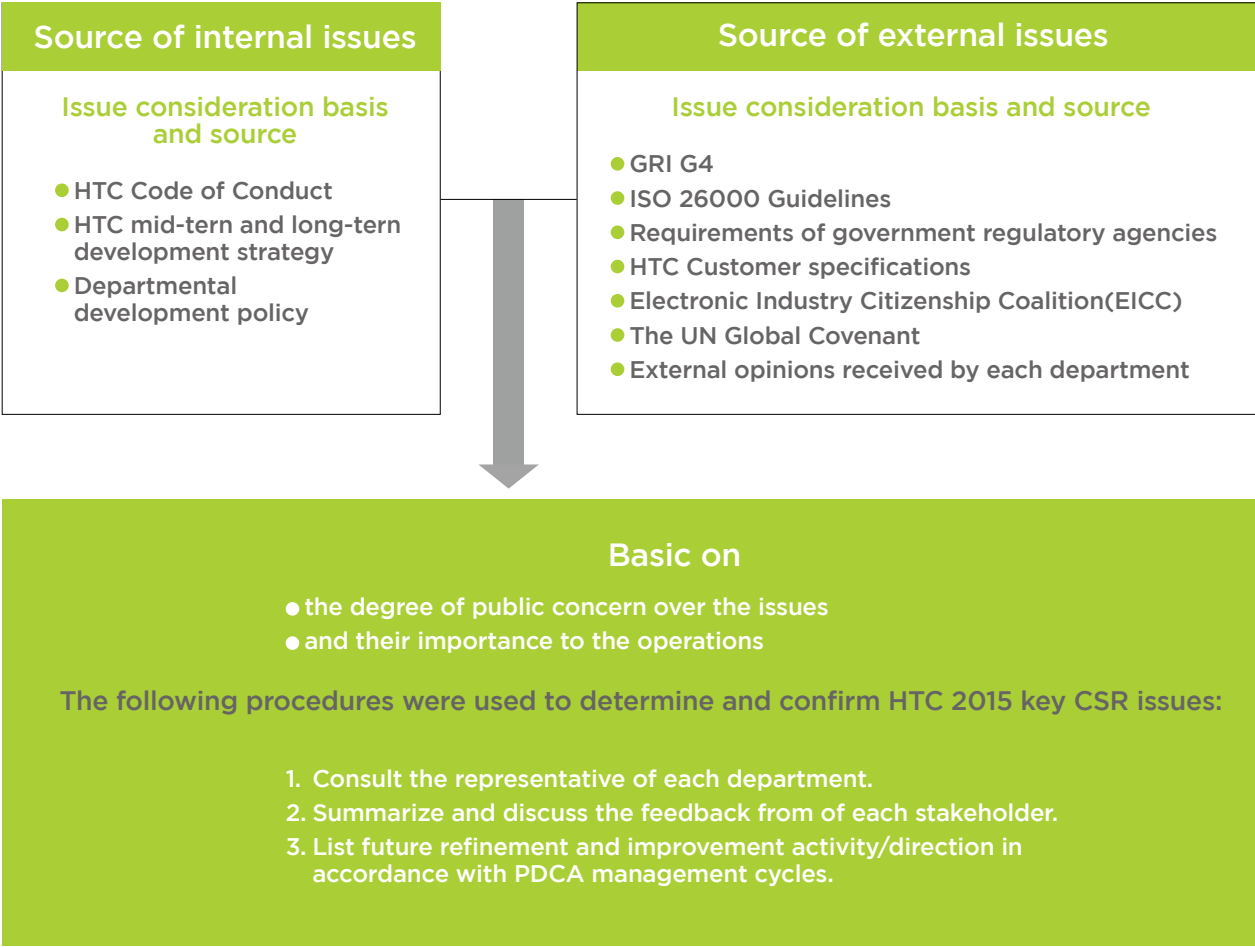
- Compliance with EICC and related international initiatives formulates and practices labor regulations, also human rights protection, at all operating locations.
- Promotion Energy Efficiency, Carbon-Reduction Practices and Various Environmental Protection.
- Sustainable Innovation and Development
- Sustainable Supply Chain Management
- Be a Responsible Corporate Citizen, with the Highest Ethical Standards



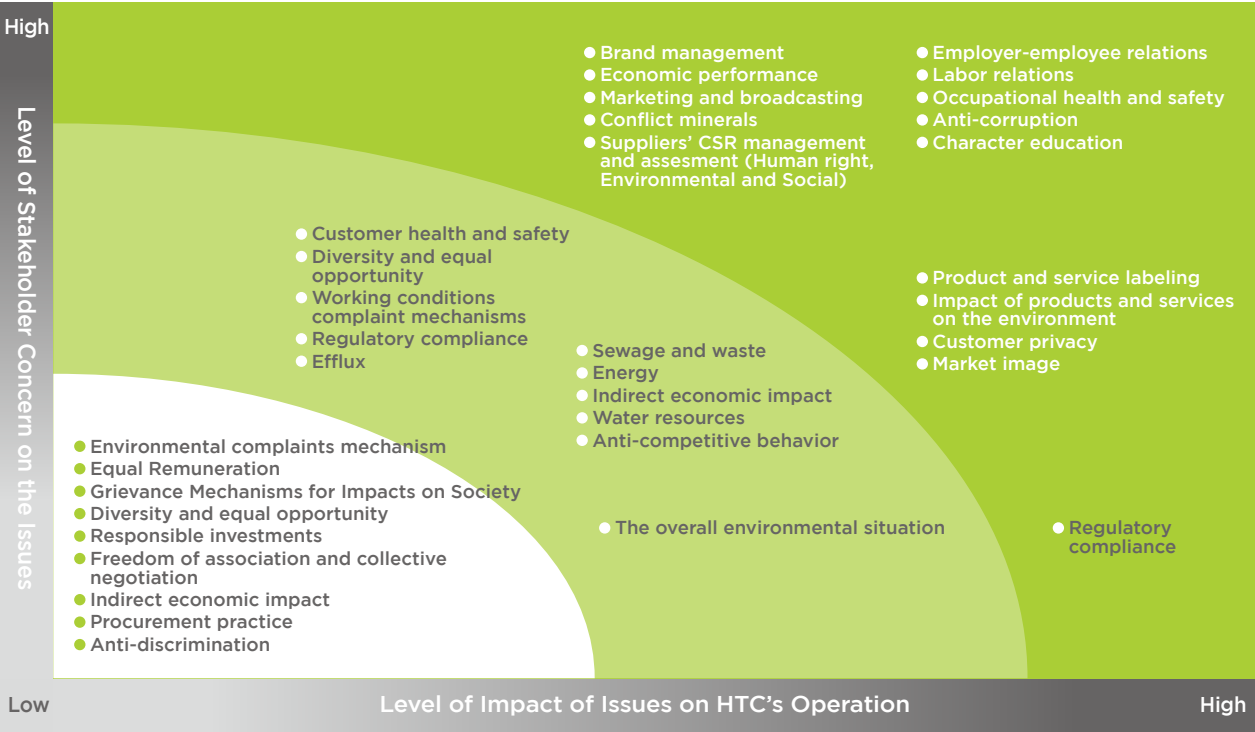
CSR management procedures

This 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 stakeholders’ suggestions, as well as to confirm the impact of each issue. We will gradually invite and encourage internal and external entities to join the CSR disclosure process in the future.



2014 HTC Materiality Analysis



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 always pass the audits conducted by international certification agencies, and obtain and maintain ISO 14001 certification. During 2010 to 2014, 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 all our manufacturing sites around the world always pass the 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.

G4 Material Issues and Boundary

Economy	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Economic performance	Material			Material		
Market image	Material					
Indirect economic impact	Material		Qualitative explanation			
Procurement practice	Material					

Environment	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Energy	Material			Material		
Water resources	Material					
Emission (Greenhouse gas)	Material			Material al	Material	
Sewage and waste	Material		Material			
Impact of products and services on the environment	Material	Material			Material	Material
Regulatory compliance	Material			Material		
Transportation	Material			Material		
The overall environmental situation	Material					
Supplier Environmental impact assessment	Material			Material		
Environmental complaints mechanism	Material			Material		

Labor conditions	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Employer-employee relations	Material	Material				
Occupational Health and safety	Material	Material				
Employee training	Material	Material				
Diversity and equal opportunity	Material	Material				
Supplier's labor assessment	Material			Material		
Working conditions complaint mechanisms	Material	Material		Material		

Human rights	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Anti-discrimination	Material	Material		Material		
Freedom of association and collective negotiation	Material	Material		Material		
No childl labor	Material	Material		Material		
Forced labor	Material	Material		Material		
Human rights assessment	Material	Material		Material		
Suppliers human rights assessment	Material	Material		Material		
Human rughts complaints mechanism	Material	Material		Material		

Community	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Anti-corruption	Material	Material		Material		
Regulatory compliance	Material	Material		Material		

Product liability	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Customer health and safety	Material	Material		Material		Material
Product and service labeling	Material					Material
Marketing and broadcasting	Material					Material
Customer privacy	Material	Material		Material	Material	
Regulatory compliance	Material			Material		

Others	Within the organization			Outside the organization		
Scope	HQ	R&D Center	Local community	Suppliers	Corporate customers	Consumers
Conflict minerals	Material			Material	Material	
Brand management	Material					
Character education	Material	Material	Material			

Partner Relationships

HTC places great value on our local and foreign employees, customers, students and interns, and supply chain partners as well as communication and interaction with all other stakeholders. We have achieved very clear understanding of other ideas and views through participation, cooperation, and interaction with our CSR partners and have seen that significant social impact results from shared 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	Corporate Customers	General Consumers	Employees	Suppliers	Contractors	Local Communities
	General Shareholders Corporate Shareholders Rating Agencies	Major Telecommunication Operator Information and Communication		General Employees Contingent Workforce Vocational Students & Trainees Foreign Labor	Raw material suppliers	Construction Contractors Cleaning/ Maintenance Service Providers Waste Disposal Vendors	Local Community Associations Local Civic Organizations Local Governmental Agencies Local Media
Concerned Issues	<ul style="list-style-type: none"> Information disclosure (finance, business) Compliance with laws and regulations Operation Status Strengthening corporate governance Strengthen risk management Key shareholder share-holding rates 	<ul style="list-style-type: none"> Product quality Service quality Price competitiveness On-time delivery Green products Carbon footprint/ carbon disclosure Restricted substance management Corporate social responsibility 	<ul style="list-style-type: none"> Pre-sales consulting After-service Product quality Service quality 	<ul style="list-style-type: none"> Learning & growth Working environment /labor conditions Wage/welfare Health & safety Career development Work-life balance 	<ul style="list-style-type: none"> Raw material quality Price competitiveness Continuously stable supply Supply chain management Compliance with various regulations Technical capability Cooperation with logistics/ transportation providers to conduct effective packing (e.g. packing reduction and reuse) raw material selection Working environment & health Machine/equipment safety Carbon management training and contests 	<ul style="list-style-type: none"> Construction safety & health 	<ul style="list-style-type: none"> Environmental impact (air pollution, sewage discharge, etc.) Compliance with laws and regulations Shaping the corporate image Economic contribution Social concerns Public welfare Cultivation of talent
Communication Channels and Frequency	<ol style="list-style-type: none"> Board of Directors meeting 4/year Shareholder conference 1/year Annual report 1/year Investor Conference 1/season Monthly revenue statement 1/month Visiting investors Standing Investor Relationship Website Standing Spokesperson Standing 	<ol style="list-style-type: none"> Business review with key customers (QBR meeting) Quarterly Reply to customer inquiries From time to time Customer audit and replies to customers questionnaires As required by the customer Meeting customer requirements about environmental and social responsibilities As required by the customer 	<ol style="list-style-type: none"> Local service hotlines in 75 countries to provide customers with real-time communication and assistance Daily ongoing Websites in different languages for customers to give feedback and to access information in a real-time manner (50 established, continuously increasing) Daily ongoing Dedicated email boxes for different functions (PR, Service, Copyright, Security, etc.) to provide convenient customer contact with HTC Daily ongoing Postal service survey for investigating customer satisfaction Daily ongoing Contacting customers who give negative feedback in the satisfaction surveys to address their concerns Daily ongoing 	<ol style="list-style-type: none"> Department quarterly meeting Quarterly One-on-one interview with supervisors Irregularly Annual performance appraisal/ interview Annually New employee seminar Weekly Employee assistance hotline and mailbox, Health Center, Employee Aid Scheme From time to time Labor-management meeting Bimonthly 	<ol style="list-style-type: none"> Supplier communication activity Irregularly Guidance and audit for suppliers Annually Cooperation project with suppliers for addressing CSR and greenhouse gas issues Two projects in 2013 (supplier CSR audit and carbon footprint check) 	<ol style="list-style-type: none"> Induction training Weekly Patrol inspection in facility Daily 	<ol style="list-style-type: none"> Positive employee engagement in public interest activities Irregularly HTC cooperation with governmental agencies and non-profit organizations in eco, environmental and other public welfare activities Monthly Clean the beach Quarterly

The Customer



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 for them, or in the launching of ‘co-brand’ 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.

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 all customers and suppliers in advance to maintain the absolute security of all the confidential information belonging to our corporate customers.

The HTC privacy policy is also incorporated in the orientation training of new employees. Every employee is trained in all aspects of maintaining confidentiality when working with customers. Under our solid control mechanism, there was no damage to the rights or interests of any customer caused by a breach of privacy or from lost data in 2015.

Corporate Customer Satisfaction Management

HTC has established regulations governing the management of customer satisfaction to meet the specific needs of all our customers and to respond to customer expectations and requests. A Quarterly Business Review is made to determine customer satisfaction. Each Business Unit proposes corrective action for any nonconforming project and follows up any action taken to ensure that the customer has been perfectly satisfied.

The HTC customer satisfaction management index, in addition to product quality, delivery, and after-sales service, includes evaluation of corporate social responsibility. The issues of employee human rights, environmental management, and energy management targeted by the global supply chain activated by EICC, are especially important. These have also become matters of concern and requests by our corporate customers. In this respect, we have designated a department to regularly aggregate HTC CSR information for communication and response.

Participation in CSR program offered by client

In 2015, we took part in the CSR program that Deutschen Telekom AG provided to suppliers. The program, aimed at enhancing supplier social responsibility, includes ten principles: corporate governance, anti-corruption, supply chain management, environmental protection, production operation, safety and sanitation, salary and benefits, employee satisfaction and turnover rate, improvement of the working environment, and employee relations. HTC worked out 28 solutions. After persistent effort over the past year, HTC has received a Gold Award from Deutschen Telekom AG for its performance in the program.

General Consumers

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.

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 addresses any concerns they might have. This one of the ways we are able to achieve our goal of customer satisfaction.



HTC DNA Student Workers Partners



As part of our efforts to fulfill social responsibility, HTC promotes industry-university cooperation and programs like “HTC DNA Summer Intern” to allow students early access to a real job and an excellent working environment. Students learn practical job skills from such internship and also have the opportunity to be recruited as new talent by HTC.

The HTC intern salary is better than normal for the industry. The monthly pay for a college student is NT\$25,000, and for a graduate student NT\$30,000. Students are also entitled to the standard employee benefit package, NT\$55 for lunch, NT\$75 for dinner, and can use all company equipment, including the five-star gym, exercise classes, basketball and badminton courts, etc.

Full on-the-job training

The 2015 HTC DNA Summer Intern Program offered two-months of on-the-job training. The students not only worked in assigned units but also joined up with fellow interns in other units for cross-departmental cooperation. At the end of their two months training period, the interns are required to present a report of their job achievements to their unit director.

A four-day induction which included full training in a specific area helps the interns to quickly adapt to the working environment and also gives them an understanding of company culture. The inter- departmental projects for the students, outside their assigned units, sometimes even included cross-country cooperation. An example of such a project was “So Real” in 2015 which involved cooperation with the company design department. The students engaged in a series of workshops and courses where they were able to exercise creative thought. They worked in competing teams to make a special report on the new HTC VR device from the angle of user analysis, market strategy and market research.

Summary of HTC industry-university cooperation project

Recruiting channels

- Human resources page on the HTC official website, campus recruitment, LinkedIn, and others
- HTC Global Careers website: <http://careers.htc.com/>
- HTC Career Fan Page:<https://www.facebook.com/HTCCareers/>

Target

Alternative service conscript, Summer intern, One-year intern

Results

- 170 one-year interns were recruited in 2015.
- HTC Career Fan Page was activated to let would-be HTC talent understand the company working environment and culture through information shared on the page.

Resources invested by HTC

- About NT\$200,000 for the summer intern program (excluding salary, traffic expenses, and accommodation fees).
- About NT\$200,000 for one-year internship program (including expenses for Christmas activities, the graduation ceremony and gifts).

The annual HTC DNA Summer Intern Program entered its fourth year in 2015 and more than 3,500 applications were received from home and abroad. HTC chose 80 under-graduate and post-graduate students from 36 universities in Taiwan and other parts of the world. Twenty-eight (36%) were International students from 18 different countries.



Foreign Employees



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

HTC provides complete orientation training for new foreign employees, 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 also 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, 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.

Contractor Partners

HTC focuses on industrial technology and works in collaboration with different professional contractors to jointly develop the industry. In addition to learning from our long-term trusted contractors we value each other’s job safety. We have also established comprehensive safety and protection measures of our own and make them available to these trusted partners to our respective advantage and to create prosperity together. In this regard, HTC formulates a comprehensive health and safety management plan each year depending on the safety and health management of our contractors, to prevent occupational accidents before they happen.

