



2022 HTC ESG Report



ESG Report

2022 Environment, Social, Governance

## Editorial Principle

Thank you for reading the 11<sup>th</sup> ESG 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 Sustainability matters and offers our stakeholders a clear picture of all the related topics. Our aim is to use our brand's influence to integrate our ESG strategies into the organization, and we start off with a comprehensive response to all these issues.

As a global virtual reality and smart phone brand, we are ready to confront all the challenges that might present themselves. For each major Sustainability topics 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 topics, 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 ESG in 2022.

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

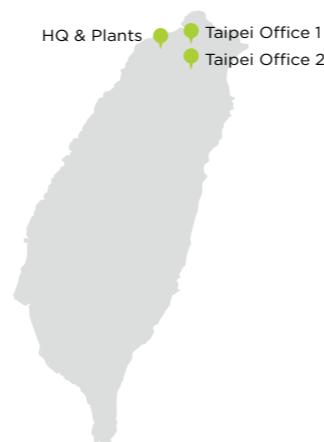


## Report Scope and Boundary

The organizational boundary, as mentioned in this annual report, mainly covers the company office buildings and plants in Taiwan: the headquarters in Taoyuan and two office buildings in Taipei. All HTC business operations in Taiwan are within the boundary. The scope of financial information is consolidated financial disclosure; the scope of human resources information covers employees worldwide. The scope of Non-staff worker information is the same as this report.

### 2022 HTC ESG Report Organization Coverage Information

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



## Time Coverage of Disclosure

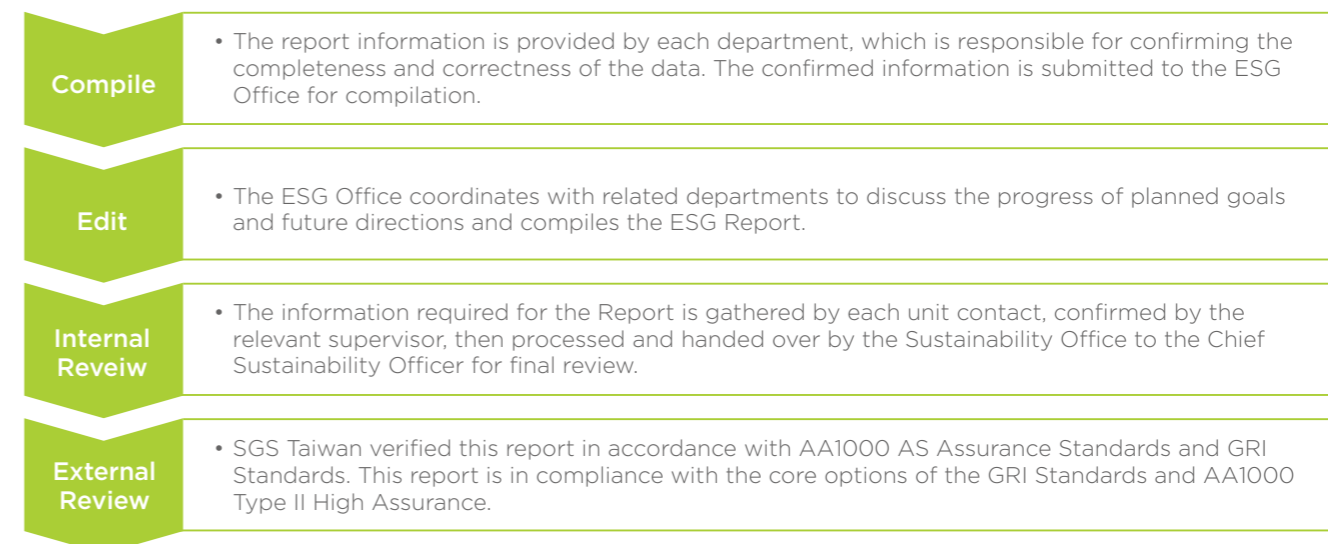
We plan to issue the HTC ESG Report annually. This report generally covers the year 2022 from January 1 to December 31.

However, in order to provide a more complete picture of all our ESG achievements in various aspects to date, the content and information about some issues refers to work carried out in 2021 to 2023 May, as well as the HTC ESG management policies, key issues, and performance, responses and activities for previous years.

## Report Basis

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: 2021 and AA1000 standards and has been confirmed by SGS-Taiwan to be in compliance with AA1000AS Type II high-level assurance and reference to the GRI Standards.

## Process of Reporting Quality Management



## Forward-Looking Statements & Statistical Calculations

In this report, HTC makes some forward-looking statements about future ESG 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 ESG issues. The forecasts are not promises by HTC of guaranteed financial, operational, and business performance.

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

- Financial data was checked and confirmed by Deloitte & Touche, and was calculated in NT\$. The report period of this year's financial report is the year 2022 from January 1 to December 31.
- ISO 14064:2018 Greenhouse Gas Emissions and ISO 50001:2018 Energy Management Systems were verified by AFNOR Asia.
- ISO 14001: 2015 Environment Management System, ISO 45001: 2018 Occupational Health and Safety Management, IECQ QC080000: 2017 Hazardous Substance Process Management System, ISO 27001: 2013 Information Security Management Systems, ISO 27701: 2019 Privacy Information Management System and ISO 27799: 2016 Information security management in health were verified by SGS Taiwan.
- The AA1000AS Standard was assured by SGS Taiwan.
- TCFD report was passed by SGS's TCFD performance evaluation.