We take the following key action to ensure the safety and health of our contractor partners: we abide by all the relevant safety and health regulations, identify hazards to reduce risk, regulate the labeling, communications about dangerous and harmful chemicals and promote contract parters management. All such relevant information is also published and we engage with our contractors to lower safety and health risk by making sure all our personnel take part. In addition, HTC has passed the OHSAS18001: 2007 version of the Occupational Health and Safety Assessment Series. Newly recruited construction workers receive safety and health education before they start on their jobs. They are given all necessary information about the working environment and the relevant safety regulations. They all know the location of fire safety equipment and how to use it.

The HTC Family was created in cooperation with the Taoyuan City Government in 2014. The City organized the safety and health seminars and field trips and also shared actual case studies with the contactors. This caused small and medium sized enterprises to work for occupational safety just like a mother hen leads her chicks.

Construction management measures to be conducted by Contractors

- The provision of site safety induction sessions at construction sites;
- Verifying the 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 obligation and responsibility, and evaluate all the risks in the working environment including that from dangerous machines, so as to have proactive control and eliminate potential hazards.
- Formulating a system for on-site patrols and inspections according to the applicable regulations and contractual requirements about labor safety & health. 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, we were founded in Taiwan and are a Taiwanese company whose operations and procurement drives development of the related sectors. Except for certain key parts and components, it is general procurement policy to use raw materials and equipment that originates 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.

Supplier Code	Unit	Amount	Percentage of Total Purchase Amount (%)	Interests
A	Million (NT)	14,029	18%	None
B	Million (NT)	13,831	18%	None
C	Million (NT)	10,970	14%	None
Others	Million (NT)	40,033	51%	
Total Purchase Amount	Million (NT)	78,863	100%	

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



Undertaking responsibility as an EICC member

HTC established the “HTC Supplier Code of Conduct” all our suppliers to observe. We conduct annual SR compliance audits on our suppliers according to the “HTC Supplier Code of Conduct,” to ensure our suppliers all conform to their social responsibilities. The audit covers labor conditions, environmental issues, health and safety, honest and ethical practices and the related management systems. In addition to the on-site audit, our auditing team also offers coaching and consultation, and provides the suppliers with all the latest information and knowledge during the audit process, to give them every opportunity 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/>

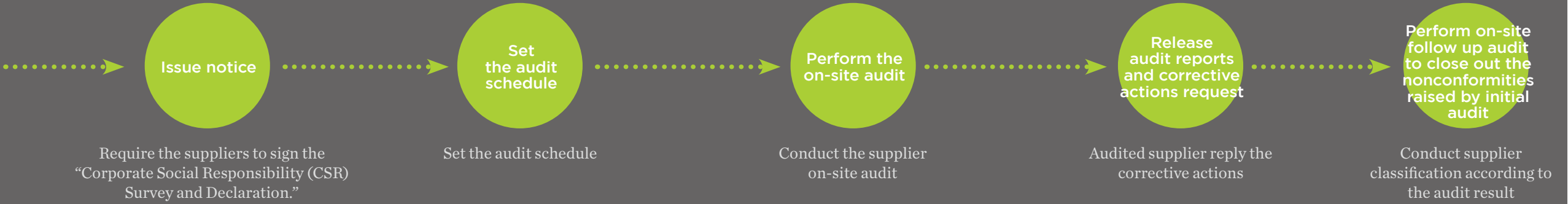
The green supply chain management system



HTC has had 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 related validation process and schedule of green products.



The HTC Supplier CSR compliance audit includes five stages



CSR Assessment & Audit

We established the CSR unit in 2010 and then initiated investigation of those suppliers who had implemented CSR. Twenty major parts suppliers were chosen in June 2011 after CSR compliance audits. This was not only to verify their understanding of the HTC Supplier Code of Conduct, but also to provide them with consultation and counseling. The HTC Supplier CSR compliance audit includes five stages

	2012	2013	2014	2015
Audited	30	30	20	20

Inspection results

	Labor	Health and Safety	Environment	Ethic	ESH management	L&E management
Defect	78	106	43	19	34	149

These are mainly to do with working hours and employee health checks with respect to working conditions. There were some problems found in the fire safety arrangements and there was not enough personal protection equipment. The labor and ethics management system was not sound. Follow-up actions for these problems, found in 2012 and 2013, have been completed. Problems found in 2014 and 2015 are being handled in 2016.

HTC also observes the situation and the degree of compliance of suppliers, and their plans for education and training along the supply chain to promote CSR, to help them enhance CSR implementation. There were 61 carbon footprint inventory data of priority parts and 43 suppliers of HTC trained in the supplier carbon footprint inventory education and training courses up to the year of 2015 to ensure the integrity and accuracy of our data analysis.

We have studied the issue of Conflict Minerals and this is included in the supplier CSR compliance audit and clearly defined in the “Procedures for Supplier Social Responsibility.” In addition, unannounced visits to smelters with business connections to HTC have helped determine the source of metals used in the smelting process. Future inspections covering conflict minerals will mark stricter dynamic control.

Responsible Procurement of Minerals

HTC has responded to the global boycott of conflict minerals, supports the Conflict-Free Smelter Program², has promised not to use conflict minerals, and refuses to accept primary ore material from the Congo and the neighboring Central African countries in conflict.

In addition, through a responsible procurement practice, our suppliers and we shall comply with the “HTC Conflict Minerals Procurement Policy” and sign the “Source of Metal Mining Questionnaire” and “Conflict-Free Minerals Letter of Guarantee” in a concerted effort to avoid all use of conflict minerals.

HTC has not only monitored and managed its supply chain and prohibited the use of electronic parts produced with the minerals but also supports the audit and certification process of the minerals to ensure all the minerals HTC uses are conflict-free.

Target

Conflict-free minerals¹ products are scheduled to be developed for market launch in

2016

The intended use of conflict minerals

Summary	Au	Sn	W	Ta
Point of use	Contact in the circuit boards	Soldering in the circuit boards	Tungsten Alloy used in Vibrator	Tantalum-Capacitor
Intended use	As circuit board contacts to ensure proper connection	Solder to mount circuit board electronic components	Tungsten alloy used in the phone vibration motor	An element used in tantalum capacitors

Commitment to supervising and managing the mining of Tin on Bangka Island, Indonesia

According to investigative reports released by the environmental protection organization Friends of the Earth, the mining of Tin on Bangka Island is in gross violation of human rights and the impact on the environment has been devastating. We respond most positively to this global environmental protection campaign. We have made inquiries into our first-stage supply chain without directly using material provided.

We have to shoulder the responsibility and have asked our suppliers not to use material indirectly sourced from Tin mines on Bangka Island. However, Indonesia is a major supplier of Tin minerals and it is impossible to completely avoid using Tin from Indonesia. The option for the moment is effective management and the signing of an agreement with our providers that ensures only Tin minerals from Bangka Island that have not been mined in violation of human rights be supplied. This violations include using child labor, and actions that endanger the environment. The suppliers are required to promise to take responsibility and provide assistance in countering the devastating impact of illegal mining activity on the environment and the people. The goal being to maintain the sustainability of the environment.

¹ Regarding to the Conflict-Free minerals products, HTC will follow and base on the “Conflict-Free Smelter List” released by Electronic Industry Citizenship Coalition. So far, they have released lists of qualified Gold and Tantalum smelters. HTC will keep focusing on relative measures and actions.

² The Conflict-Free Smelter Program website of the Electronic Industry Citizenship Coalition is <http://www.eicc.info/CFSPProgram.shtml>

Employee Relations

“The key to maintaining the momentum of innovation in a company lies in its having competent and talented employees”. HTC wants to help people around the world interact and communicate. We believe in the power of unity and the spirit of the “Pursuit of Brilliance”, of continuing to motivate our employees in the pursuit of better performance, and the creation of a revolutionary and excellent mobile device for a great user experience.

We encourage our employees to explore the unknown and commit to bringing innovative designs to daily life. They need to re-think how to build connections between the world and the people around the world, as well as their dreams. We are taking advantage of talented people from both the East and the West and by sticking to our dreams, our passion for work, the courage to meet challenges, and the spirit of innovation, we remain committed to providing a multi-cultural, highly challenging and vital working environment.

- 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.
- 2014 – Awarded the Excellent Importers & Exporters Certificate for Outstanding Contribution to International Trade by the Ministry of Economic Affairs.
- 2014 – Awarded the Excellent Employment bronze medal by the Taoyuan County Government.



Attracting and Retaining Talent



HTC has an open selection procedure for the recruitment of employees. As long as you are good enough, you will find a place here. HTC follows the principle of equal opportunities for all and provides fair employment opportunities regardless of ethnicity, skin color, social rank, language, religion, party affiliation, birthplace, gender, sexual orientation, marital status, appearance, or other non-work factors such as specified protection by the government. HTC is committed to providing a multi-cultural and highly challenging and vital working environment.



Overview of Manpower Structure

Employees are the vital HTC assets and the company recruits promising talent from all around the world. This is especially important in product design, the user interface, branding, and business marketing. Professionals are also recruited from the United States and Europe. At the same time, HTC devotes to provide diversified, challenging and enthusiastic work environment.

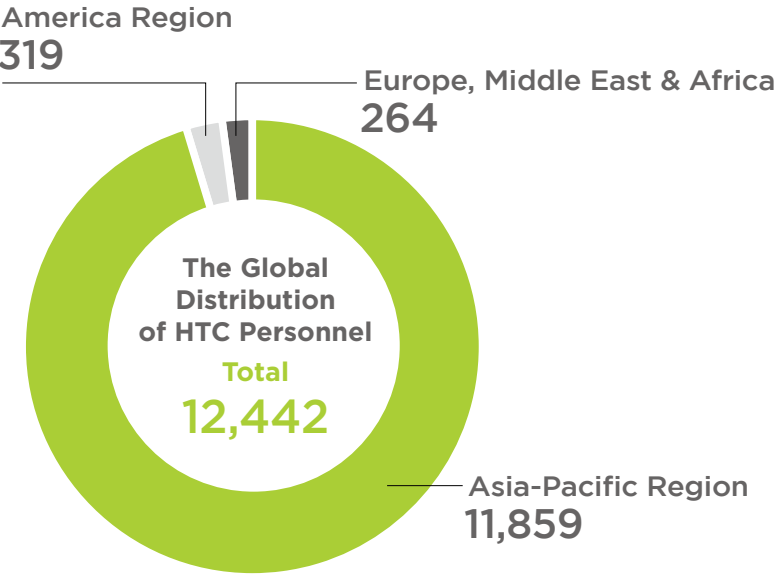
In the end of 2015, HTC global employee workforce totaled 12,442. Of these, 362 were foreign supervisors, accounting for 24.63% of the total number of executives worldwide; foreign supervisors and professionals together accounted for 18.61% of the total number of executives and professionals worldwide and 18.91% of the 1,470 supervisors were women.

In 2015, HTC laid off 232 employees in accordance with Article 11-2 of the Labor Standards Law, which stipulates lay-off conditions as “should there be an operating loss or a business contraction.” HTC pays more severance than is demanded by the law.

HTC Manpower Overview

	Unit	2013	2014	2015
Global Employee (Male)	Individuals	8,000	8,699	6,524
Global Employee (Female)	Individuals	7,872	8,201	5,918
Full-time workforce (Male)	Individuals	7,949	8,655	6,493
Full-time workforce (Female)	Individuals	7,816	8,149	5,885
Direct employees (Male)	Individuals	4,375	5,131	4,466
direct employees (Female)	Individuals	6,658	3,568	1,768
Indirect employees (Male)	Individuals	3,625	2,091	2,058
Indirect employees (Female)	Individuals	1,214	6,110	4,150
Employees under fixed-term contracts (Male)	Individuals	51	44	31
Employees under fixed-term contracts(Female)	Individuals	56	52	33
Percentage of employees younger than 30 years old	%	60.94%	55.70%	47.32%
Percentage of employees aged 30 to 50 years old	%	37.61%	42.25%	49.84%
Percentage of employees older than 50 years old	%	1.45%	2.05%	2.84%

		Unit	2013	2014	2015
Taiwan	Contingent workforce (Male)	Individuals	1,334	328	0
	Contingent workforce (Female)	Individuals	777	232	0



Year		< 30	30-50	> 50	Total
2013	Male	5,377	2,337	158	14,356
	%	37.45%	16.28%	1.10%	
	Female	4,154	2,179	151	
	%	28.94%	15.18%	1.05%	
2014	Male	4,153	4,411	135	16,900
	%	24.57%	26.10%	0.80%	
	Female	5,261	2,729	211	
	%	31.13%	16.15%	1.25%	
2015	Male	2,592	3,802	130	12,442
	%	20.83%	30.56%	1.04%	
	Female	3,296	2,399	223	
	%	26.49%	19.28%	1.79%	

HTC’s direct turnover rate in 2015 was 21.9%, with the statistical frontier encompassing the Taiwan region (including students involved in industry-university cooperation programs, interns, and foreign workers). The indirect turnover rate was 17.98%, with the statistical frontier covering the world. To calculate the turnover rate, divide the number of employees leaving the company by the total number of employees during the same period. The figure does not include employees who were dismissed for cause.



Year	Level				Total
		Senior	Middle	General	
2013	Male	60	1,787	6,153	7,768
	%	0.75%	22.34%	76.91%	
	Female	8	369	7,495	6,484
	%	0.10%	4.69%	95.21%	
2014	Sum	68	2,156	13,648	14,252
	Male	72	2,580	6,047	8,699
	%	0.83%	29.66%	69.51%	100.00%
	Female	11	661	7,529	8,201
2015	%	0.13%	8.06%	91.81%	100.00%
	Sum	83	3,241	13,576	16,900
	Male	84	2,477	3,963	6,524
	%	0.68%	19.91%	31.85%	52.44%
2015	Female	15	661	5,242	5,918
	%	0.12%	5.31%	42.13%	47.56%
	Sum	99	3,138	92,05	12,442

A Sound Wage and Welfare System

HTC is committed to maintaining an innovative, challenging, and profit-sharing work environment. In addition to meeting statutory requirements, we are also committed to fulfilling the needs of our employees and provide all kinds of appropriate welfare measures as well as attractive and motivating compensation and benefits programs. We encourage our employees to do their best and share the growing profits with the company.

HTC salary ratio for men and women in Taiwan

	Management salary ratio (male: female)		General staff salary ratio (male: female)				New recruits basic pay and Taiwan minimum wage rate		
	Male	Female	Indirect labor		Direct labor		Type	Basic pay (direct)	Minimum wage
			Male	Female	Male	Female			
2015	110	100	119	100	99	100	1	108	100
							2	125	100

Note: 1. Equation—(Average monthly pay for male / Average monthly pay for female) * 100%
2. Type 1—five-day workweek scheme, covering 4% of employees.
3. Type 2—monthly rotating shift scheme, covering 96% of employees.

Employee salary and benefit increase ratio

Item Description	2013	2014	2015	Comparison of 2014 to 2015
Total employee salary and benefits expenses (NT\$)	10,982,300,000	11,126,516,000	10,133,909,000	91.08%

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

In addition to bonuses, the company also focuses on talent retention. We recognize outstanding employees with an Employee Recognition Program initiated by funds set aside quarterly for individual units. This allows them to publicly recognize outstanding employees and teams each year and bring them to headquarters from around the world in recognition of their contribution and for the presentation of incentive bonuses. In addition trophies are presented in recognition of service to employees who been with the company for five, ten and fifteen years. HTC also has an internal replacement system to provide the necessary assistance to staff needing to be transferred, or to those making application for transfer, or who are seeking job enrichment or a change of career.

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

Diversified Employee Welfare

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.

Other benefit programs

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.

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.

Education Scholarships for Children

The HTC Employee Welfare Committee provides scholarships for the children of employees from elementary school to college: NT\$800 for elementary school students, NT\$1,600 for junior high school students, NT\$2,000 for high school and vocational education students, including first, second and third year college students; and NT\$3,000 for college students in their fourth and fifth year.

Staff Emergency Relief

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





Annual Health Check Subsidies

All employees receive a health examination subsidy according to their job titles and rank. An agreement is also signed 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
Subsidies	\$1,200	Divide health examination packages into \$3,000, \$4,000, \$6,000 by jobs levels	\$25,000



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. HTC also offers afternoon tea from 3pm to 5pm.

Family Day 2015

HTC not only values their 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 their employees.

In addition to DIY activities for children and parents, the HTC Family Day 2015 provided recreation space for all ages and a wide variety of food stalls. Charity activities highlighted the event and a fair was held, social welfare groups and charity organizations like the Chinese Rock Leadership Association, the Qi Zhi Vocational Training Center, the 1919 Chinese Christian Relief Association and Syin-Lu Social Welfare Foundation all took part and there were many generous donations. Some of the HTC clubs and units, such as HTC Fellow, the Human Resources Department, and the Character Formation Club, and cooperating firms like the Taiyeh Group and Tienan Security Corporation were mobilized to organize a charity flea market. A total of 1,618 items were donated for the sale and fetched NT\$68,121 which was donated to the “Dream Come True Program” for children in remote regions.

The Family Day food stalls were run by 85 different vendors who donated 5% of their takings for the day to charity organizations. NT\$124,260 was received and donated to the Chinese Rock Leadership Association which used it in relief efforts for people affected by the deadly earthquake in Nepal in 2015.

9,732 employees attended family day
and **5,636** families participated in the Family Day events.

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

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 expectation 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.

Particular clauses are set out in the HTC Code of Conduct, including those 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 donation by providing principles for their approval and handling.

New employees undergo an orientation training session on the same day they report for duty. They learn about the HTC corporate policy, the Code of Conduct for employees, ESH policy and corporate social responsibility. 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. 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.

Employment of the Disabled and an Accessible Working Environment for the Handicapped

HTC very well understands the basis and the implementation of corporate social responsibility starting from the care of staff and the creation of more diversified employment opportunities. In 2015, HTC hired 147 handicapped people and this exceeded the mandatory minimum number by 41. (The number of people involved was weighted.)

As a responsible employer, HTC is willing to hire disabled people. In addition to relying on talent-job matching conducted by the supportive or sheltering bodies, we also allocate jobs in consideration of the characteristics of individual handicapped worker. 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 also provided to allow the handicapped to make a contribution to society and enhance their own quality of life.

A tailored barrier-free work environment

HTC has designed a special line for disabled employees to make it possible for them to work in a comfortable environment. A series of special education and training sessions have also been arranged for them. Volunteers from the line staff have taken the initiative and assumed the role of “Little Angels” to help these employees with food, clothing, accommodation, and transportation within the company. They also help them get to know their work and provide all the necessary assistance. These disabled personnel are able to work independently and with confidence after some systematic training and on the job practice.

Valuing Female Employees

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

- A female cancer-screening program is part of the annual health check. This includes the choice of a Pap smear, a breast ultrasound exam, or a mammogram.
- Consideration for the physiological needs of female workers, providing a comfortable environment for rest, the loan of free hot pads, menstrual pain assessment, health knowledge and education, physician consultation or referrals and so on.
- A friendly environment for breast pumping, in addition to the free selection of time for breast pumping, provide nursing facilities and environment better than required by law, such as, 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 that were visited 50,620 times in 2015.

We provide employees with opportunities to have enriched professional life in HTC. We encourage and support employees to give birth and raise children. In addition to providing full support for pregnant employees, we also have an application mechanism for parental leave in place, so that the 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

Year	2013	2014	2015
Male	131	98	91
Female	149	132	151
Total	280	230	242

Employees applying for Unpaid Parental Leave and Resuming Duty after Leave

	Male	%	Female	%	Total
The Number of Qualified for UPL for Raising Children in 2015	1,471	64.66%	804	35.34%	2,275
The Number of Person Actual Applied UPL in 2015	61	29%	153	71%	214
The Number of Reinstatement-to-be in 2015	61	31%	136	69%	197
The Number of Application for Reinstatement in 2015	32	25%	98	75%	130
Reinstatement Rate					66%
The number of application for reinstatement in 2014	33	28%	87	73%	120
The Number of Retention Over 1 Year After Reinstatement in 2014	22	24%	69	76%	91
Reinstatement Rate					76%

Note: 1. The “number of qualified for UPL for raising children in 2015” was based on the number of employees who had taken maternity or paternity leave within 3 years (2013-2015).
2. The “number of reinstatement-to-be in 2015” includes applied in 2013 and should reinstate in 2015, applied in 2014 and should reinstate in 2015, applied in 2015 and should reinstate in 2015.
3. The “number of application for reinstatement in 2015” includes applied in 2013 and reinstate in 2015, applied in 2014 and reinstate in 2014 and applied in 2015 and reinstate in 2015.
4. The “Reinstatement Rate in 2015” = Number of employees reinstated in 2015 / Number of employees that should have been reinstated in 2015
5. The “Retention Rate in 2015” = Number of employees who had worked one year consecutively after being reinstated in 2014 / Number of employees reinstated in 2014
6. The “number of application for reinstatement in 2014” includes applied in 2012 and should reinstate in 2014, applied in 2013 and should reinstate in 2014 and applied in 2014 and should reinstate in 2014.

Valuing Employee Health

HTC regards employees as its most valuable property. 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. In 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 pay particular attention to four areas: “health management,” “health enhancement,” “vocational health,” and “employee assistance.” to ensure the effective use of support resources and safeguard the health of our employees.



Health Enhancement Scheme for HTC Employees

Area	Actions
Health Management	<ul style="list-style-type: none"> ● Health center for managing and planning affairs related to employee health ● General and outpatient rehabilitation services ● Health exam and management for staffs ● Management/tracking for abnormal HE results, Special care and case follow-up management ● Health information webpage
Health Enhancement	<ul style="list-style-type: none"> ● Comfortable breastfeeding rooms, Smoking cessation promotion, Weight-loss Classes, Topic seminars, Blood donation activity ● Influenza vaccination, Cancer screening, Infectious disease control and treatment ● Outdoor fitness equipment settings, Health steps (pictures /music), Aerobics ● Family Day ● CPR & AED course design
Vocational Health	<ul style="list-style-type: none"> ● Establishment and maintenance of HE Database for Special-Operation Staff ● First-aid training, Prevention and treatment of occupational injuries and illness, Workers return to work management
Employee Assistance	<ul style="list-style-type: none"> ● Mental consultations, Special counseling ● EAP promotion activities and leaflets for new employees, EAP advocacy monthly newsletter

Health management

In 2014 HTC established a “Staff Clinic” in Taoyuan. Professional medical counseling is available for staff and there are resident doctors in the clinic. There is also excellent physical therapy and health management service.

Health check services for employees cover the divisions of general medicine, family medicine, rehabilitation medicine, physiotherapy, and radiographic screening. 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. Approximately 8,163people attended the clinic in 2015.

Total deducted registration fees in 2015 = NT\$150,700 (3,014 people)

Total deducted copayment in 2015 = NT\$245,350

Annual Health Check Subsidies

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

In 2015, HTC spent NT\$8,708,897 on subsidized health checks for 2,248 employees in Taiwan and 80.82% completed health checks. HTC also offers workplace health check services, a measure launched after July 2015. A total of 1,796 employees have enjoyed this benefit which will be continued.

Health management and a health education and counseling service were arranged and employees needing further attention met with a physician so that more comprehensive health care and treatment could be arranged.

Preventive measures against health-endangering heavy workloads

According to Article 6-2 of the Occupational Safety and Health Act (OSHA), Article 11 of the Enforcement Rules of the OSHA, and Article 324-1 of the Regulations for the Management of Occupational Safety and Heath equipment and facilities, employers have the obligation to plan and take the necessary safety and health measures for employees taking rotational shifts, night shifts or who work for long hours, in case medical conditions might occur which are related to an unusually heavy workload. Appointments are made with medical doctors, or health consultants for employees should a medical check find them to have a health problem. A change of work or the adjustment of working hours is usually recommended.

The number of people treated in the Taoyuan company infirmary in 2015

	Category	People
Outpatient service	general staff	3,006
	dependents	8
	suppliers	26
consulting		1,847
trauma treatment		477
occupational hazards and job placement		163
Physiotherapy		2,810
Total		8,163

Number of employees who received an IDL health checkup subsidy over the years and the cost

Year	2013	2014	2015
Number of persons	2,082	1,952	2,248
Expense (NT\$)	7,605,100	7,624,050	8,708,897

Health check follow-up and statistics in 2015

The number of new recruits with physical abnormalities follow-up	669
The number of employees with physical abnormalities follow-up	1,485
Number of injuries due to fatigue	0

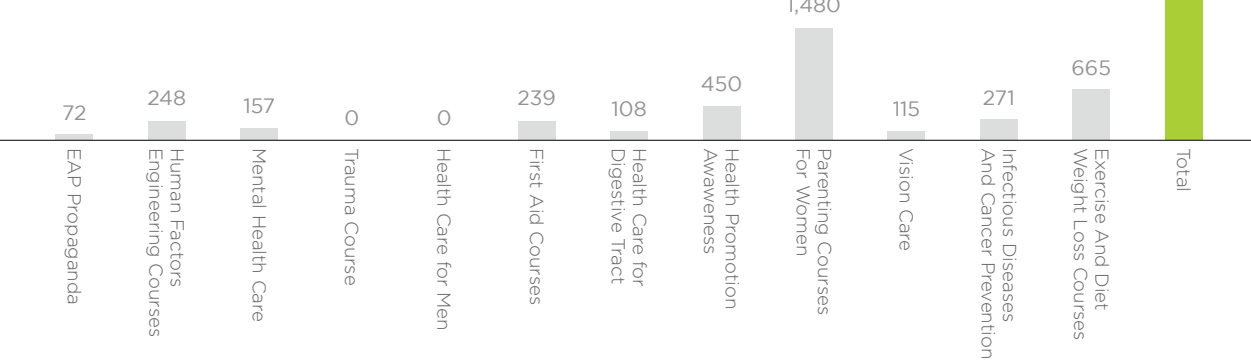
Health Promotion Programs

It is a well known fact that the pressure of a technology industry tends to cause employees to neglect the importance of their health. 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 also to give staff the necessary self-health management capabilities. A total of 101 health promotion events, attended by 3,805 persons, were held in 2015. The average level of satisfaction achieved was 94.10%.

A Facebook fan club has been set up by the HTC staff clinic personnel to give all employees easy access to positive health management information. It is also used as an adjunct for staff training in self-health management and to build a healthy and happy work environment for HTC employees.

HTC staff clinic FB Fans Website: <http://www.facebook.com/HTC.EmployeeClinic>

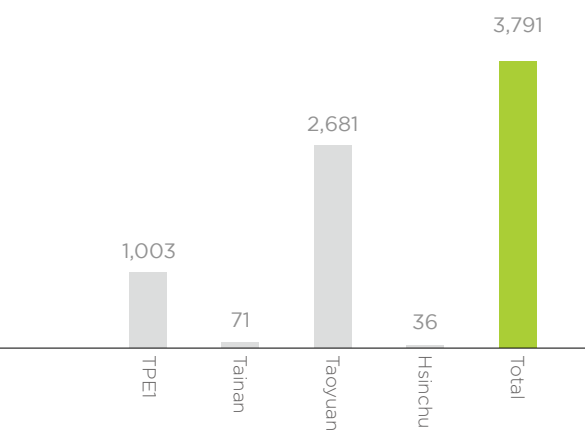
The number of staff members from each office who attended the 2015 Health Promotion Courses



Staff Clinic and Family Day

On Family Day in 2015 the HTC employee infirmary designed a series of fun activities for children and parents. These included the “The Mysteries of Human Body,” which gave an introduction to the human body and organs, “Health Jumps” and “Swing with me,” which were games aimed at making children and parents move as much as possible and have a good laugh. On the day of the event, we also had assistance from the Taoyuan General Hospital, Ministry of Health and Welfare, and a “child development screening service” was provided which gave an introduction to child development. The “Health Gate Keeper” activity offered screening tests for oral cancer, colon cancer and blood sugar. There was also a pedestrian contest for babies. In the contest, the many cute babies added much fun to Family Day and 1,172 people attended.

The number of staff members from each office who attended the 2015 Health Promotion Courses



Occupational Health

The work environment at the HTC Taoyuan Plant is carefully tested and monitored. In 2015, all 99 workers engaged in operations that might endanger their lives, such as those involving ionizing radiation, must receive a thorough health checkup. The number of workers put under Grade 1 Control was 81; Grade 2 Control was 17. There was only one worker put under Grade 3 Control. In compliance with Articles 13-15 of the Labor Health Protection Regulations, workers subject to Grade 2 Control were sent individually to the company infirmary for health consultation with a doctor, who gave instructions on personal health and how to prevent further problems. The worker under Grade 3 Control, was rechecked by a specialist and found to have recovered enough to be put under Grade 2 Control.

Employee Assistance Program (EAP)

The constant challenge and rapid changes in our highly technological industry 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. In 2015, 198 persons had taken advantage of counseling.

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

宏達國際電子股份有限公司 員工生活服務方案

服務對象: HTC全體同仁
服務內容: 心理諮詢、財務諮詢、法律諮詢、醫療諮詢、管理諮詢
服務方式: 本服務案由「社團法人新竹市生命線協會－員工協助服務中心」提供，同仁可與中心之專業社工諮詢、討論、建議，透過電話或面談方式與諮詢顧問諮詢，服務每次以六十分鐘計，每人每年可享六次服務，相關費用由公司負擔，請同仁積極資源善加運用。

服務時間: 週一至週五09:00~19:00
服務地點: 同仁可選擇員工協助服務中心所提供之各駐點面談場地
預約電話: 預約專線: 03-5260415
E-mail: eap@htc.com.tw
E-mail: eapcenter.org

服務專線: 03-5260415
服務時間: 週一至週五09:00~19:00

服務地點: 同仁可選擇員工協助服務中心所提供之各駐點面談場地

別讓他離開您的生活

您是否為了他而放棄與自己，卻忘了好好照顧自己？
又是否覺得大難已臨頭，一紙紙報告到讓身不自由？
他離您很遠，卻走了您的生活，您還了嗎？
讓我們陪您把愛重加滿，找到自己的新生活。

服務時間: 週一至週五09:00~19:00

員工申請管道: 生產線直達員工服務公司分機38585
其他間接員工服務公司分機28585
E-mail: HelpMe_8585@htc.com
緊急救援專線: 桃園831919 (全線 0989-985-242)
新店821919 (全線 0976-501-764)

EAP

宏達國際電子股份有限公司
員工協助服務中心

The Employee Assistance Program (EAP) interviews

	2013	2014	2015
Number of Telephone Counseling (Free)	81	82	120
Number of Interviews	60	70	78
Hours of Interviews	86	79	91
Number of Interviews (Male)	30	38	38
Number of Interviews (Female)	30	21	40
Number of Interviews (Direct Staffs)	-	16	11
Number of Interviews (Indirect Staffs)	-	54	67
Invested expense (NTD)	420,800	401,200	434,800

Drinking water quality control allows employees to drink without reservation

HTC has set up a comprehensive water fountain inspection plan to ensure the standard of purity of drinking water. Regular maintenance, water sample testing, and records disclosure is done according to drinking water regulations. The maintenance and care of the drinking fountains is carried out by a professional company and testing of water purity is carried out by an environmental testing agency that is authorized by the EPA to take regular samples and perform the tests. The results of the water quality tests are published and the records are also posted in a prominent position close to the drinking fountains.

2015 Test Time	Q1	Q2	Q3	Q4
Total Bacterial Count (CFU/ml)	pass	pass	pass	Pass
Coliform (CFU/101ml)	pass	pass	pass	pass

A quality workplace to keep employees happy at work

A fully equipped gymnasium has been set up on the tenth floor where full height glass windows allow those working out to also enjoy the view. There are 74 pieces of modern fitness equipment and coaches are available on schedule to provide guidance and advice. In addition, there are yoga, boxing, and other stress relief courses available. Another spectacular sports facility is to be found on the 17th floor. It is a large hall, practically a stadium, with a 10 meter high ceiling that can be used for basketball, tennis or badminton.

HTC has commissioned professional fitness management consulting firms and professional suppliers to manage the gym and to provide full-time services. These include onsite fitness instruction, fitness curriculum planning, and advice about the prevention of sports injuries. This provides employees with the best health consulting services and environment. Employees get help for the establishment of positive sports safety and healthcare. Courses are planned and arranged on various health topics and activities and employees can participate according to their preferences.

Use of the Gymnasium

Location	Number of users
Taoyuan	51,917
Xindian	52,022

Participation in aerobic classes

Location	Number of users
Taoyuan	1,232
Xindian	7,667

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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.

Course	Lecturer	Number of participants
Use the power of documentation to change the world	Yang Li-chou	77 (2015/04/15)
Use story-telling to create your own brand	Liu Hsuan	160 (2015/05/22)
The power of story-telling	Hsu Yu-jen, the HTC employee-turned speaker.	101 (2015/06/24)

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 that 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.

2015 HTC Storyteller Activity

We held the HTC Storyteller Activity in 2015, hoping that more HTC employees would be inspired to find the creative potential within themselves. HTC’s partners were encouraged to speak and share their creative ideas and heart-warming stories. Every employee had the chance to voice their ideas and demonstrate personal charisma. Many who were present and didn’t know the people who ascended the podium to speak, became very interested in what their colleagues had to say. This helped to enhance interaction and resulted in new friendships between employees.

Activity achievements:

1. Story-tellers were invited to the event. Known as “Grandpa Mar” on TED Talks, Logan Hsu, whose videos have been viewed more than two million times on TED Talks, was one of the story-tellers. More than 100 HTC employees took part.
2. Those who made it to the final round were given a day of intensive speech training to teach them some of the qualities needed for storytelling, stage performance skills, instant short speeches, and advice on how to adjust oneself and so on.
3. One-on-one coaching sessions by outside instructors were arranged for the ten finalists.
4. Sense Academy: TED xTaipei Organizers and HTC short speech contest winners were invited to give a speech. More than 100 people were involved in the activity.
5. We encouraged HTC short speech contest winners to participate in TED x Taipei’s amateur speech competition. Two partners joined the competition. One of them made it to the final round, and his story was reported as such by Internet media EDCbuzz.
<https://www.youtube.com/watch?v=46pcvLD7Ejs>



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 full-time blind massage facility. Employees can take advantage of the services of an expert masseur to relieve pressure and fatigue.

Number of persons who received of massage in 2015

Location	Number of users
Taoyuan	274
Xindian	230

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-Men Tai-Chi, Creative Volunteer, Melody Health, Basketball, Table Tennis, Creative Aesthetics, Cycling, Music, Photography, Fashion & Beauty, Tai-Chi, Ukulele, HTC Run, and Wine Tasting.



Food safety, HTC healthy meals

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.

Food safeguards

HTC cafeterias are operated by the company and the ingredients and cooking oil used are purchased by the company and not outsourced. To safeguard the food safety and health of employees, we avoid all questionable ingredients and insist that all purchases have CAS, GMP, ISO and HACCP food certification. Branded food commodities are given top priority and we always support the local agricultural producers.

Following a string of food safety incidents involving the adulteration of cooking oils and the addition of illegal substances to food in recent years, HTC has taken the initiative to study the feasibility of producing health tea drinks for employees. In November 2014, retort pouch drinks and other beverages offered free at the office kitchens were replaced by tea prepared by the staff restaurant. Employees can now enjoy a cup of healthy fresh tea.

In addition, a light food cooking counter conveys the concept of healthy eating. The importance of not over-cooking or frying food too long is stressed. Meals low in sugar, salt and seasoning are advocated and even texting to have a food order prepared for collection is possible, all these are matters that have been given careful attention. The dining environment is well styled with full view curtain walls, designer furniture, green plants, and artistic decoration.