## Feedback

If you have any questions about this 2022 HTC ESG Report please let us know to help us make continuous progress.

## Contact Us

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HTC Sustainability Questionnaire

## Statement of the Management

Thank you for taking the time to peruse the 2022 "ESG Report" issued by HTC. We continue to follow the latest "Global Reporting Initiative Standards" and AA1000 standards Type II High Level of Assurance to report information disclosure to the general public and all stakeholders. The relationship communicates with HTC's commitment and achievements in reflecting social responsibility and moving towards sustainable development.

Since the founding of HTC, our vision has been to combine technology with humanity to unleash the imagination. VIVERSE, HTC's version of the metaverse, represents the culmination of that vision: an immersive, boundless universe of fantastic new experiences, and a seamless gateway to other online universes.

As the world gradually eased pandemic restrictions over 2022, HTC doubled down on this vision, leveraging the corporate restructure to become a holistic VIVERSE company, with all business areas working towards enabling, expanding, or enhancing the metaverse. With premium products brought to market throughout the year across hardware, software, platforms and content, and new services such as our VIVERSE for Business custom build and support service starting to gain momentum in the market, HTC remains well-positioned to take full advantage of the global trend towards a truly immersive internet.

HTC's pioneering work on the metaverse, from the soundness of our investments in the fundamental building block technologies of VR, AR, AI, 5G and blockchain to the ability of our more autonomous and focused businesses to execute our strategy, has placed us firmly on the map of key metaverse players, as recognised by global analyst firms as well as within the industry and media, with HTC earning Fast Company acclaim as one of the most innovative augmented and virtual reality companies of 2022.

To ensure the metaverse meets its full potential, HTC is strongly promoting open standards and privacy by design, as well as closer collaboration with partners – including thousands of content developers – to support interoperability, and in 2022 joined the Metaverse Standards Forum to further promulgate our vision, as well as the VRM Consortium for formulating avatar standards.

Across the spectrum of HTC's portfolio, HTC's premium products continue to garner high acclaim across media, the industry and customers, with the VIVE Pro 2 gaining a CES innovation award amongst many others in 2022, while the VIVE XR Elite launched in early 2023 earned considerable consumer acclaim and multiple 'best in show' awards at Mobile World Congress. Ensuring our businesses maintain such high standards for quality, design and functionality remains a key focus for HTC as the parent company, as well as continuing to drive process optimization, targeted investment, and efficient resource allocation.

HTC is committed to the highest standard of social care, environmental protection, and ethical integrity. We fully respect human rights and workplace rights. HTC is committed to cultivating talent as a corporate responsibility priority, and creating a workplace that is diverse, challenging, dynamic and positive.

In 2022, HTC focused on key sustainability projects such as "Pathway to Net-Zero", the "Task Force on Climate-Related Financial Disclosures (TCFD)", and the "Sustainability Accounting Standards Board (SASB)", and continued to participate in major worldwide ESG initiatives and ratings such as EcoVadis, the FTSE ESG Index, TCFD, and the Taiwan Corporate Sustainability Awards.

HTC's sustainability efforts are being recognized globally. In 2022, HTC was honored to become a constituent of the FTSE4Good Index Series, a subset of the renowned FTSE ESG Index. Moreover, HTC improved its EcoVadis rating in 2022 from bronze to silver, demonstrating our improvement in the four key sustainability themes of Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

In addition, HTC continues to participate in the annual CDP rating. In the 2022 Supplier Engagement Rating (SER) report, HTC received leadership level (A-), while in the 2022 Climate Change report released earlier by CDP, HTC continued to achieve management level (B). HTC is also committed to implementing a sustainable value chain and became a CDP Supply Chain Member at the beginning of 2023, joining the ranks of over 200 major purchasing organizations to drive environmental action through value chains. At the same time, HTC became a TCFD supporter at the end of the year, and published a TCFD independent report for the first time in 2023.

With all the outstanding innovation emerging from HTC's business divisions as our vision of VIVERSE becomes a global reality, the Company is well placed to again play a leading role in the future of technology, and we would like to express our sincere appreciation to our shareholders for their faith in our vision.

Looking ahead, HTC will continue to innovate and focus on technology, optimize organizational resources and create value, uphold the right strategies, world-class talent, innovation and a heritage of innovation that will drive our next stage of growth. Throughout all of our operations and partnerships, HTC seeks to ensure the highest standards of environmental protection and R&D innovation, with a view to creating a better life for people. HTC strives to become a world's leading brand, and you are welcome to give us support, encouragement and suggestions on HTC's road to a sustainable future.

HTC Corporation  
Chairwoman and CEO



## Letter from Chief Sustainability Officer \_\_\_\_\_

Time flies. In a blink of an eye, HTC's ESG report has once again come around. In the previous year we launched "Path to Net-Zero, TCFD, SASB" and other sustainability programs, and implemented energy-saving and carbon-reduction actions (e.g., Earth Day and monthly lights off activities). In 2022, we took further steps towards sustainable development. It was the second year since the establishment of the ESG Committee. We expect to gradually combine the expanded achievements of HTC in sustainability with our future goals. More importantly, we will continue to disclose and communicate our progress internally and externally so that every stakeholder and organization with an interest in HTC clearly understands HTC's direction and actions regarding sustainability.

In 2022, the ESG Office keeps promoting sustainability actions by sharing ESG information through internal newsletters, highlighting the key points of ESG reports for colleagues, organizing various sustainability activities, advocating for sustainability measures and policies, and continuously improving colleagues' awareness of sustainability. We received a lot of feedback, which facilitated a better understanding of our colleagues' concerns and needs regarding sustainability topics. We also participated in local and international initiatives and ESG ratings, e.g. EcoVadis, FTSE, TCFD, TCSA (Taiwan Corporate Sustainability Awards), etc., all of which achieved good results. In addition, we are certified as a constituent of FTSE4Good Index Series. All these achievements were attributable to our colleagues who exerted great efforts and contributions to the promotion of sustainable development.

In 2022 HTC continued to promote energy-saving and carbon reduction related actions as part of our year-by-year goals. In addition to our achievements, we also realized gaps in sustainable development. One of our major goals for 2023 is to implement "fully paperless, digitalized, and optimized organization workflows". We hope to digitalize the internal workflows of the company to greatest extent possible in 2023, which is not only an environmental-friendly policy to reduce paper consumption, but also an approach to optimize workflows and improve efficiency. We also plan to initiate a "Carbon Management Platform" project in which the carbon emission information system will be modularized through cloud architecture to construct a data model that complies with the scope and categories of relevant carbon inventory (CHG Protocol, ISO-14064, and ISO-14067), and accelerate carbon management through automatic and digital services to build up a foundation for digitalized organization level GHG emission and product carbon footprint inventory. And carbon emission data generated during operations of global sites will be calculated and disclosed on the management platform in real-time; at the same time, relevant management indicators (via a dashboard) will be established based on historical data and carbon reduction pathways to effectively understand changes and adopt response measures. The implementation of this project will enable HTC to comprehensively execute the management of corporate carbon emissions and carbon reduction to realize the goal of "Net-Zero". We will also assure our corporate social responsibility and the influence of the industry, as well as join hands with our upstream and downstream supply chains and stakeholders to implement sustainable actions together. In the future, HTC plans to establish an internal carbon pricing mechanism based on the carbon management platform. All the above are important topics and directions for accomplishing long-term net-zero and sustainability goals.

The year 2023 will be a year that brings many changes to HTC in sustainable development practice. In addition to sustainable development in the environment, we also expect more efforts in social and governance. We know sustainability is a very long journey, and therefore we look forward to working together with all colleagues to change mindsets, awaken our passion, practice sustainability in our everyday lives, and influence everyone around us.

HTC Corporation  
Chief Sustainability Officer



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# About HTC

## Name

HTC Corporation (TWSE stock symbol 2498)

## Address

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

## Established

May 15, 1997

## Sector

Telecommunications network Industry

## Main business

Virtual reality device/Smartphone

## Consolidated revenue

NT\$8,295,153,000(2022/12/31)



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

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

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

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

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

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

The restructuring of HTC over 2021 saw the creation of separate business units out of VIVE Systems, VIVERSE (formerly Content and Platforms, including VIVERSE, VIVEPORT and VIVE Wave), G REIGNS (formerly 5G Networking Solutions), HTC Smart Devices, VIVE Arts, VIVE Originals and DeepQ. This new structure gives each business leader greater autonomy and clear focus on their own portfolio and resources, while obtaining operational support, and guidance on strategy and financing from the HTC mother company.

The advent of the metaverse sees the Company focused around VIVERSE, whereby the strategic direction of all business units is to enable, enhance or expand the remarkable wealth of experiences available in the metaverse, which can be accessed from virtually any connected device.

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



## Global Operation Locations



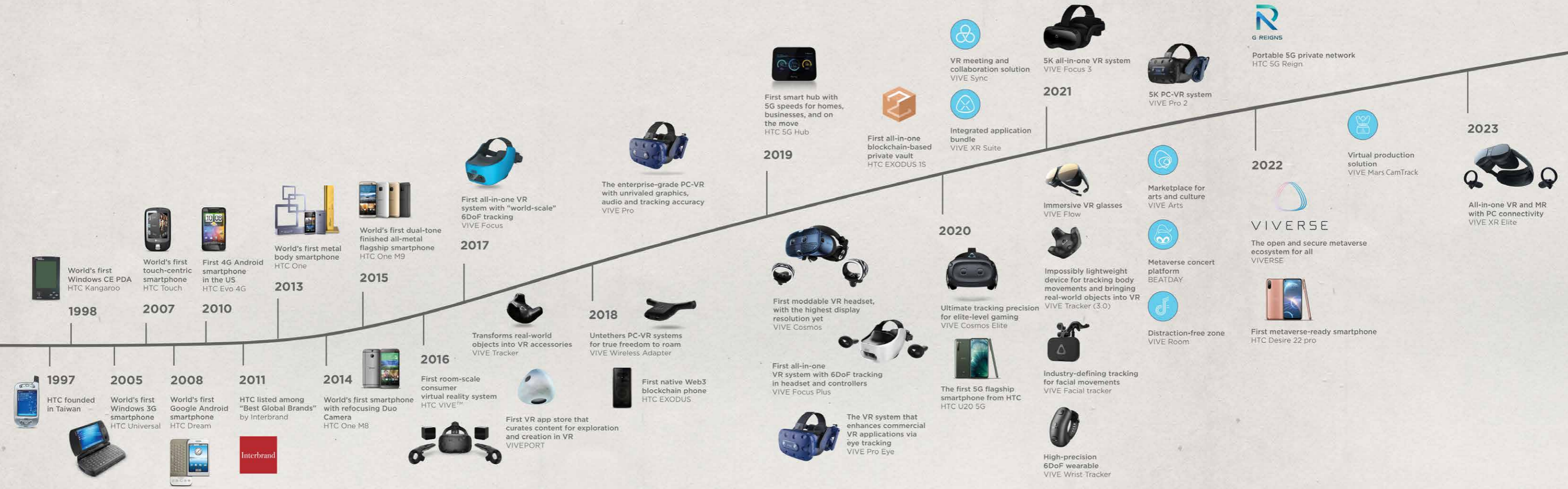
HTC is headquartered in Taiwan. Driven by effective branding, HTC now has operations, sales, and services covering most areas in the world, including Europe, the Americas and Asia. With the coordination and integration of our operational HQ, HTC provides customers with a network of professional services. Offices have been established in all the major markets of the world, including the USA, Canada, the UK, Germany, France, India, Australia, China, Japan, Hong Kong, Singapore, Ireland, Poland and UAE.