Selecting suppliers

1. Suppliers that are well-known brands in the market are selected and their capital stock is confirmed (a guarantor or surety bond is required unless the capital stock is more than NT\$100 million).

2. It is requirement of the contract that all suppliers must have CNS certification and must also have a current product liability insurance policy.

Health and Safety Management

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



“Café One” & “Bakery One” food safety

The HTC cafe and juice bar use only the freshest high-quality natural ingredients. HTC has strict safeguards for all food served and provides employees with healthy meals without any additions in accordance with the concept of healthy nutrition and “cooking for families.”

- Only natural ingredients are used. The cafeteria boils its own sugar and ensures the safety of additions.
- Café One uses pure coffee beans to make coffee for those who are lactose intolerant.
- Soybean milk is made with non-GM soybeans for safety.

In addition, as a response to caring for the earth, kitchen utensils and all the cups used at meetings are reusable. The counter drinks are offered at a discount to discourage the use of disposable drinking cups.



Smoke-Free Workplace

HTC positively advocates 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 done 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.

- In compliance with the Tobacco Control Act, smoking inside company premises is prohibited.
- There are outdoor smoking areas.

An Office Environment with Plants and Green Landscaping

We uphold the concept of environmental sustainability and we 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.

To improve air quality, we have planted trees extensively inside the factories and offices to purify the indoor air by reducing CO₂ concentration. The annual management fees for our green environment amounts to NT\$3.95 million which is used to provide our offices with green areas to help reduce indoor air pollution (dust, carbon dioxide, and VOCs).

In the office areas there are potted plants and are replaced regularly and provide a fresh environment changes from time to time. 700 - 730 potted plants decorate the Taipei and Taoyuan headquarters in 2015. These serve not only as green decoration, but contribute to the reduction of indoor air pollution by dust and carbon dioxide.

Tree Type	Number
Camphor	90
Yellow cypress tree	60
Podocarpus	340
Taiwan Golden-rain Tree	60
Indian Rosewood	20
Maple	45
Lobular Terminalia	70
Larch	50
Common Garcinia	50
Taiwan Cherry	25
Total	810



Green Walls, a Green Pergola, and a Green Roof

The surroundings, and parts of the inside of HTC factories that have plants, are gardens and 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.

Listening to Voice of the Employee

HTC employs more than 12,000 people around the world. The establishment of a sound means of communication between management and employees is vital to the growth of a company. Therefore, HTC pays great attention to internal communication with employees to build mutual trust and create a harmonious atmosphere within the company. HTC’s labor union was established in 2015, but no collective agreement has so far been made.

HTC is committed to creating an atmosphere of mutual trust between employer and employees while also focusing on internal communications. 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

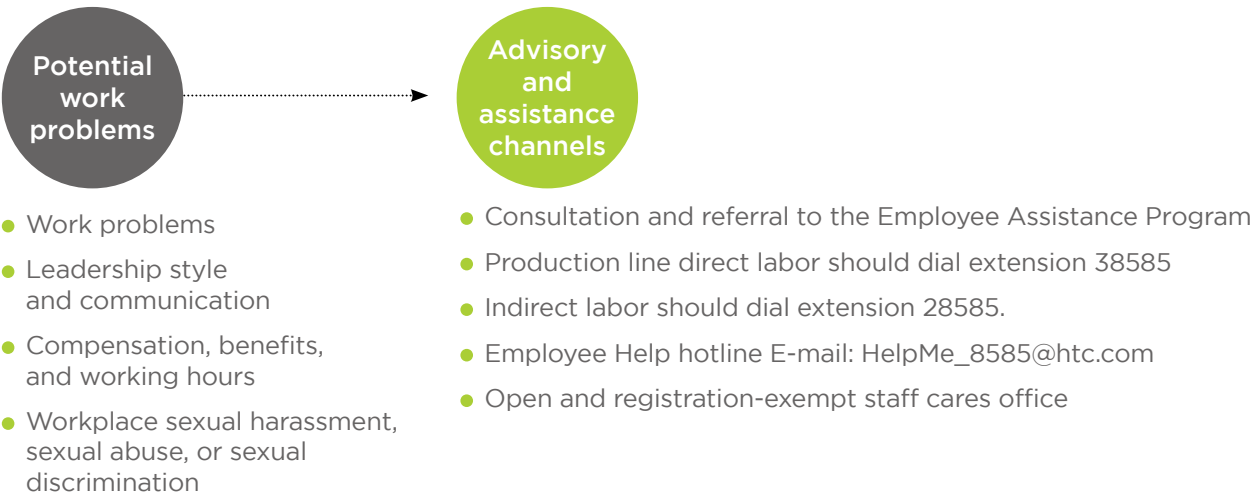
Out of consideration for employees’ feeling towards HTC and their willingness to dedicate themselves to the company, we are searching for factors that could enhance employee willingness to devote themselves to corporate operations. Aon Hewitt was commissioned to launch a survey of the opinions of its employees around the world in 2015. A total of 6,971 survey samples were sent out, and 5,572 were returned, a rate of 80%.

The 2015 survey covered 20 aspects, which included career opportunities, leadership, performance management, learning and development, and reward and remuneration. The survey results were given to management for review and have become a reference for planning the business goals for next year.

In 2015, we keep offering employees 1 day paid leave(birthday leave) and getting off work at 3pm the days before 3-major holidays.

Smooth advisory and assistance channel

To protect the working rights of our employees, we have set up a diversified and smooth communication channel that an employee can use to pass on information about problems and to receive a response without delay. In addition to the employee care office in the major units that provide a relaxing space for communication, timely help with workplace problems can also be sought using the following channels:



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.

- Mobile Appeals channel: Employees can download an internal mobile phone application developed by HTC to take photos instantly and reflect opinions that will then be handled by the relevant units.
- Operating procedures: The APP received 310 employee reports in 2015. In addition to responding to employee opinions, information about improvements made, or which are pending, will be sent to the employee who made the report. Pending matters will be followed up and monitored on a weekly basis.

Employee Services Feedback in 2015

Category	Number of cases
others	77
Cleaning	8
Repair	163
Restaurant	62
Total	310

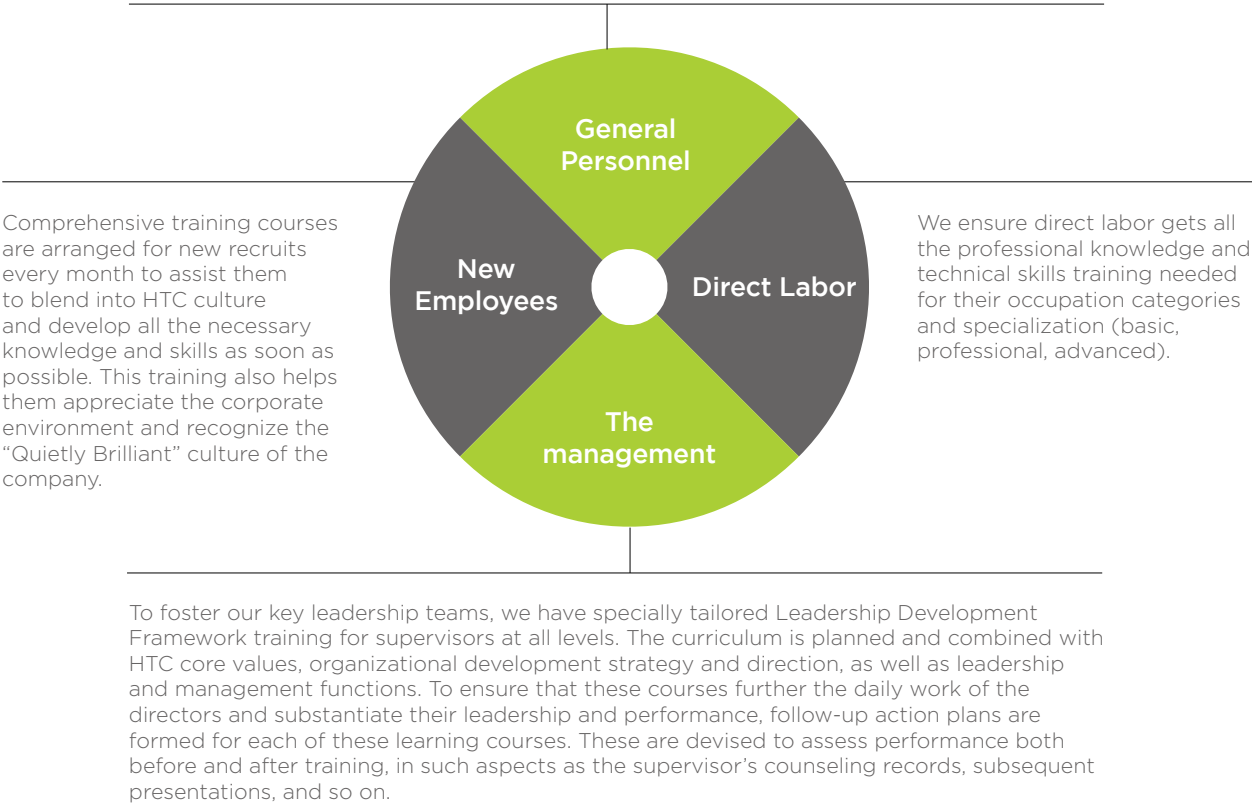


Complete Education and Training Plan

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 seek a good career development direction; HTC has classified talent management and development as an important management indicator. Employees should improve and grow with the company.

Diversified learning channel, providing a comprehensive learning environmeny

- The design of the internal training courses is centered on the five core occupational functions and the learning effect is substantiated through a series of diversified channels.
- There are physical and online courses for learning skills and drills.
- Experts in various fields are invited from around the world to share industry trends and future technology blueprints in creative thinking forums.
- The School of Wisdom – this emphasizes the combination of sense and sensibility, such as, brand, aesthetics, humanities and the arts.
- Learning tools, such as a mobile library and online learning platforms, are provided to encourage employees to study voluntarily.



Comprehensive Education and Training

To develop employee capability to meet global technology challenges and grasp the movement of the industry, HTC provides annual training sessions and department-specific specialized courses. In addition, corporate policy-guided organizational learning plans are arranged and subsidies for outside training are available. Between 2013 and 2015, HTC invested nearly NT\$40.05 million in employee training-related programs. Training hours totaled 714,800 and there were nearly 202,700 attendees, each person receiving 46.90 training hours.

In 2015, HTC male employees received 171,647.3 hours of training and female employees received 86,597.8 hours of training. General staff received 135,938.56 hours of training, supervisors received 121,100.33 hours and management 1,206.2 hours. The table below lists staff training over the years:

Year \ Item	Course (hours)	Number of participants	Average training hours
2013	242,943	41,879	14.83
2014	213,658	98,587	12.64
2015	258,245	62,235	20.75

Note: Total number of training hours of the year / total number of employees of the year (12,442) = average number of training hours per person of the year.
Average number of training hours per person in 2013-2015 = total training hours in 3 years / average number of employees in 3 years (15,241).

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.



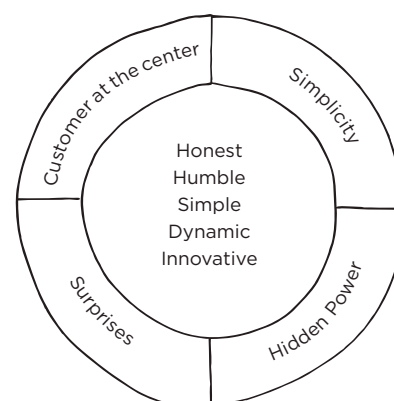
Share Tree activity, new recruits and senior's photo

HTC new recruits statistics

	Unit	2013	2014	2015
Total number of new recruits (male)	Individuals	2,637	1,167	901
Total number of new recruits (female)	Individuals	3,847	560	723
Percentage of employees under the age of 30	%	84.62%	74.29%	79.74%
Percentage of employees aged between 30 and 50	%	15.21%	25.01%	19.77%
Percentage of employees over the age of 50	%	0.17%	0.69%	0.49%



We are quietly brilliant



— New recruits training courses

Nurturing talent is a major focus at HTC and we have a special blueprint for systematic learning and development. The design of the internal training courses is centered on the five core occupational functions and the learning effect is reinforced by a series of diversified learning channels.



Cultivating Key Leaders

HTC actively promotes company culture in the face of rapid changes in the global industry and new patterns of global enterprise competition and cooperation. HTC quickly adapts to a constantly changing environment and cultivates management talent with an international vision, expecting their excellent managers to become present and future drivers who will continuously lead HTC towards steady growth and development in times of hardship and challenge. In 2015, leadership-training courses were given to 576 persons.

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:

— 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.

— Mobile Library

HTC helps staff develop good reading habits mainly by the provision of a wide range of reading activities and a rich collection of library resources; employees can enjoy a rich literary atmosphere and reading environment. Electronic magazine services are also made available for employees so they can view and read the current editions on their computers or mobile phones anytime anywhere. The number of people subscribing to our electronic magazine reached 11,363 in 2015. We continue holding reading workshops for writers to share the new knowledge and life experience they put into their books.

In 2015, we initiated the free request for back issues of magazines program, which also involves an exchange of books. Old books and magazines are given new life and the HTC reading culture has also been given a boost. Starting from the fourth quarter of that year, we introduced “a quarterly selection of good books,” providing excerpts of the best parts of books to allow the readers to quickly become members of the informed reading public.

— Training and Performance Integration

The HTC training and development system is closely linked to performance management. Each employee sets their own performance goal at the start of the year. They can provide updates about progress any time over the following months. However, at mid-year and at the end of the year their performance is evaluated by an immediate superior, in terms of how much of their set goal has been achieved. On the basis of this evaluation, they are required to set a goal for the next year as well as a focus for learning and development.

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

Legal Training

In the HTC code of conduct for employees, the conditions of a confidentiality agreement are laid down with respect to the disclosure of company assets including information, personal data and its protection, the employees, their immediate relatives and customers, business etiquette in dealing with contractors, business travel expenses, conflicts of interest, part-time jobs outside the company, dishonest behavior such as insider trading and so on. It also specifies penalties for such behavior and violations of company rules. We also maintain an e-mail address to which employees may send complaints directly to management.

In addition, HTC also offers relevant courses during the induction training of new recruits. There are also case studies available in e-learning courses. To prevent insider trading, we invite legal experts to give special training to company management personnel. We have also set up regulations to control all donations made in the company name. The on-line course on the code of conduct highlights the importance of honesty and morality and this is very important for the newly recruited employees who join the company every year.

Due to the criminal disclosure of business secrets in 2013, we have arranged anti-insider trading and 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 and anti-insider trading – Introduction of confidentiality agreement and anti-insider trading propaganda
- Intellectual property rights & company patent application/ reward policy
- US patent litigation

We have addressed the importance of integrity and ethics in the annual HTC Code of Conduct courses, and 621 employees completed the training courses in 2015.

HTC legal training in 2015

Course Contents	Number of participants	Course hours
IDL new employee legal training - confidentiality and anti-insider trading	621	35 min.
IDL new employees legal training – intellectual property rights	621	40 min.
IDL new employees legal training – US patent litigation	621	35 min.



Yang Li-chou



Liu Hsuan



Hsu Yu-jen and HTC employee-turned speakers



Lecture

Special training courses

Sense Academy and Thinker Forum

HTC invites experts and specialists in different fields from around the world to give talks and hold seminars with the employees. They share what they know about the development trends in their own industry, the newest technologies, and blueprints for future technology. This integration of brands, aesthetics, knowledge and culture related to humanistic arts, will help our employees grasp new knowledge and expand their perspective, while cultivating their own sense of beauty, to reach a balance between sense and sensibility.

“Coffee with officers” experience sharing in the afternoon

The “Coffee with officers” afternoon events, which allowed experience sharing and discussions with management, has been put together since November 2014. These gatherings were diversified on various themes so that staff from the different departments had the opportunity to take active part. Staff could also talk with the different executives and hear their ideas about work and leadership, even their life experiences and the secret ingredients of success.

English Leadership Resource and On-job Training Grants

As an international brand, HTC provided “Online English Learning” 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. We also offer on-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 2015, online English language training course participants numbered 480 persons and NT\$487,500 in grants was paid by HTC.

In addition, HTC encourages employees to continue to absorb professional knowledge and to match their study program to their work to ensure growth. We have an on-the-job graduate study grants program and 85 employees have taken advantage of this since 2011.