Note: The \* is main operating base of HTC.



# Industry Overview

HTC was founded with the goal of bringing the power of computing and communication into the hands of people around the world. On this quest, HTC has pioneered new technologies, devices, and designs, and repeatedly set new standards in innovation. And as technology changes at an ever-faster rate, so HTC has reinvented itself several times to maintain our industry leading position.

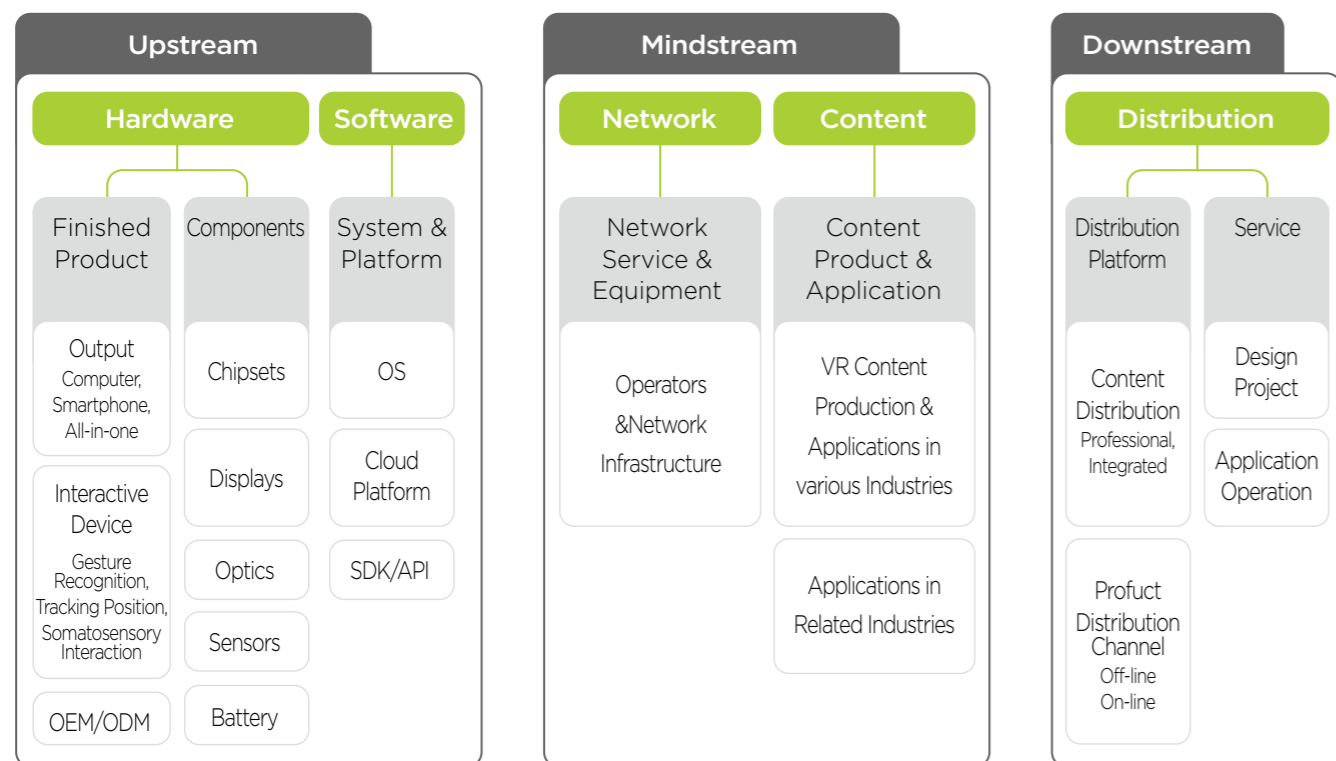




## Virtual Reality

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

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



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

Ever since the so-called “first year of VR” in 2016, when VR products began to enter the consumer market, first attracted the public with gaming applications. Playing games with VR not only provides advanced visual stimulation, but also delivers a more immersive content experience.

In the past, VR headsets were mainly connected to a computer. A gaming PC with strong graphics capabilities was required to have a better visual experience. Recently, standalone VR headsets have overtaken the market to become the mainstream form factor, as they have matured to include vital features of wireless connectivity, better mobility, accurate 6DoF spatial positioning, and powerful processing performance. Standalone VR headsets allow users to enjoy more freedom of movement, reducing interference from tethered cables, to provide an overall friendlier user experience. To accelerate userbase growth for VR in the consumer segment, Meta (previously Facebook) rolled out Oculus Quest 2 by adopting an aggressively subsidized pricing strategy coupled with upgraded performance in devices. Thus, the overall standalone VR devices market for consumers also experienced growth after Oculus Quest 2 launched. Applications for VR is also quickly expanding with the introduction of various features like Passthrough, hand gesture recognition, and virtual keyboard mapping.

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

Another major development direction of VR is to develop useful applications for professional use. From the perspective of the currently known application industries, medical and architectural professional fields are especially quick to adopt and apply VR, especially for use cases which require heavy 3D visualization. HTC aims to use VR to make medical training more efficient and effective. By using VR for surgery simulation and medical equipment operation training, for example, students and surgeons have significantly increased their surgery success rate and their confidence in how to deal with high-pressure scenarios. With the emergence of the 5G era and the acceleration of network speeds, VR medical treatment can transmit high-resolution images and data in real time, facilitating real-time multi-party consultations, and even enable remote surgery.

Entering the new 5G era, 5G technologies and technical demands have contributed to the advancement and popularity of high refresh rate displays and other low-latency components critical for VR. The development of AI and big data technology has also accelerated the development of VR from consumer-level to large-scale commercial-level applications.

The metaverse has become the focal point of conversations within the tech industry and investors in 2021. Development roadmaps were planned and announced by top global tech firms. Facebook also changed its name to Meta as a show of determination for their efforts to build their metaverse. The VR / AR industry quickly became the highlight of many metaverse market discussions, as this new direction fueled the market and triggered the development of more immersive applications and the growth of device shipment volume. Gartner projected that 25% of people will spend at least 1 hour per day for work, shopping, education, social, or entertainment in the Metaverse in 2026.

Since more tech firms and hardware manufacturers are also actively entering (or reentering) the VR industry, headsets and platforms have more market competitions. To make VR headsets more lightweight, comfortable, and stylish, more VR brand are adopting pancake lenses in their latest products, such as Quest Pro from Meta and the new HTC product — VIVE XR Elite.

The on-going experience of the global pandemic since 2020 has greatly accelerated the digitization of almost all activities, which is also simultaneously enriching the Metaverse concept and realizing different use cases for a digital virtual world. Thus, people see 2021 as the first year of the Metaverse. The Metaverse is widely regarded as an “always-live” and persistent virtual ecosystem where people can meet, interact, socialize, work, learn, and play games. These systems will also have to meet the data demands of millions, billions of people. And that’s where blockchain and cryptocurrencies come in. The Metaverse will be built on the foundation of blockchain technologies, and cryptocurrencies will enable its economy. This means that Blockchain and NFTs will play a vital role in the Metaverse, providing verifiable, undisputed ownership of characters, in-game items, or even virtual real estate.

To realize social, gaming, shopping, office, and educational scenes in virtual space, immersion, low latency, and being unbound by space are three essential elements. Advanced high-performance communication networks will play an important role. In fact, since the development of 5G, all sectors have regarded immersive and virtual-reality technologies and services as key applications that complement 5G communication technologies. Therefore, the continuous development and improvement of 5G wireless communication technologies will lay a solid foundation for realizing the Metaverse.

With the rise of the Metaverse topic, telecommunication operators have found new hope. According to research by Ericsson AB’s Consumer & Industry Lab, if telecommunications operators can successfully launch innovative applications and services that support the Metaverse on 5G communication infrastructure, their revenues have the potential to increase by one-third. By 2030, global telecommunications operators could obtain revenue of up to \$712 billion, truly realizing the monetization of 5G investments. Although it is not possible to accurately estimate how many Metaverse applications will occur, it is expected that early Metaverse applications such as advanced augmented and immersive media services will account for 40% of the 5G application service market by 2030.

There are now many examples of Metaverse applications, which are spreading and being used in many fields by combining 3D/XR, blockchain, Digital Twin, 5G, and other technologies. These applications can be divided into two parts: those aimed at the general public and those aimed at institutions.

In the section aimed at the general public, the main areas include entertainment, cities, and retail applications. In the entertainment field, it is mainly based on the large audience base of game socialization. From the direction of adding activities and creating worlds, it opens up the appearance of the Metaverse, and then attracts industries other than entertainment, it is highly malleable, and the content generation ecology is also the key to its development. such as Sandbox to create digital assets, earn while playing P2E as entry points to develop. In the development of twin cities, it is mainly based on government support or leadership, and the content mainly aims to promote social mobility, promote tourism and public services and other transformations, and gradually expand various industry services. It also has high malleability, such as Japan's promotion of virtual Shibuya, which is a classic city example of the Metaverse. Finally, in the retail application, it focuses on linking consumer attention through NFT, 3D/XR, and other technologies, and creating innovative services such as post-epidemic digital transformation, experience economy, innovative marketing, and OMO. For example, Isetan Mitsukoshi's twin department store, which provides social, pet care, salesperson services, and product guidance. Metaverse applications in the field of general public have high malleability, and its development depends on the content generation ecology and user-facing it is based on, with different development directions according to demand.