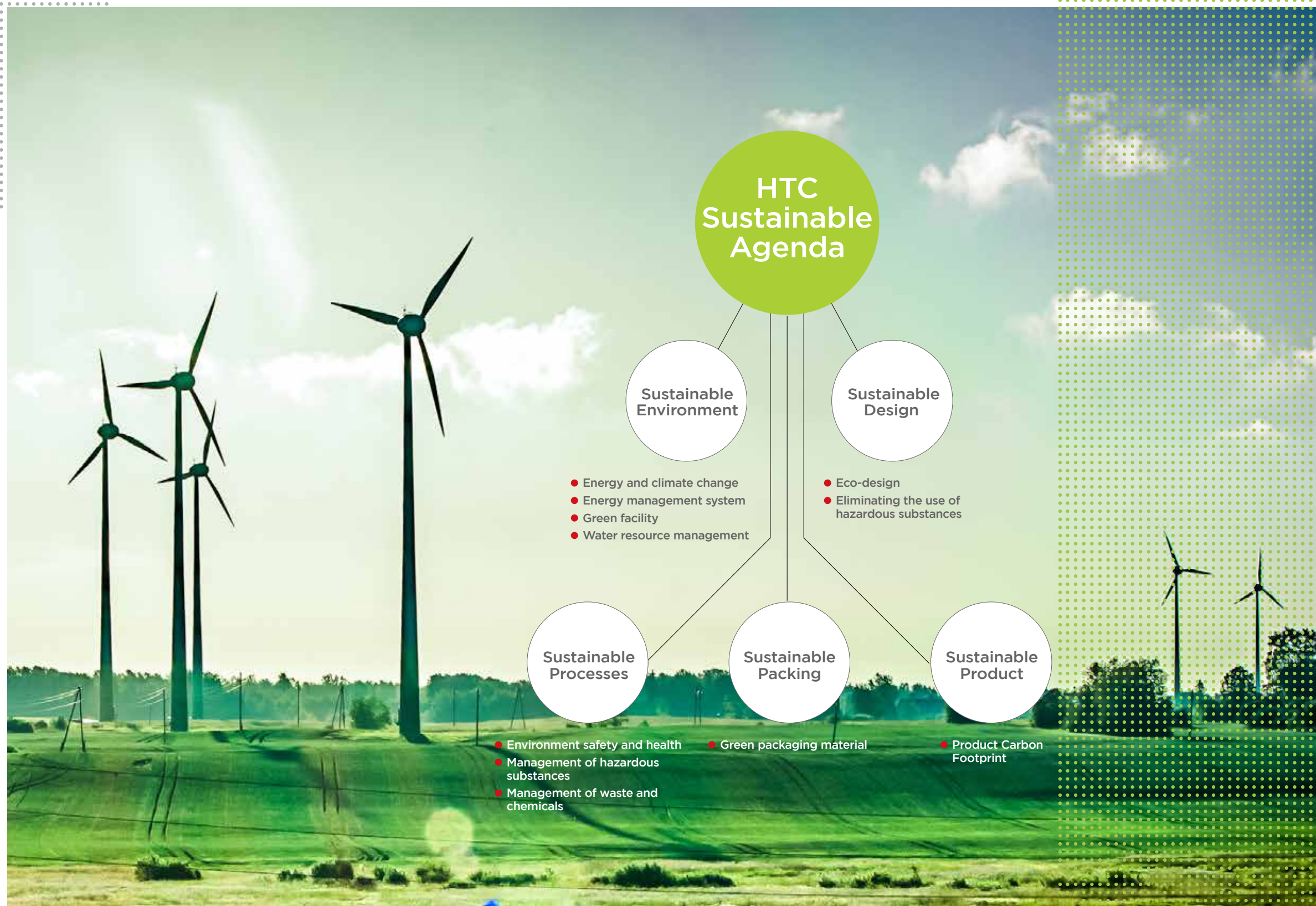
“Online English Learning” grants paid by HTC in 2015

Number of participants	Total training hours	Total grants paid by HTC (NT\$)
480	15,170	487,500

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 set up a “Sustainable Agenda” from five aspects: “a sustainable environment, design, processes, packing, and product,” we have put this concept of environmental sustainability into action, have positive control, and are reducing the impact of our operations on the natural environment.



Sustainable Environment



Response to Climate Change

HTC smart mobile devices help reduce the transportation and travel previously needed for communication, and consequently the carbon footprint of the user as well. New combinations and new patterns of operation, livelihood, work, study, and travel involving smart mobile devices help users save energy and reduce carbon emission.

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

By positive management of the supply chain and refining the green design of its products, HTC tries to minimize hazardous substances in its 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.

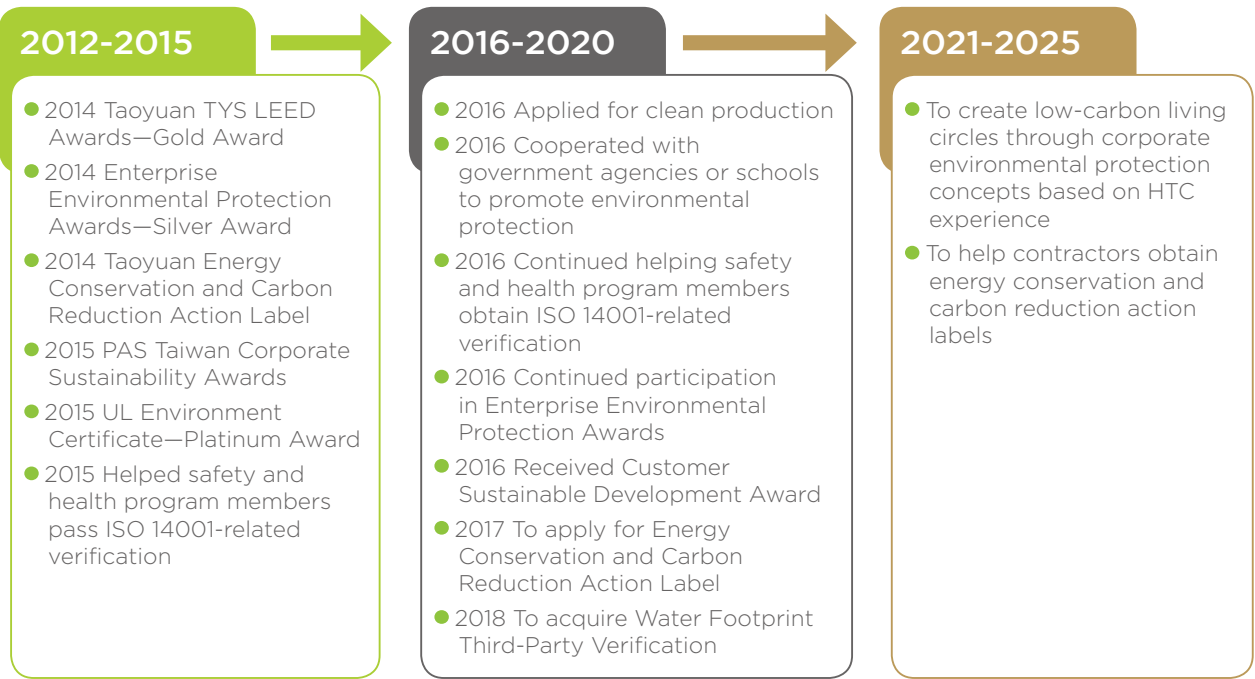
A quick look at HTC management of energy and climate change

- As a response to the issue of greenhouse gases and global warming, HTC implemented the ISO 14604-1 Greenhouse Gases Emissions Inventory Program and has an ISO 14604-1 Greenhouse Gases Emissions Verification Opinion Statement for the planning of energy strategy and action.
- All the HTC plants have been included in the Taiwan organizational boundary area and have been subject to inspection since 2009.
- In 2010, the HTC plants in China were also included in the scope of inspection and disclosure and external verification was launched. Electric power was found to be the main source of emission.
- After joining the Carbon Disclosure Project (CDP), HTC is obliged to regularly report its plans, systems, and achievements regarding carbon risk and carbon management.
- The ISO 50001 Energy Management System, based on ISO 14064-1 standards, is used to check the greenhouse gas emissions and emissions source of a company. With the help of energy management systems, the ISO 50001 can achieve energy management according to plan. HTC has implemented the system since 2011 in an effort to reach the goal of sustainable management.

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

HTC will reach their 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.

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



New Taipei City’s Environmental Impact Assessment in Development Activities

In 2012, we participated in the New Taipei City’s Environmental Impact Assessment in Development Activities and won a Gold Award, the highest honor. HTC’s Taipei Headquarters building, which became operational on June, 2012, stood out among all the competing projects by professional construction teams. HTC was the only company to win the award. The HTC Taipei Headquarters building, is an internationally verified gold-class green building that saves energy around the clock and provides an excellent working environment.



Energy consumption analysis

The power used by HTC is mainly electricity and the total consumption from 2010 to 2013 increased with expansion of the plant area. However, the promotion of energy-saving measures has resulted in a reduction of the amount of electricity consumed and this reduction continued in 2015.

In 2015, the electric power factor of the HTC buildings was 99.01% on average and the total savings amounted to NT\$7,136,238. Taipei headquarters outperformed the others by means of power factor adjustment, refrigeration and air-conditioning cost saving, and reached a final electric power factor of 100%.

Environmental Indicators	Year	Unit	2013 (TW+KQ)	2014 (TW+KQ)	2015 (TW)
Electricity		1,000 kWh/Year	117,748.69	104,330.64	62,276.8
Operating revenue		Million(NT\$)	203,403	187,911	121,600
Eco-efficiency value		NT\$	1.73	1.8	1.95

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

The Taipei headquarters building now has a complete energy management system. There are more than 7,000 real control points in the building and more than 20,000 software control points. The energy consumption of the building is managed by a completely digitized monitoring system.

We discovered problems through measuring data and comparing them to those in the data bank. We then worked out energy saving strategy through energy conservation analysis. There were design problems, operation problems and management problems. We traced the problems back to the original system for improvement and assessment of cost-effectiveness. We managed to reach the energy saving goal. The energy use intensity (EUI) in 2015 was only 88.75kwh/m².

Building	Year	Unit	2010	2011	2012	2013	2014	2015
TPE1		UI (Month/Avg)			8.60	7.72	7.51	7.4
TPE2		UI (Month/Avg)	28.85	25.40	21.57	23.97	22.57	22.1

The Taipei Headquarters building was designed to save energy and accommodate high-performance equipment, such as LED lights, ice storage air conditioning systems, elevators with regenerative drives, and e-Tag smart parking management systems. A fully integrated energy management system in the building manages energy consumption in real time, which enhances efficiency. The carbon reduction of the building has reached 7,347 tons of CO₂ to date, and the EUI is only 88.75kWh/m².

The Taoyuan Headquarters building achieves energy savings through the improvement of the lighting and air conditioning systems, and the installation of renewable energy equipment such as solar panels. 2015 saw a reduction of power consumption by 648,187.63 kwh, which translates into a saving of NT\$1,898,189.76 and a reduction of 337.7058 tons of CO₂e.

Note 1: One kwh of power costs NT\$2.93. 2. Power coefficient is 0.521.

Energy-saving and carbon reduction

HTC introduced an energy management system as per ISO 50001 to gain a full picture of internal energy use. The applicable regulatory requirements and energy benchmarks were implemented and HTC set energy performance indicators, and short-, middle-, and long-term improvement goals. A progressive action plan was set up to eliminate the waste of energy caused by bad habits or incorrect information.

GHG Emission and Reduction

HTC has been promoting greenhouse gas emissions inventory and disclosure for office buildings and factories in Taiwan since 2009. It has passed ISO 14604-1 Third-Party Verification. The inventory boundary covers not only the office buildings in Taoyuan and Taipei but also the branch offices in Hsinchu and Tainan.

Total greenhouse gas emission by HTC was 42,489.88 t-CO₂e in 2015. Inventory results indicated that electric power was HTC’s main emissions source. Category 1 emissions refer to greenhouse gases. 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 create better energy revenue and ecological benefit in accordance with the implementation of the ISO 50001 Energy Management System and effective energy-saving measures.

HTC GHG Emission

Total Emission	Year	Unit	2013 (TW+KQ)	2014 (TW+KQ)	2015 (TW)
Total Emission Scope 1		t-CO ₂ e	5,692.840	5,163.72	2,346.95
Total Emission Scope 2		t-CO ₂ e	68,623.959	60,013.32	40,142.93
Eco-Efficiency Value		NT\$	2.74	2.88	2.86
Total Emission Scope 3		t-CO ₂ e		202.8763	446.4351
Emission: CH ₄		t-CO ₂ e	2,004.96	2,233.8032	1,171.7370
Emission: N ₂ O		t-CO ₂ e	3.10	2.9489	1.8600
Emission: HFCs		t-CO ₂ e	1,127.10	16.3000	418.7725

Emission coefficients

1. Power Conversion CO₂ equivalent emissions are calculated in accordance with the power emission coefficient of the year announced by the Bureau of Energy.
2. GHG Emission Coefficient Table, version 6.0.2
3. Shanghai plant power emissions coefficient is in compliance with the 2014 China regional power grid baseline emission factor announcement.

Global warming potential (GWP value)

IPCC 1995 5th Assessment Report.

Note: 1. Eco-efficiency value (revenue generated from each unit of greenhouse gas emission) = Operating revenue (in millions) / greenhouse gas emission
2. Category 3 emissions originate from gases emitted by shuttle buses for employees and vehicles for the transportation of domestic waste.
3. Category 3 emissions in 2015 were greater than those in 2014 because vehicles carrying domestic waste drove for longer distances.

The use of green energy

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

Headquarters building has extensive solar panels on the rooftop, which generate power for staircase lighting systems. The building has generated 49,801.99 kwh electric power so far. As for the Taoyuan Headquarters building, NT\$16.08 million has been spent on installing eco-cooler air conditioners and solar-powered water heating systems in the dormitories. The solar-powered water heating systems saved NT\$3,579,036 for the company between 2013 and 2015.

Energy-saving program	Descriptions
Solar panels	<ul style="list-style-type: none">Taipei headquarters has solar panels that generate electricity used for lighting the staircases and basement in 2012.The dormitory at the Taoyuan Plant was equipped with solar panels in 2014 that cost NT\$20.1million. The power is used to heat shower water for the employees, and saved NT\$1,075,896 in 2015.
Cold air heat pumps for air conditioning	<ul style="list-style-type: none">Taipei Headquarters are equipped with cold air heat pump systems for shower water for the employees and other uses.The design concept is to absorb heat from the atmosphere or water and store it in water through a heat exchanger. The water, after absorbing the heat, raises the temperature of a hot water tank to provide a great amount of highly efficient and low cost hot water. The air released during the process becomes the dry cool wind of an air conditioner. The system can generate hot water, cool air, and cold water at the same time.
Electric vehicles and bicycles	<ul style="list-style-type: none">Taipei headquarters has installed an ample number of power charging sockets for electric vehicles and bicycles to encourage employees to use low pollution and high-energy efficient means of transport.

HTC is practical in its use of renewable energy, which enhances carbon reduction effects and provides a multiple source of energy. Therefore, we have installed solar panels on the rooftop of Hsinhua Dormitory for the water heating system. Heat generated in this way can be stored in tanks to provide hot water for washing facilities, which reduces the use of natural gas and carbon emission. The solar-powered equipment that HTC uses saved 56,436 cubic meters of natural gas in 2015, this translates into a reduction of 106,043 kilograms of CO₂/cubic meter or the amount of carbon absorbed by 5,892 trees.

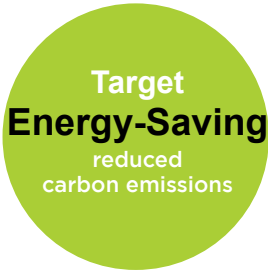
Note: 1. Carbon absorbed by a tree is about 18 kg-CO₂e/year. (Environmental Protection Administration, Executive Yuan).
2. Total cubic meters of natural gas saved = average solar-powered heating temperature (°C) — running water temperature (°C) x 1000 Kcal natural gas per ton of water / 8500 Kcal per cubic meter of natural gas x average daily amount (tons) used.
3. One cubic meter of natural gas costs NT\$19.06.
4. The carbon emission coefficients of natural gas is calculated in accordance with Version 6.0.2 of the Greenhouse Gases Emissions Management Chart (1.879 kg/cubic meter).

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 style="list-style-type: none">T5 and LED power-saving lampsSwitching off lights at night and in the holidaysSwithing off the dispensers in public areas in the holidaysProcess optimization and two plants merged
Air-Conditioning Control	<ul style="list-style-type: none">Improvements of AC systemEnvironmentally friendly coolant and energy- saving high- performance machines
Energy Efficiency	<ul style="list-style-type: none">Refined mode settings of refrigerated air dryersGearless permanent magnet synchronous motors for elevators
Use Habit	<ul style="list-style-type: none">Using both sides of copy paperTurning lights off

HTC persistently promotes various kinds of energy efficiency management. In 2015, 682,426.87 cubic meters of natural gas, or NT\$1,999,511, were saved. The reduced carbon emissions reached 355.544 t-CO₂e.



Energy saving and carbon reduction results in 2015

Year	Programme		Projected results	actual results	Unit	Savings
2015	TY5 chiller air conditioning system's iced water temperature is raised from 6° to 7°	energy savings rate	139,695.00	142,785.00	kWH	
		energy savings in kwh	72,920.79	74,533.77	Kg CO ₂ e/kWH	20.92%
		amount of money saved	409,306.35	418,360.05	NT\$	
2015	Mercury street lamps at the parking lot of the company's factory on Taoyin Road have been replaced by metal halide lamps	energy savings rate	12,117.00	0.00	kWH	
		energy savings in kwh	6,325.07	0.00	Kg CO ₂ e/kWH	0.00%
		amount of money saved	35,502.81	0.00	NT\$	
2014-2015	The main chiller motor in the air conditioning system on the third floor of TPE2-1 has been replaced by a new one to conserve energy	energy savings rate	91,022.00	34,239.24	kWH	
		energy savings in kwh	47,513.48	17,872.88	Kg CO ₂ e/kWH	5.02%
		amount of money saved	245,759.40	100,320.97	NT\$	
2015	Energy saving measures have been taken for the air conditioning system of the gym restrooms on the first floor of Building P	energy savings rate	1,168.00	1,167.00	kWH	
		energy savings in kwh	609.70	609.17	Kg CO ₂ e/kWH	0.17%
		amount of money saved	3,422.24	3,419.31	NT\$	

Year	Programme		Projected results	actual results	Unit	Savings
2015	Energy-saving measures have been taken for the exhaust windmills of the oil collecting room on the B2 floor of Building H.	energy savings rate	5,840.00	5,443.00	kWH	0.80%
		energy savings in kwh	3,048.48	2,841.25	Kg CO ₂ e/kWH	
		amount of money saved	17,111.20	15,947.99	NT\$	
2015	Energy-saving measures have been taken for the exhaust system of the sewage reservoir of Building P.	energy savings rate	10,706.00	7,975.00	kWH	1.17%
		energy savings in kwh	5,588.53	4,162.95	Kg CO ₂ e/kWH	
		amount of money saved	31,368.58	23,366.75	NT\$	
2015	The Huaфу Dormitory e-cooler air conditioning system is shut down in the summer, and hot water is provided by the solar-powered system on Hsinhua Road (from May to September).	energy savings rate	360,000.00	367,200.00	kWH	53.81%
		energy savings in kwh	187,920.00	191,678.40	Kg CO ₂ e/kWH	
		amount of money saved	1,054,800.00	1,075,896.00	NT\$	
2015	Energy-saving measures have been taken for the air conditioning system of the restrooms in the lobby on the first floor of Building H.	energy savings rate	1,168.00	879.00	kWH	0.13%
		energy savings in kwh	609.70	458.84	Kg CO ₂ e/kWH	
		amount of money saved	3,422.24	2,575.47	NT\$	
2014-2015	The shield for lights above the clothes hangers in the clean rooms on the third, fourth, and fifth floors of front Building TY3 has been removed.	energy savings rate	9,487.00	9,486.75	kWH	1.39%
		energy savings in kwh	4,952.21	4,952.08	Kg CO ₂ e/kWH	
		amount of money saved	27,796.91	27,796.18	NT\$	
2014-2015	On/off pull-tabs have been added to the lighting systems in the production area on the seventh floor of Building TY5.	energy savings rate	6,115.00	6,115.20	kWH	0.90%
		energy savings in kwh	3,192.03	3,192.14	Kg CO ₂ e/kWH	
		amount of money saved	17,916.95	17,917.53	NT\$	
2014-2015	The 23W spiral bulbs in the public area of Building P have been replaced by 10W LEDs.	energy savings rate	29,438.00	29,438.76	kWH	4.31%
		energy savings in kwh	15,366.64	15,367.03	Kg CO ₂ e/kWH	
		amount of money saved	86,253.34	86,255.57	NT\$	
2014-2015	The T8 lamps on the first floor of Building TY4 have been replaced by LEDs (stockpile items) for energy conservation.	energy savings rate	566.40	566.40	kWH	0.08%
		energy savings in kwh	295.66	295.66	Kg CO ₂ e/kWH	
		amount of money saved	1,659.55	1,659.55	NT\$	
2014-2015	The T8 lamps on the second to fifth floors and in the public area of rear Building TY 3 have been replaced by LEDs.	energy savings rate	47,120.00	47,120.00	kWH	6.90%
		energy savings in kwh	24,596.64	24,596.64	Kg CO ₂ e/kWH	
		amount of money saved	138,061.60	138,061.60	NT\$	
2014-2015	The 163 T8 lamps on the first floor of 2 Tachih Road, have been replaced by T5 lamps.	energy savings rate	19,904.00	19,904.68	kWH	2.92%
		energy savings in kwh	10,389.89	10,390.24	Kg CO ₂ e/kWH	
		amount of money saved	58,318.72	58,320.71	NT\$	
2014-2015	The 23W spiral bulbs in the public area and the community garden of Building TY3 have been replaced by 10W LEDs.	energy savings rate	10,106.00	10,106.84	kWH	1.48%
		energy savings in kwh	5,275.33	5,275.78	Kg CO ₂ e/kWH	
		amount of money saved	29,610.58	29,613.05	NT\$	

Note: 1. The money saved through energy conservation is calculated on a basis of the industrial electricity price announced by the Taiwan Power Company: NT\$2.93/kWh.
2. The CO₂ carbon emission coefficient is calculated on a basis of the 0.521 kg/kWh standard announced by the Bureau of Energy.
3. The effects achieved through the replacement or removal of lamps are figured out through power conversion.
4. The effects achieved through switching off lights at night and in the holidays is calculated through power conversion.
5. The effects achieved through reducing power consumed by water fountains are calculated through time control and power conversion.
6. The effects achieved through controlling air conditioning system temperature is calculated on the basis of saving ration and power conversion standard announced by the Bureau of Energy.
7. The effects achieved through process optimization and two plants merged is calculated on a base of actual uased amount in the same period of 2013.

Energy-saving installation / equipment

Fire Safety Indicators

To create a safe environment for employees, HTC turns on exit lights, escape guide lights and emergency lights all day according to relevant regulations. To enhance efficient use of energy all 8,609 fire safety equipment lights have been replaced with energy saving products such as LEDs and PL lamps which is very helpful for energy conservation and carbon reduction.

Infrared automatic on/off devices

Where there is less demand for lighting and minor security concern, the lighting system can be converted to one that turns off automatically after the last occupant leaves a room. Such systems are already in use in restrooms rooms and can prevent unnecessary waste of energy.

Independent pull ring lamps

Install LED pull-tab lights at a height that employees can reach from a sitting positions. Keep promoting such installation and hold relevant activities to remind employees to turn off lights with a single pull when leaving their seats. Employees should also remind each other to cultivate the habit of conserving energy and reducing carbon.

Resource Consumption Statistics in 2015

Green Plant	Unit	2013 (TW+KQ)	2014 (TW+KQ)	2015 (TW)
City water consumption	degree/year	1,413,340	1,133,697	553,732
Waste water	Which river?	TW: Dongmen River + New Taipei City dedicated sewer KQ: Shanghai City Bailong Harbor sewage treatment plant	TW: Dongmen River + New Taipei City dedicated sewer KQ: Shanghai City Bailong Harbor sewage treatment plant	Dongmen River + New Taipei City dedicated sewer
Total city water discharge	Tonnes	59,445	98,999	111,755
The amount of rainwater recycled	Liter/year	6,630,400	13,705	12,596,295
Total amount of water recycled/reused	1,000 liter/year	160,985	247,349	247,869
Ratio of water recycled/reused to total amount of water consumed	%/Year	23.76%	21.82%	44.76%
Total amount of waste recycled	Kg/year	3,618,398	2,723,338.5	2,994,625
Total amount of waste reused	Kg/year	0	0	3,260
Total amount of waste incinerated	Kg/year	2,385,210	1,454,435	1,363,849
Waste disposal expense	NT\$ thousand /year	17,630	4,362	5,154.338
Environmental management and recycling amount	NT\$ thousand /year	257,260	95,714	13,086.363

Note: Waste materials, as put into statistical data, are divided into categories ranging from plastic, paper, scrap iron, scrap aluminum, scrap galvanized iron, waste edge board, scrap computer products, waste wood (pallets), miscellaneous types of plastic, scrap parts, kitchen refuse, recycled domestic material and general rubbish.



Sewage Treatment

The wastewater generated by our facilities is mainly domestic sewage from washroom and for other cleaning uses and restaurant waste water that contains no process wastewater. We invested 27,760,000 NT dollar in building sewage treatment equipment in 2010 and spent 731,808 NT dollar on operation and maintenance.

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

Domestic waste water is discharged into the sewage system, which will not have negative impact on any neighboring water body. Starting from January 2013, the sewage treatment plant has been able to handle 600 tons of waste water each day, providing enough water for plant watering and toilet flushing without using any fresh running water.

Water discharge amount, amount of recycled water and average concentration of effluent biochemical oxygen demand (BOD)

Year	Unit	2013	2014	2015
Amount of water discharge	Tonnes	59,445	98,999	111,755
Amount of recycled water	Tonnes	160,985	332,643	247,869
Average concentration of BOD	mg/l	111,755	247,869	15.7

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. Starting from 2012, HTC drafted and implemented water conservation plans. The achievement rate was raised to 60% in 2013, while that for 2014 was the same. The actual recovery ratio of waste water in 2015 was 69%. As of 2015, 247,869 tons of waste water had been reclaimed for watering purposes.

Sewage recycling strategy and effectiveness in 2015

Strategy and effectiveness	Sewage recycling
Annual target	60%
Recycled water for irrigation (Tonnes)	247,869
Sewage water output (Tonnes)	111,755
Amount saved (NT\$)	347,730.40
Actual waste water recycling rate	69%

Green Plant

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

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

During the construction planning of the HTC Taipei headquater and Taoyaun Plant Building Y5, we set our goals to apply for LEED Gold Certification from the US Green Building Association. We implemented relative requirements in the project planning, design and construction in accordance with LEED. We also asked contractors to meet the need of LEED and put into actions during each part of the construction.

Water Resource Management

The water source at the HTC facilities is tap water. The production line processes at our facilities do not use any water, so there is no industrial wastewater generated. In 2015, the total water consumption of our facilities in Taoyuan came to 479,234 tons; the output of treated domestic sewage was 366,111 tons. Water recycled from treated domestic sewage was 247,869 tons, representing 67% of the total treated volume. The amount of water recycled was much higher than the goal of 60% set for the year of 2015.

Office/Facility Water Use and Water Conservation Measures

Plant	Use in 2015 (Unit: ton)	Water Conservation Measures in 2015
Taoyuan	479,234	67%of the recycled sewage water is used for plant irrigation



LEED gold certification



Green Building Label

Rain storage and recycling system

HTC has established a rain storage and recycling system to collect water for flushing toilets and watering plants. This can help save 60% of domestic running water. In 2015, the Taoyuan plant recycled a total of 985,795 liters of wastewater and the Hsintien office recycled 2,421,000 liters for a grand total of 3,406,795 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 the 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 and each faucet can save 77 liters of water a 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.

Estimated savings by water-saving faucets

Water-saving faucet	Estimated water saving
Water consumption time at each use (sec)	10
Water consumption volume at each use (liter)	0.4
Daily water consumption frequency (time/faucet)	30
Water-saving efficiency (%)	64.4%
Average daily water savings (liter)	77

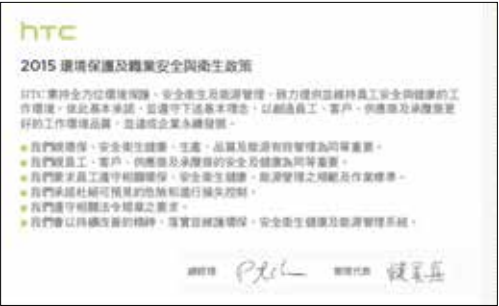
Paper Management

HTC aims to reduce paper consumption by 10% per year and bring the use of paper down to an absolute minimum. By the end of 2015, cumulative savings of 53,930,935 sheets of paper had been achieved by optimal paper-saving management.

New office machines were put into use in 2014 and we also rented “Fuji Xerox Company” office machines which were recommended as outstandingly green by the Ministry of Economic Affairs. Electricity and energy-savings were improved by 27% and renegotiations with the photocopy suppliers in 2014 resulted in a unified unit price which would help save \$937,735 (19.0%) compared with 2014.

HTC paper-saving performance

Year	2013	2014	2015	Total (Cumulative saving)
Paper saving (sheets)	14,612,500	13,146,810	9,467,500	53,930,935
Paper saving target	10%	10%	3%	
Achievement rate	17%	14%	11%	
Amount saved(NT\$)	312,960	150,965	191,960	



Environmental policy card



APP Software “Employee Services” and computer screen saver program promotion environmental information

Environmental Protection Education and Promotion

HTC continues to promote and enhance environmental protection consciousness and awareness in employees using a diversified interface. Employees are encouraged to appreciate company efforts towards environmental protection using clear, convenient and interactive presentation of information.

New recruits education and training was given to 2,776 employees in 2015. The training material includes the environmental protection concept of the plant and a policy card is distributed that can be retrieved easily from the corporate identity system.

1. Using a mobile phone APP to share environmental protection philosophy

The HTC Employee Services App installed on employee mobile phones displays a sustainable environmental protection message each day as a friendly reminder.

2.Green Energy Pavilion energy-saving and carbon reduction activities

The annual HTC Family Day event at the Green Pavilion presents the environmental protection and energy-saving achievements of headquarters and allows those attending to appreciate both the company’s concept of environmental protection and their efforts through interaction.

3.Encourage Employees to Carpool

HTC runs a shuttle bus service on many commuting routes with a daily capacity of 1,380 passengers. This transportation arrangement together with car-pooling makes it easy for employees to move to and from work. By cutting down on the number of vehicles travelling to and from the plant the amount of greenhouse gas emitted, in the form of vehicle exhaust, can be significantly reduced. Fewer vehicles on the road also save congestion and speeds up the movement of traffic.

Car pooling effectiveness

HTC shuttle bus route	Time table	Daily passenger capacity
Between Taipei MRT Yuanshan Station and the HTC Taoyuan plant	Yuanshan to Toayuan	20
	Taoyuan to Yuanshan	20
From Taipei MRT Chingan Station in Zhonghe to the HTC Taoyuan plant	Zhonghe to Taoyuan	20
From Taipei headquater to Taoyuan plant	Xindian to Taoyuan	440
	Taoyuan to Xindian	560
From Taoyaun Train Station to Taoyuan plant	Taoyaun Train Station to Taoyuan plant	140
	Taoyaun plant to Taoyuan Train Station	180

Sustainable Design



HTC has reduced the consumption of raw material, packaging, and related substances by improved methods and more efficient management. 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

HTC assesses the sustainability of products by an examination of the entire product life cycle. A complete life cycle assessment and a detailed analysis of the flow of a product help the R&D team understand all the complex environmental factors. Different criteria and measures are applied at each stage of the process, especially at the product development and design stage. Great care is taken to ensure that materials used in production have low environmental risk and all comply with internationally accepted regulations on banned substances in accordance with the Precautionary Principle. HTC makes sure that all the mobile devices they design and manufacture meet the expectations of their consumers and in particular have a very low impact on the environment.

Environment certificate Platinum Rating



TC has received UL Environment certification for the following four mobile phones, which were all, awarded the highest “Platinum” certification after rigorous verification procedures.





- HTC One M9
- HTC One A9
- HTC Desire 626/626s
- HTC Desire 526

These products received “Platinum” certificates for the use of non-toxic and environment friendly materials and no material used in their manufacture originates in conflict mineral regions. High-efficiency low-power-consumption chargers and the unified global charging plug are used to ensure compatibility with other mobile phones. The mobile phone surface material has been rigorously tested and contains no restricted heavy metals, PVC, or plasticizer. Product recycling assessment is conducted at an early stage of development and the amount of packaging material used and consumed during packaging has been reduced. Natural fiber used in packaging is of a kind that grows rapidly and recycled paper is also used. The ISO environmental management system has been implemented in the manufacturing process.



We work diligently to reduce the use of environmentally harmful substances, to increase recyclability, improve the reuse of resources, and reduce the adverse effects our products have on the environment. HTC’s sustainable design concept is reflected in three areas: 1) increased energy efficiency, 2) recyclability, 3) reducing hazardous substances, with the serious intention of making our products really green and competitive.

Green Marks obtained by HTC

Green Mark	Description	Applicable Area
	Verified by a third-party verification company (UL) as meeting North American (US and Canada) energy efficiency requirements	Power supply units
	Verified by a third-party verification company (UL) as satisfying UL, sustainability standard for mobile phone, and rated as Platinum.	Mobile phones, accessories (including shipping packaging)
	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 RBRC to properly recycle used batteries in North America	Battery



Enhancement of Energy Efficiency

An analysis of energy efficiency starts with the raw material used to produce the electronic telecommunications product, its manufacture, life cycle and disposal. The mobile phones' raw material carbon footprint is low, as is that of the manufacturing process as well as 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 supply devices 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 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.

Electromagnetic Compatibilityhigh-efficiency charging

Among the SAR regulations currently in force, FCC (US) and CE (EU) are the strictest, and all HTC products satisfy meet these requirements. HTC products also comply with the rules about electromagnetic interference as issued by all nations, with an EMI value 3dB lower than the criteria of the FCC and CE.

HTC One M9 with low power consumption in standby mode to achieve

Besides boosting phone's battery life, we also devoted to save overall electricity consumption during charging, to fulfill carbon reduction. Therefore, we consider the efficiency of battery charger, the conversion efficiency of charging circuit and charging mode of operation system.

The HTC One M9 uses a higher energy efficient 1.5amp charger and an optimized charging program that automatically turns off unnecessary functions during charging. The M9 goes into low power standby mode automatically to reduce unnecessary power consumption. Constant measuring allows the M9 to consume only 0.2W (in the off mode) after the battery is fully charged and until the power plug is removed. This reduces power consumption by 16% compared to the M8.



Participation in the Foreign Service Carriers' Eco-Rating Program

HTC continued to participate in the Eco-rating programs promoted by several foreign telecommunications companies, and assisted in the "Forum for the Future" to integrate the different plans of several industries to launch "Eco-rating 2.0" in 2014.

The grading category includes life cycle assessment, product eco-design, and corporate social responsibility. The overall assessment results are graded between 1 and 5 points. This allows a consumer to make rapid comparison at the time of purchase and also encourages the design and manufacture of products in an environmentally friendly way.



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 could meet the present and future requirements for recycling.



Phone and battery recycling

To properly fulfill their responsibilities as a manufacturer, HTC, which is 100% in line with EU WEEE requirements, has also promoted the US and Canadian mobile phone recycling program. Old mobile phones, up to a value of US\$499.99, can be traded in to reduce the undue disposal or handling of old mobile phones and the impact of this upon the environment. A total of 39,200 old mobile phones were recycled in 2015.

Please click on the project page at: <http://www.htctradeup.com/>

1. HTC also operates an e-mail recovery plan. Used mobile phones, tablet computers, and peripherals can be mailed back to HTC at the expense of HTC. Very few people have taken advantage of this plan, as it seems that most prefer to receive cash. In 2015 14 devices were recovered through this program.
See project page: http://www.freeurecycle.com/?intcid=footer_recycle
2. HTC also participates in the industrial management program Call2Recycle that is currently implemented in the United States and Canada. The program provides for the collection and recycling of batteries, including cell phone lithium-ion batteries, as well as the recycling of cell phones in Canada. We pay a fee to Call2Recycle for every mobile sold in the United States and Canada. A total of 5.7million kilograms of mobile phones batteries(about 120,000 mobile phones), was recovered through this program in 2015.
3. HTC participates in the state-run electronic waste program promoted in five states (Connecticut, Maine, Oregon, Vermont, and Washington).
We pay fees quarterly or annually in an amount equivalent to a percentage of market shares. The recycling center is operated by the state government and a contract is signed with the recycling company.
4. HTC participated in the Anatel Mexico mobile phone recycling project in 2015, reclaiming used phones through collection by relevant businesses.