On the other hand, in the institutional sector, the prototype of the metaverse is mainly used for educational, office and industrial applications. In the field of education, the popularity of educational metaverse applications is gradually increasing due to the impact of the pandemic. Many people hope to have a more immersive, deeper experience and to break away from traditional educational models, such as Labster's scenario-based science, which allows students to experience safe experiments and realistic learning in a metaverse environment. In the field of office, in order to meet the needs of different stages and situations of enterprises, the ability to integrate virtual and physical tools as well as the "virtual + physical" hybrid working mode will become an important option for future work. Such as Gather's virtual office service, which uses office scenarios to provide video conferencing, whiteboard collaboration, and space adjustments. Finally, in industrial applications, digital twins are an important trend in industrial transformation, which has entered the stage of market deployment in recent years and can be considered as the foundation of the future industrial metaverse. For example, Siemens' introduction of industrial twins mechanisms helps production ends to collect, simulate and optimize various devices and production efficiency. These institutional applications will help improve work, learning, and production efficiency and bring more innovation and immersive experiences to people.

The metaverse as it is being described today is what HTC has continuously built and heralded as VIVERSE since a few years ago, the future that's enabled by the integration of VR, AR, AI, 5G, and Blockchain technologies. HTC has long since been leading the industry in paving the way to build and enable the metaverse.

HTC has always been committed to making the future life better and actively promoting the VIVE Reality vision through the integration of technology and humanity, to create a better metaverse experience.

## 5G and Smart Devices

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

Recently the sales growth of the smartphone sector has slowed, partly due to the maturation and standardization of the hardware functions found on mobile phones, and partly due to developed markets including Europe and the United States have reached a saturation point, leading to longer life cycles and slower replacement rates for all mobile phone products.

The smartphone industry welcome new technologies to enter the 5G era in 2020. The global smartphone market was expected to embrace the new business opportunities with a wave of new 5G smartphone purchases after 5G was commercially deployed globally in 2020. However, due to COVID-19 since the beginning of 2020, the global smartphone supply and demand declined, and it also partially delayed the launch of 5G in some regional market. Therefore, global smartphone shipments continued to decline in 2020. Due to the incentive by the implementation of 5G use cases in Chinese market, the 2020 global 5G smartphone market still shared a 19% of penetration rate. Especially Chinese smartphone brands have around 60% of market share.

Smartphone market continued paying attention on 5G topic in 2021, while countries recovering back to 5G infrastructure, mobile processor manufacturers roll out low-end and middle-end processors, global 5G smartphone penetrate rate rapidly raised to around 40%. It was estimated that 5G smartphone will have larger scope than 4G smartphone to be the mainstream of the market in 2022.

In 2022, 5G communication continued to become a market trend, prompting the continuous roll out of 5G network construction in various countries and resulting in a 5G mobile phone penetration rate of over 50%. Looking forward to 2023, the penetration rate of 5G mobile phones is expected to exceed 60%. Among them, mobile phones supporting Sub-6 GHz 5G are still the mainstream. It is worth noting that the growth rate of 5G users is higher than the growth rate of 5G mobile phone sales, indicating that the killer application of 5G mobile phones has not yet appeared, coupled with the reduction in the number of major innovations in mobile phone specifications and the longer average replacement cycle for consumers.

## Re-investment & Affiliated Companies

HTC's reinvestment policy is to provide different solutions for enterprise clients, personal consumers, and telecom operators, the company continues to deepen the enhancement of virtual reality and augmented reality related new technology, application software, and content expansion through strategic investment, to deepen the enterprise market and mass consumer market. 2022 HTC affiliated companies please referred [2022 annual report - 7.1 Affiliates](#).

## Product Overview

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

### HTC VIVE™

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

#### ● VIVE XR Elite



The headset combines Mixed Reality (MR) and Virtual Reality (VR) capabilities into one compact, lightweight, powerful and highly versatile device – perfect for gaming, fitness, productivity and more. VIVE XR Elite includes a full color RGB passthrough camera, and hand-tracking, which enables a whole new dimension of MR scenarios. VIVE XR Elite can be connected easily to a PC via USB-C to access PCVR content from VIVEPORT and Steam and supports wireless PC streaming over WiFi or the latest generation - WiFi 6E with low latency and great graphics.

VIVE XR Elite takes versatility to the next level. It has a sleek modular design that can easily be transformed into a glasses form factor - simply remove the battery and fit the VIVE XR Elite temple pads. Change the physical configuration so it works best for whichever situation you're in, whether that's at home, in the office, or traveling on a plane. With four wide FOV cameras, exceptional 6DoF spatial accuracy, a depth sensor and hand-tracking developers have lots of options to incorporate in VR and MR content for accurate movement to enhance your overall experience.

VIVE Wrist Tracker is also compatible to deliver enhanced hand tracking, or it can be attached to objects you want to track in XR. The visual impact is sharp with a wide 110 FOV, 4K resolution which results in a crisp image all running on a smooth 90Hz refresh rate. VIVE XR Elite has adjustable lenses so you can take off your glasses and still enjoy a clear picture with greater comfort.

Find the perfect balance of comfort and performance with VIVE XR Elite's beautifully compact design. The full headset weighs just 625g including the battery, which is placed at the back for balance and is curved for optimal comfort, and delivers up to two hours of full XR use. The battery is removable and hot swappable, so you can keep going whether it's changing to another power source or changing to another battery. It has 30-watt fast charging and is charged via USB-C power delivery.



#### ● VIVE Wrist Tracker

The new VIVE Wrist Tracker, a new lightweight and versatile VR Tracker from VIVE, designed for our award-winning VIVE Focus 3– an industry leading All-in-One headset which uses inside-out tracking. Lightweight, accurate, versatile, VIVE Wrist Tracker can easily be worn on the wrist or attached to objects so they can be tracked in 3D space. It's 85% smaller than a VIVE Focus 3 controller, and 50% lighter at just 63g. VIVE Wrist Tracker is also intuitive to use, with a simple one-button pairing feature to connect wirelessly to VIVE Focus 3. The strap can be removed and cleaned easily, or even switched out for a different one. VIVE Wrist Tracker delivers up to four hours of constant use, with an LED indicator to show you the battery status, and is charged via USB-C connector.



#### ● VIVE Focus 3 Facial Tracker

The new VIVE Focus 3 Facial Tracker makes it easy for users to naturally convey their emotions – and read others' intentions – in real time. Its mono tracking camera captures expressions through 38 blend shapes across the lips, jaw, cheeks, chin, teeth, and tongue to precisely capture true-to-life facial expressions and mouth movements on avatars. With a 60Hz tracking rate and optimized runtime for facial tracking, users can synchronize lips to voice with minimal latency and enjoy lifelike interactions in high fidelity. The benefits of facial tracking are vast, improving soft skills in presentation coaching, customer service management, training, and more. Users can track and improve their emotional preparedness, helping to achieve better real-life outcomes across many applications, from education and healthcare to human resources and creative industries.



#### ● VIVE Focus 3 Eye Tracker

The VIVE Focus 3 Eye Tracker opens new avenues for research, gaze control, and more natural interactions. The dual camera setup with supporting IR illuminators is capable of capturing data for gaze origin and direction, pupil size and position, and eye openness. The lightweight module easily attaches magnetically to VIVE Focus 3 without impacting the headset's balanced ergonomics, and the existing VIVE Focus 3 adjustable IPD works uninterrupted to help users find their viewing sweet spot. VIVE Focus 3 Eye Tracker allows you to see what users see to understand intentions and improve feedback, perfect for training and education scenarios.

## VIVERSE

### ● VIVERSE



VR is an embodiment of people's pursuit for an immersive experience. The development of this technology is also the foundation for the continuous advancement of the smartphone industry after the accumulation of key technologies, including display technology, processors, and controllers in the past decade. Through VR technology, consumers are able to admire visual effects and experience the virtual world personally.

As a leading enterprise in the VR industry, HTC has established "VIVERSE", an ecosystem that provides an immersive, highly interactive, and profoundly explorative open experience through the use of the latest technologies like VR, AR, AI, Blockchain and 5G. At the MWC 2022, HTC unveiled the vision of the VIVERSE metaverse platform for the first time where people can utilize various devices and platforms to connect with VIVERSE at any time. In 2023, HTC has launched VIVERSE for Business, a modular and customizable platform-as-a-service (PaaS) solution which enables enterprises to engage in more realistic and efficient remote virtual collaboration.

In VIVERSE, everyone can have a unique virtual avatar to freely access the contents of different platforms, and interact and socialize with other virtual avatars, as well as explore the virtual worlds established by others. In addition to an entertainment experience, VIVERSE can also be applied in education and other industries, e.g., in high-danger or high-risk professional scenarios such as surgery where users can train and improve in the VIVERSE, enabling professionals and enterprises to accelerate the accumulation of experience and realize the vision of the VIVERSE without the restrictions of time and space.

### ● VIVEPORT

As the global VR application store and content subscription service platform of HTC, VIVEPORT provides more than 1,000 types of experience content in over 70 countries. It supports various major VR head-mounted displays, including computer driven head-mounted displays, all-in-one devices, and mobile devices.

Launched in 2019, VIVEPORT Infinity is the first unlimited VR subscription service in the world, bringing a brand-new content commercial model to the VR industry. This service not only creates more VR application demands, but also benefits developers to get closer to consumers. After experiencing the challenges of the epidemic, VIVEPORT will continue to grow its content, and occupy a dominant position in the virtual field.

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

### ● VIVE ORIGINALS

HTC VIVE ORIGINALS is a content brand owned by HTC VIVE. It is devoted to original IP development and original content production. It also engages in the distribution and exploration of VR in film, art, animation, music, cultural collections, as well as the cultural creativity and entertainment industries.

To provide an extended variety of VR solutions, VIVE ORIGINALS is also actively building a cross-domain team to create content and VR technical specifications standardization. Moreover, it aims to create a content production SOP. Profit comes from various channels, such as licensing for public broadcasting, organizing exhibitions, and trading for art collections with cross-domain content. We also actively strive for government collaborations to garner film and television investments. Additionally, we want to expand the scale of content and build up a VIVE Reality ecosystem by content clustering to fulfill the ultimate goal of enriching people's cultural life through new technologies and creativity.