Hearing aid compliance

HTC meets and exceeds the US Federal Communications Commission (FCC) specification for hearing aid compliance. The FCC requires that at least one third of a company's mobile phone products be hearing aid compatible. All the Smartphones sold by the HTC in the US in 2015 were 100% hearing aid compatible.

Please click on the hearing aid compliance page at:

<http://www.htc.com/us/accessibility/hearing-aid-compatibility/>

Material Recovery Rate Assessment

We consider material recyclability in the selection of all materials and product disassembly and analysis is carried out by an impartial third-party. All current products such as the HTC One M9 or Desire 526, allow 80% up material recovery. This significantly exceeds the EU WEEE Directive on the mobile phone material recovery standard which is 70%.



HTC One M9

Material recovery rate:
82.9%



HTC Desire 526

Material recovery rate:
82.3%

Positively Cutting Hazardous Substance

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, for example, polyvinylchloride (PVC) and Brominated Flame Retardant are prohibited.

In addition, we established 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 in 2006. During the selection of materials in 2015, we replaced the beryllium copper alloy used for contact points in a mobile phone with other safer materials. Although beryllium copper alloy is safe itself, it can produce beryllium oxide during the recycling process that is harmful to human health. We have thus decided not to use the material in any of our products in the future.

Sustainable Manufacturing Process

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.



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 the “ESH Management Manual” and “Safety and Health Rules” which have also been posted on our Intranet website for employees to consult at any time.

If you have any complaints about environment-related problems inside or outside the company, you can make a phone call directly to the environmental safety department for handling department personnel.

The Labor Safety Committee has 21 members, the labor representatives accounted for 1/3 of the total number. We work out an occupational safety and health plan each year according to the relevant problems that need to be addressed. The focus is on asking all the people involved to follow occupational safety and health rules; to identify hazards to lower risks; to set up rules for the labeling of dangerous chemicals and a general understanding of them; the promotion of occupational safety and health information; and the establishment of a system to manage contractors. All these measures are aimed at reducing risks.

Appointment of waste and sewage treatment staff

Certificate and License	Designated plant personnel	Mandatory number of personnel
Waste disposal staff	2	2
Sewage treatment staff	1	1



HTC is committed to saving water resources, energy, and the reduction of waste. An annual budget provides for the upgrading of hardware and software. A total of \$444 million was spent between 2012 and 2015 to substantiate the concept of sustainable development.

Environmental expenditure

Year	Unit	2013	2014	2015
Environmental expense	NT\$ Thousand	125,700	131,550	80,743
Green purchasing	NT\$ Thousand	17,199	10,317	302
Total	NT\$ Thousand	142,899	132,973	81,045

Note: Due to no new plant construction in 2015, procurement data show a downwards trend.

Environmental sanitation agents

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

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 operation standards on environmental protection, safety and 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.

Positively Preventing Occupational Accidents

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

Our work covered seven aspects in 2015: “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.

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

Full-time Environmental Safety and Health Personnel Training

Courses	Number of trainee	Total training time
ISO 14001 & OHSAS 18001 & ISO50001 internal auditors	23	138 hours
Corporate environmental protection award explanation meeting: Enterprise Environmental Protection Award Seminar	1	3 hours

Perfect Emergency Rescue Measures

We have emergency response plans that will be implemented in the event of an emergency caused by human error or natural disaster, such as fire, explosion, typhoon, an accidental leak, mechanical injury, infectious disease, or an earthquake. The plan involves procedures such as identification of the nature of the emergency, taking the necessary measures and examination of standard operation procedures after such event. We hold fire drills and personnel evacuation drills on a regular basis. We take all possible action to reduce any impact on the health and safety of the workers and also try to minimize damage or loss of company property.

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

These related measures have been effectively carried out at HTC and the average employee injury frequency rate (FR) was 0.37 person-time/per million hours worked, average severe injury rate (SR) was 2.78 days/per million hours worked in 2015. Should the frequency of disability or injury rise higher than 0.36 million person/million working hours and the severe injury rate be higher than 2 days/per million working hours, our annual target will have been missed.

In 2015, most occupational injuries were the result of traffic accidents (61 cases) that happened during commutes. 14 others were the result of tripping, falling, catch and roll, and incised injuries that occurred within the facility. Falls are the most frequently reported incident (4 cases), with 28 days of labor lost.

Taiwan plant

	2015	Target	Result
Injury Frequency Rate (FR)	Injury Frequency Rate per Million Hours Worked	0.36	0.37
Injury Severity Rate (SR)	Lost Day Injury Frequency Rate per Million Hours Worked	2	2.78

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

Occupational hazards in Taiwan in 2015

Type	Percentage	Type	Percentage
Cut wound, incised wound, and abrasion	17.65%	Exposure to high or low temperature	3.92%
Pinch wounds, or wounds caused by rotating machinery	13.07%	Collision	0.65%
Falling or dropped objects	0.65%	Impact	6.54%
Exposure to, or contact with, harmful substances	3.27%	Falling or collapsing objects	2.61%
Tripping	4.58%	Puncture wound	0.65%
Falling or tumbling	0.65%	In-plant traffic	43.79%
		Off-plant traffic accidents	0.65%

Note : Occupational hazard rate (number of reported cases divided by total number of workers)



Injury Frequency Rate (FR)

Injury Frequency Rate per Million Hours Worked

Year	2011	2012	2013	2014	2015
Taoyuan	0.21	0.29	0.36	0.47	0.37
Management Target	0.4	0.4	Taiwan:0.4	0.36	0.36

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

Injury Severity Rate (SR)

Lost Day Injury Frequency Rate per Million Hours Worked

Year	2011	2012	2013	2014	2015
Taoyuan	1	3	4	15	2.78
Management Target	1.2	1.2	Taiwan:1.5	2	2

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

GRI Injury Indicators

Incidence Rate (IR)

Year	2011	2012	2013	2014	2015
Taiwan	0.04	0.06	0.07	0.1	0.09

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)

Year	2011	2012	2013	2014	2015
Taiwan	0	0	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)

Year	2011	2012	2013	2014	2015
Taiwan	0.14	0.64	0.73	2.99	0.55

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)

Year	2011	2012	2013	2014	2015
Taiwan					0.09

Note: AR = (Total Days Lost/Total Days Worked) ×100%
All kinds of leaves are occupational sickness leave if employees injure on duty, therefore personal leave and sick leave days is zero.



Management of Waste and Hazardous Substances

The major manufacturing operation at HTC is the assembly of Smartphone, so the only waste is gas produced by welding, without NOx or SOx emission.

We handle and dispose of waste according to our self-regulated “Process for Removal and Handling Business Waste,” and practice good resources recycling to ensure cleanliness of the working environment and reduce environmental impact.

Regarding to management measures, besides entrusting legal disposal authorities to properly dispose the waste in accordance with the governant policy, we also follow disposal trucks to check and confirm their cleaning status on site from time to time. Regarding to plants, we inspect waste storage and temporary storage zones through inspection checklist regularly, and request correction for non-compliance within a limited time. We also establish environmental safety and health self-assessment form and perform audits, to accomplish effective management and evaluation mechanism.

Measures	Methods
Setup recycling bins and commission manual sorting of domestic waste.	Setup recycling bins and encourage and propagandize staff to sort domestic waste. The employees recycled 413,946 kgs of domestic waste in 2015.
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.

HTC Waste Statistics

Treatment	Unit	2011	2012	2013	2014	2015
Recovery	Kg	2,464,345	2,930,592	3,618,398	2,723,338.5	3,037,885
Incineration	Kg	1,802,185	1,522,195	2,385,210	1,454,435	1,257,469

Waste reduction, recycling, and reuse

HTC waste reduction strategy involves the reduction of the generation of waste from the source by means of sorting and advocacy. The reuse of waste is also a priority and is essential for an increase in resource recycling efficiency. The recyclability of waste that cannot be reused can be improved by physical sorting and can be stored for later disposal and such output is recorded and regularly published on-line.

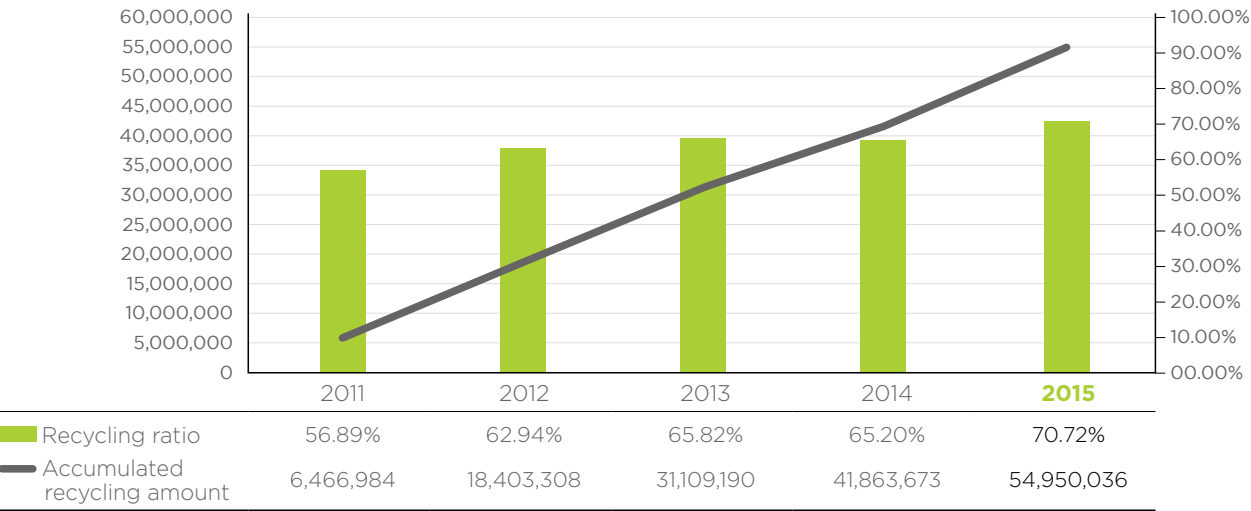
We have been taking steps to handle the treatment of waste materials according to type. As an example we commission contractors to collect and recycle waste trays. In addition a number of other licensed contractors are employed to recycle other material and much of the waste is purified and turned into industrial raw material.

Other waste goes through physical classification which increases reusability and the material that is not recyclable goes to a final destination. We also publish the condition of temporarily stored waste material on the Internet. Our recycled resources reached 3,037 tons in 2015.

- 1. The TY5 Building in Taoyuan and the Taipei Headquarters building both meet LEED construction standards. As much as 23% of the building material used was recycled and 76% of the waste produced in the construction process, such as steel shuttering, steel rebar, concrete, and epoxy, was recycled.
- 2. In the recycling of plastic trays and sponges, we have adopted a source control strategy. Trays and sponges are now reused on the production line as many times as possible to reduce the waste of material.

Between 2012 and 2015, the money earned or saved by recycling waste rose year by year to reach NT\$13,086,363 by 2015. The waste recycling rate increased from 56.89% in 2011 to 70.72% by 2015 to pass our long-term goal of 70%. By 2015 the accumulated savings and earnings from the recycling of waste had reached NT\$54,950,036.

Waste recycling effect and rate



Touch Panels 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 43,651(0.65 Tonnes) Touch Panels and 356,120(7.12 Tonnes) LCDs in 2015 which amounted to 7.78 tons of electronic waste reduction. This accounts for NT\$318 million. This is truly a win-win reduction of waste at the source and a great economic benefits.

Touch Panel and LCD waste recycling in 2015

Touch Panel: **0.65 tons 92.1%** LCD: **7.12 tons 92.8%**

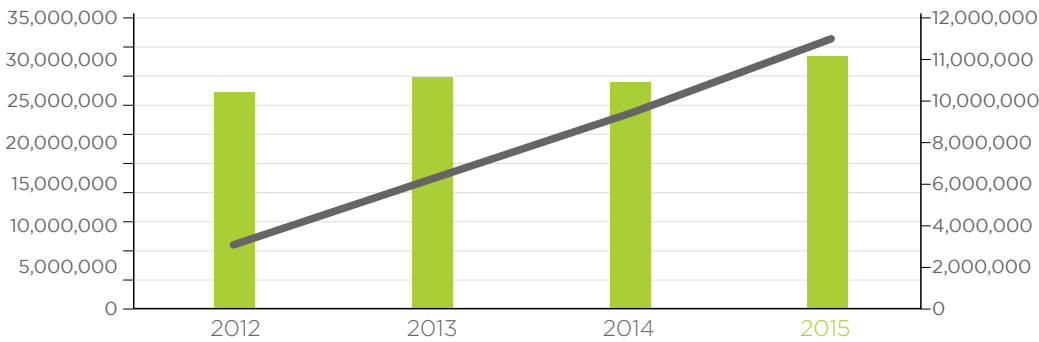
Benefits of Touch Panel and LCD recycling in 2015

Touch Panel: **43,651** LCD: **356,120**

Economic benefits (NT \$) **343,193,446**

Our response to the government environmental protection policy and our efforts to promote environmental protection

According to statistics provided by the Environmental Protection Administration (EPA), every 30,000 recycled mobile phones can yield one kilogram of gold, and every 10,000 can produce one kilogram of silver. This also saves 220,000 kWh of electrical power, which is the same amount of power as that used by 57 families in Taiwan over a year, or a reduction of 140 kilograms of CO₂ emission. We have therefore signed a memorandum of understanding (MOU) with the EPA regarding the recycling of discarded mobile devices.



Weight of Recycled Material at HTC

Category	Weight (Kg)	Category	Weight (Kg)
Plastic	946,347.4	Waste information products	2,219
Paper	1,073,540	Waste information products	43,260
Waste metal	11,373.76	Miscellaneous plastics	103,542.2
Waste aluminum	3,529	Scrapped components	597,369.4
Waste galvanized iron	218.8	Kitchen waste from restaurants	381,968
Waste edge-board	35,683.9	Life resources recycled	31,978

Harmful substances and chemical control

HTC understands that in the green competition between corporations around the world, the active management of harmful substances and chemicals is the only way to ensure reliability of the manufacturing process and product compliance with the standards of the different countries and customers. In so doing, we reduce the legal risks that our products might suffer. Given that international regulations on the use of chemicals have become stricter, we take the following measures to control the condition of chemicals used during the manufacturing of components and parts. These include:

1. Specially-assigned employees make an inventory of the chemicals in the plant on a regular basis. They also have to inspect the chemicals and ascertain their condition.
2. Compressed gas fire extinguishers should contain safe eco-friendly agents. Replace CO₂ fire extinguishers with safe halogen compound fire extinguishers.
3. Emergency lights should be powered by eco-friendly batteries. Replace lead acid batteries with nickel-cadmium batteries.
4. Set up regulations for the management of chemical agents for cooling water towers. Choose cleaning solutions with safety certification.
5. Make sure that suppliers and contractors properly manage the chemicals they sell. The chemical management that suppliers enforce covers aspects ranging from environmental protection, safety and health, to corporate social responsibility. This must include the investigation and auditing of supplier internal management systems and an assessment of the risk levels.

Building up a Green Supply Chain


To effectively reduce the use of hazardous substance in parts and components, we require all our parts suppliers to pass the HTC green parts verification process, to ensure 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 the materials used in HTC products and all parts and components are environment friendly as regulated.

Active response to green product certification

All HTC mobile phones are verified by international public certification companies, such as SGS, TUV, and ITS. Chemical analysis is carried out to ensure compliance with the EU environmental directives. HTC also cooperates with their customers in green-related certification plans such as the ULE and ecological scoring systems and this ensures that all products comply with customer green specifications. Several mobile phones, including HTC One M9, HTC One M8, HTC One E8, HTC Desire 816, and HTC Desire 510, received a ULE Platinum certificate in 2014.

In addition, our strategy is to buy environmentally friendly products to substantiate our environmental protection concept of “recyclable, low pollution, and resource-saving.”



Passed UL specifications through a third-party verification company (UL) with platinum certification

Subject: Mobile phones, accessories (including shipping packaging)

Description: HTC One M9 and HTC One M8 have received Platinum Level, ULE environmental certification

We express the purchase of environmentally friendly products as a priority in our procurement specifications to firmly integrate the concept into our daily operations.

Purchase amount in 2015 is NT\$ 302,568. Between 2011 and 2015, procurement with green product mark totaled NT\$ 278.17 million.

Sustainable Packing

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 the regulation, 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.

This packaging is



98%
recyclable



79%
fast renewable



PRINTED WITH
SOY INK

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 (Model Toxics in 118 Packaging Legislation of USA). The printing ink used on the packaging material is low-volatility ink or soy ink certified by the American Soybean Association. These efforts minimize the impact of our product packaging materials on the environment.




PRINTED WITH
SOY INK

Lightweight integrated packaging design

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

All the packing materials we use are highly-recyclable, and main packing design is used:



Lightweight integrated packaging design

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

History of HTC “Sustainable Packaging”

Volume

Has been reduced year by year, one pallet can carry more packs

Weight

Has been reduced, helps to reduce CO₂ emission resulting from transportation

Transportation

One pallet can carry more packs, helps reduce freight




Material

Fast growing materials [sugar cane (bagasse) bamboo]

Results

Renewable material; more easily recycled with less CO₂ emission

Mobile phone packaging box carbon footprint during transportation

Year	2009	2011	2012	2013-2014	2015
					
Total Weight (g)	170	120	65	80.2	80.2
Transportation Carbon Footprint (kg CO ₂ eq)	1.63	1.15	0.62	0.77	0.77

Note: Calculate the distance: from HTC factory → Airport (by air) → customer's Distribution Center

	2009 Hero box	2013/2014 M7 BOX/M8 BOX	2015 M9 BOX
			
Dimensions	183x89x60mm	160x160x28mm	160x160x28mm
Weight	170g	95g	81g
ECO Features	<ul style="list-style-type: none">● Package volume reduced by 50%● Soy ink used for printing	<ul style="list-style-type: none">● Composed 98% of recyclable paper and material● Made at least 75% from fast-growing bagasse (a sugar cane product) and bamboo● Printed using vegetable-based ink rather than petroleum-based ink	<ul style="list-style-type: none">● Materials is consist with current fast renewable plants● No lamination in top label● Less colors- Top label : from 5 colors to 1 color printing

The HTC Mobile Phone Box is Recyclable and Biodegradable



HTC has elaborated the energy-saving and power-saving functions in the colored mobile phone box and manual.

The HTC mobile phone box is made with environmentally friendly materials (65% bagasse and 35% bamboo pulp) as well as fully recyclable and biodegradable paper. Furthermore, “Forest Stewardship Council” certified paper, is printed on the box to alert the consumer to the concept of environmental awareness.

Sustainable Product

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, on the environment. The concept of life-cycle-time (LCT) is our way of thinking about 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.

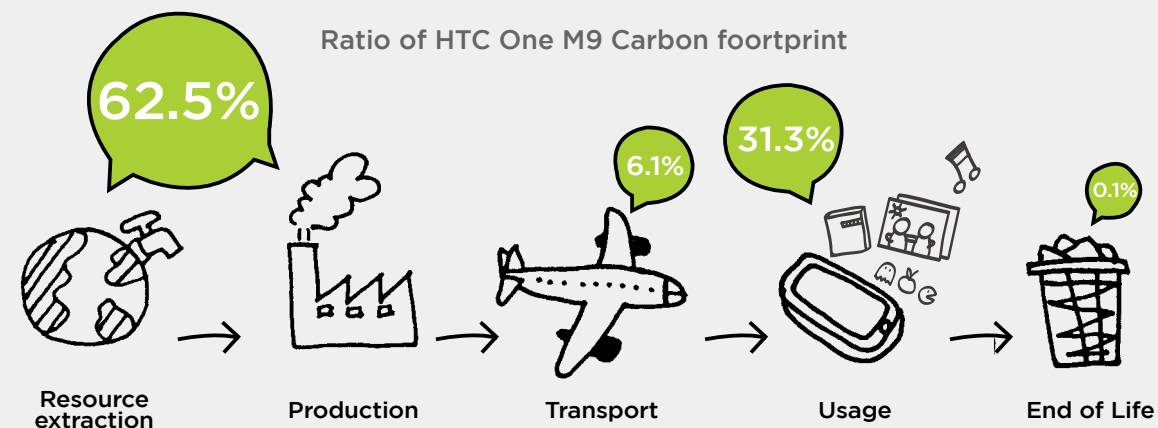
The HTC product carbon footprint is measured in accordance with ISO 14040 and ISO 14044 standards. It involves direct data provided by the HTC plants and up-stream suppliers. The data are put into internationally accepted life cycle assessment software and databases like SimaPro and Ecoinvent, which are also fed with indirect data. The data, after passing third-party verification, is made public as a carbon footprint report or Eco Declaration that gives transparent environmentally related product information to the relevant clients.

Product Carbon Footprint Verification

In December 2015, the HTC One M9 and the Desire 820 passed verification by a trusted third-party, TUV Rheinland in Germany, and were given ISO/TS 14067:2013, PAS 2050:2011, ISO 14040:2006, and ISO 14044:2006 product carbon footprint and life cycle assessment certificates. This shows that HTC followed the life-cycle carbon emissions calculation and disclosure procedure all the way from product design to manufacture to provide carbon footprint data and service according to the required standards.

International standards for product carbon footprint

The product carbon footprint standard ISO/TS 14067 was announced in May 2013. It specifies the principles and guidelines for the calculation and disclosure of life cycle carbon emissions of a product from the design phase. It can also serve as the basis for finding out the carbon footprint of various kinds of products and services and has become a global standard for the calculation and communication of the carbon footprint of a product.



Plan and action for carbon reduction

The carbon footprint analysis measures the impact of a product on the global climate from the aspect of its total life cycle starting from the production of raw material, manufacture of the product, its distribution, delivery to the customer, to its end-of-life disposal. Such analysis finds that the carbon footprint of a smartphone is most obvious during the mining of the raw materials and the consumer use phases. HTC will spend more effort on reducing carbon emission during these two phases and worked with eight contractors in 2015 to determine the carbon footprint of two products.

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:

1. We participated in the Product Environmental Information Disclosure Program of the 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.
5. Cooperated with 8 suppliers in 2015, fulfilled two products carbon footprint inspection.

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



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

We engage in public interest activities to espouse humanitarianism and contribute to a peaceful and harmonious society. The Foundation plays an important part in community engagement and social services to instill the core values of integrity, honesty, care, love, positive thinking, and respect for natural resources.

The 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. Countries can all get along with each other. To realize this belief 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 the natural resources that are shared by us all, and jointly take better care of our wonderful planet.

The HTC Foundation invested NT\$11,692,508 on education in 2015, while HTC Social Welfare and Charity Foundation spent NT\$51,137,639 on charity business.



Vision

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

Mission

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

Objectives

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

Character Statement

1. To actively and enthusiastically influence others with honesty and good character in both personal and professional life and to set a good example with our own conduct;
2. TTo protect the environment and to develop a cultural and aesthetic disposition through readings; and
3. TTo be a world citizen, to make reasonable effort 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.



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. The 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.

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. That for the parents lasted two days and no lodging was provided. The student’s course spanned five days and four nights, and lodging were 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” about practical conflict-resolving skills, and 10 English language sessions led by foreign teachers were also included.

Many Blessings Courses

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



Planned Development for 2015

— **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. Promoting 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, woman’s 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.” By “Character Celebrity Lecture”
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.

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 2015, our accomplishments in social works included:

The HTC Family Day Food Fair donates 5% of the takings to charity

A charity food fair was held on HTC Family Day in June 2015, 85 different food vendors took part as well as the HTC branch of the President Chain Store Corporation. Five percent of the earnings (NT\$124,260) were donated to the Chinese Rock Leadership Association to provide assistance to people affected by the deadly earthquake in Nepal in 2015. Although rain had been forecast a day before the event a lot of people attended. It turned out to be a nice cool day, very suitable for a family outing.

Donations of used products to charity also promotes environmental protection

HTC charity contributions also promote environmental protection. HTC expresses its concern for communities in under-developed countries and remote regions by the collection and donation of goods and materials. The recycling of used items is as follows:

Donated to	Accomplishment	Achievement
HTC Industry-university student cooperation program	Used computers maintenance training program	40 cooperative education students
Anders Disability Center in Yuli, Hualien	Collection of used clothes for under-privileged families	23 boxes of used clothes
Hsinchu Northgate Holiness Christian Church	Donation of 15 used notebook computers	15 used notebook computers
HTC Dream Come True Program for children in remote regions	The HTC Family Day Charity Fair in 2015	Collection of 1,618 articles of clothing and NT\$68,121 raised by charity sales
Anders Disability Center	Donation of used items	Collection of 25 boxes of used articles including, stationery, children's books, and summer clothes.
House for Joy Association	Donating used material	Collection of 7 boxes of food, 8 of learning appliances, and 35 pairs of shoes
The Mustard Seed Mission	Magic trip of used bicycles	40 bicycles





The HTC Vive VR and cooperation with the Palace Museum

The HTC Vive team visited the National Palace Museum in September 3rd, 2015 where they did Vive 3D scans of some of the art collection. Volunteers from HTC’s “Character Formation Club” took the 3D images to Nanchuang Elementary School, which is in a remote part of Miaoli County, to give the children an opportunity to see some of the Palace Museum collection and the underwater world in virtual reality. The volunteers made a brief introduction to the development of communication, starting from smoke signals in ancient times to modern smart phones. They also produced a Tangram set that helped children understand how a mobile phone works.

Blood Donations

Seven 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. The personnel of the Taoyuan and Xindian plants donated 252,500c.c and 97,250c.c of blood in 2015.

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.

Community volunteer activity

HTC promoted much community activity in 2015 and many employees joined the New Taipei City community volunteer service. Some took part in a project to teach senior citizens how to integrate with the younger generation and young people were encouraged to tolerate and understand the elderly and pass on the new HTC community care concept.

Donated to	Accomplishment	Achievement
Tapeng Village	Charity event for the elderly. Learning how to use mobile phones	With the participation of 50 community residents
Taiwan Operation Dawn Addiction Treatment Village	Donation of three used notebook computers	Collecting three used computers with the Kingdom Foundation
Kibbutz Elderly Association	Charity event for the elderly. Learning how to use mobile phones	With the participation of 25 community residents
400 elementary school and junior high school students from single-parent families in remote tribal communities	The 2015 HTC “Let love walk: surprise gifts in a shoebox” activity	Collection of 475 boxes of gifts for delivery to 27 remote communities in the mountains

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 2015, 226 HTC employees made donations. The funds raised by the HTC Child Support Club and the Employee Welfare Committee came to NT\$2,194,860, and was used to sponsor 103 children. Among those, 95 were domestic children while 8 of these were from foreign countries, including Guatemala, Indonesia, the Philippines, Senegal, Sri Lanka, Qirghiz, and Paraguay.

Dream Project

HTC takes social welfare and charity as the core spirit in the planning and organization of the Family Day Charity Fair. The Chinese Rock Leadership Association, Qi Zhi Vocational Training Center, 1919 Chinese Christian Relief Association and Syin-Lu Social Welfare Foundation were invited to participate in the event. The HTC clubs, formed and run by employees and cooperating contractors, also answered the call and organized a flea market for charity sales. In all 1,618 items were collected and sold and the money was donated to the HTC “Dream Come True Program” for children in remote regions.

HTC helped get a donation of baseball equipment for the Yuanchen Elementary School in Hualien and also helped arrange some 3-day tours for students in Mingli and Tayu Elementary Schools in Hualien. The students were able to visit a zoo and a science museum in the city. They were all exposed to new knowledge and able to explore several technologies.

Donated to	Accomplishment	Achievement
Ming Li Elementary School	A three-day tour to the Taipei Zoo	Helped 27 students to realize their dreams
Da Yu Elementary School	A three-day tour to National Taiwan Science Education Center	Helped 53 students to realize their dreams
Wan Ning Elementary School	37 pairs of soccer shoes and back nets for the practice ground	Helped 37 students to realize their dreams



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE HTC CORPORATION'S 2014 CORPORATE SUSTAINABILITY REPORT

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 Sustainability Report (hereinafter referred to as CSR Report) of 2014. 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 2014 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 2014.

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 2014 verified is accurate, reliable and provides a fair and balanced representation of HTC sustainability activities in 01/01/2014 to 12/31/2014.

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 third 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 II, High 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, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, HTC may 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.

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 2014, 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. Disclosures on Management Approach components, such as goals and targets, specific actions taken to achieve the expected results, may be further enhanced, and disclosures on EN4 and EN17 are encouraged in the future reports.

Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
29 July, 2015
WWW.SGS.COM



AA1000
Licensed Assurance Provider
000-8

GENERAL STANDARD DISCLOSURES

Indicator	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
STRATEGY AND ANALYSIS				
G4-1	Provide a statement from the most senior decision-maker of the organization	6-7		
G4-2	Provide a description of key impacts, risks, and opportunities	6		
ORGANIZATIONAL PROFILE				
G4-3	Report the name of the organization	2		
G4-4	Report the primary brands, products, and services	12, 19		
G4-5	Report the location of the organization's headquarters	3		
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	15-16		
G4-7	Report the nature of ownership and legal form	17		
G4-8	Report the markets served(including geographic breakdown, sectors served, and types of customers and beneficiaries)	15		
G4-9	Report the scale of the organization	17, 54		
G4-10	Report the total number of employees	54		
G4-11	Report the percentage of total employees covered by collective bargaining agreements	No union		
G4-12	Describe the organization's supply chain	14		
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	No significant changes		
G4-14	Report 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 BOUNDARIES				
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	Please refer to annual report p.229-231		
G4-18	Explain the 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	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	No restatements		

Indicator	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes		
STAKEHOLDER ENGAGEMENT				
G4-24	Provide a list of stakeholder groups engaged by the organization	42-43		
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	41		
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	42-43		
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	42-43		
REPORT PROFILE				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	3		
G4-29	Date of most recent previous report	2015		
G4-30	Reporting cycle	Every year		
G4-31	Provide the contact point for questions regarding the report or its contents	2		
G4-32	Report the 'in accordance' option the organization has chosen	2		
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	134		
GOVERNANCE				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	28		
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	28		
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body			
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.			
G4-38	Report the composition of the highest governance body and its committees	28		
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	No		
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members			

Indicator	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	30		●
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	35		●
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	35		●
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.	36		●
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	37		●
G4-46	Report the 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	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	38-39		●
G4-48	Report the highest committee or position that formally reviews and approve	28		●
G4-49	Report the process for communicating critical concerns to the highest governance body	28		●
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them			●
G4-51	Report the remuneration policies for the highest governance body and senior executives			●
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships, which the remuneration consultants have with the organization.	29		●
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	29		●
ETHICS AND INTEGRITY				
G4-56	Describe the organization's values, principles, standards and norms of behavior	18, 65		●
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	30		●
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	30		●

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
CATEGORY: ECONOMIC				
MATERIAL ASPECT: 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	60-62, please refer to financial report p.179		●
G4-EC4	Financial assistance received from government	No relevant assistance		●
MATERIAL ASPECT: 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		●
MATERIAL ASPECT: INDIRECT 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		●
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA		51		●
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	P52, please refer to financial report p.42-43		●
CATEGORY: ENVIRONMENT				
MATERIAL ASPECT: 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 requirement of products and services	104		●
MATERIAL ASPECT: WATER				
G4-DMA		96		●
G4-EN8	Total water withdraw by source	96		●

DMA and Indicators	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
G4-EN10	Percentage and total volume of water recycled and reused	97		●
MATERIAL ASPECT: EMISSIONS				
G4-DMA		89		●
G4-EN15	Direct greenhouse gas (GHG) emissions (SCOPE 1)	90		●
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (SCOPE 2)	90		●
G4-EN18	Greenhouse gas (GHG) emissions intensity	90		●
G4-EN19	Reduction of greenhouse gas (GHG) emissions	93, 94		●
G4-EN21	NOX, SOX, and other significant air emissions	No emissions		●
MATERIAL ASPECT: EFFLUENTS 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 methods	112-114		●
G4-EN24	Total number and volume of significant spills	No relevant issues		●
MATERIAL ASPECT: PRODUCTS 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		●
MATERIAL ASPECT: 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	No relevant fines		●
MATERIAL ASPECT: TRANSPORT				
G4-DMA		101		●
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operation, and transporting members of the workforce	101		●
MATERIAL ASPECT: OVERALL				
G4-DMA		106		●
G4-EN31	Total environmental protection expenditures and investments by type	106, 115		●
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-DMA		52		●
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	53		●

DMA and Indicators	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS				
G4-DMA		100		●
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	No relevant issues		●
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: 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		●
MATERIAL ASPECT: Labor/Management Relations				
G4-DMA		60		●
G4-LA4	Ratio of basic salary and remuneration women to men by employee category, by significant locations of operation	No formal agreements		●
MATERIAL ASPECT: 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 programs	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	Not doing statistical analysis by gender	●
G4-LA8	Health and safety topics covered in formal agreements with trade unions	No formal agreements		●
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA		80		●
G4-LA9	Average hours of training per year per employee by gender, and by employee category	82	Not doing statistical analysis 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%)		●
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA		56		●

DMA and Indicators	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
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		●
MATERIAL ASPECT: 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		●
MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS				
G4-DMA		79		●
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	No relevant issues		●
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA		64		●
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No relevant issues		●
MATERIAL ASPECT: FREEDOM 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		●
MATERIAL ASPECT: 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	No relevant issues		●
MATERIAL ASPECT: FORCED 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	No relevant issues		●
MATERIAL ASPECT: HUMAN RIGHTS ASSESSMENT				
G4-DMA		52		●
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	52		●
MATERIAL ASPECT: 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		●

DMA and Indicators	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-DMA		79		●
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	No relevant issues		●
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: ANTI-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-SO5	Confirmed incidents of corruption and actions taken	30		●
MATERIAL ASPECT: 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	No relevant issues		●
MATERIAL ASPECT: 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	No relevant issues		●
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA		102		●
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	No relevant issues		●
MATERIAL ASPECT: 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	No relevant issues		●
G4-PR5	Results of surveys measuring customer satisfaction	45		●

DMA and Indicators	Disclosure Item	Page Number	Omission and Explanation	External Assurance p.130-131
MATERIAL ASPECT: MARKETING COMMUNICATIONS				
G4-DMA		116		●
G4-PR6	Sale of banned or disputed products	No relevant issues		●
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	No relevant issues		●
MATERIAL ASPECT: CUSTOMER PRIVACY				
G4-DMA		44		●
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	44		●
MATERIAL ASPECT: 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	No relevant issues		●
MATERIAL ASPECT: CONFLICT MINERALS				
G4-DMA		55		●
MATERIAL ASPECT: BRAND MANAGEMENT				
G4-DMA	Conflicts of interest are disclosed to stakeholders	18		●
MATERIAL ASPECT: CHARACTER EDUCATION				
G4-DMA		120		●