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

### ● VIVE Arts

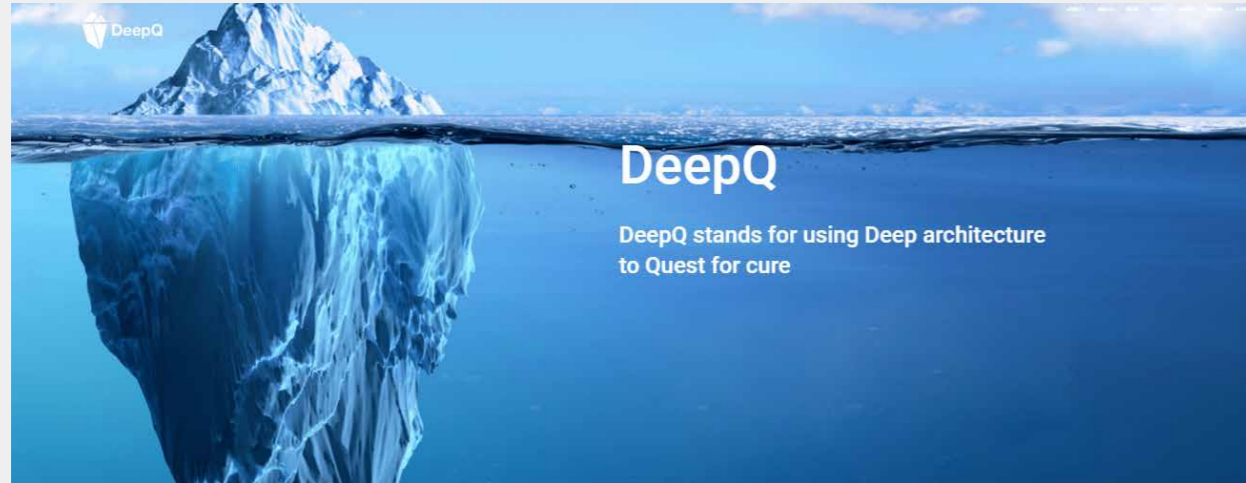
HTC launched VIVE Arts in 2017, marking the beginning of the Global Virtual Reality Art Program. Since its establishment, VIVE Arts has been dedicated to exploring art and culture. Virtual reality is a promising new medium that offers people a unique perspective on appreciating artistic treasures worldwide. The transformative technology of VIVE has revolutionized the creation and experience of art. For instance, VIVE collaborates with museums and content developers to pioneer new ways of showcasing their work.

VIVE Arts considers it our mission to bridge art with state-of-the-art technology, removing geographical barriers to ensure that art reaches every corner of the globe and is appreciated through innovative channels. Thanks to advancing technology, we have achieved the realization of immersive virtual galleries, bringing together the efforts of numerous esteemed artists and over 50 museums and cultural institutions. This impressive list includes London's Tate Museum, the V&A Museum, Musée du Louvre, Musée de l'Orangerie, Musée d'Orsay, the Museum of Natural Science in the US, the National Palace Museum of Taipei, the ArtScience Museum of Singapore, and the Venice Biennale, among others.

VIVE Arts continues to evolve and collaborate with the world's leading museums, cultural institutions, and artists to enhance the enjoyment of art and culture through new experiences. By displaying HTC's capacity and influence to the world through emerging technologies, we strive to connect people on an international level.

## Healthcare

### ● DeepQ



HTC DeepQ is comprised of cross-domain experts and engineers in areas such as computer science, software engineering, medicine, regulations, user experience, design, through digital technology, big data and artificial intelligence technology, all with the goal of developing and providing precision personalized medical products and services to reduce costs and improve the effectiveness of healthcare. This is a platform that has integrated technologies including deep learning, machine learning, and natural language processing. Through the applications of these technologies, we can provide customers with multiple intelligent solutions.

Multiple AI models are built in the DeepQ AI platform. Through the optimization of training environments, fully automated parameter adjustments, and the simple user interface, this platform has greatly reduced the learning threshold and the training cost of AI models. Doctors can quickly train AI models and easily step into the field of medical imaging AI.

The application of medical AI is reflected in the level of convenience of intelligent medicine. Through AI chatbots and public health assistance systems, DeepQ helps the general public acquire real-time epidemic information and deal with medical-related issues, reminds them to see a doctor, publicizes health information and education, and offers concepts on medication, thus making healthcare smarter and more convenient.

### ● HTC Medical VR

The HTC Medical VR team is dedicated to applying VR technology in medical education and clinical applications with the objective of improving learning, bettering doctor-patient communication and medical quality, and promoting the development of global medical VR ecology. The team cooperates with developers to implement medical innovation technology VR in the actual fields. The team has already established world-class benchmarks with multiple hospitals and universities to create a world-class VR medical teaching center to improve medical education and training levels. In addition to applications in medical education and clinical applications, VR-based applications including anatomy and physiology teaching, development of customized VR teaching materials, clinical skills training, drug development, pain management, and rehabilitation can benefit student internships, teacher training, personnel training, and doctor-patient communication, and significantly enhance learning and medical quality.

Main Medical VR products currently include the Virti platform, which can assist with the development of VR teaching materials, and 3D Organon, which provides internships on human anatomy, VR training, and import plans.

## G REIGNS \ HTC Smart Devices

Announced June 2022, HTC Desire 20 pro is designed for immersive experiences in a world where the physical, digital, and virtual interconnect. With the capacity to run or obtain 2D and 3D content on extended reality (XR) devices, HTC Desire 22 pro is the easiest route to VIVERSE while offering an outstanding smartphone experience with an impressive cinematic display, excellent performance, and AI-assisted cameras. Unlock endless possibilities with optimized performance and connectivity to 5G, Wi-Fi, and Bluetooth, which make virtual navigation fast and easy. Visit metaverse communities in VIVERSE using a browser or pair HTC Desire 22 pro with VIVE Flow to explore them in VR. With screen casting, you can access your mobile apps while immersed and stream media in a private cinema experience.



Desire 22 pro's crisp 1080 x 2412 resolution and smooth 120 Hz refresh rate present images, videos, and games in stunning clarity. Enjoy a rich view of the metaverse without a VR headset using VIVERSE, your gateway to cross-platform collaborations, virtual events, entertainment, and more. The 4520 mAh battery powers a wide range of VIVERSE experience and more, offering fast charging, wireless charging, and even reverse charging for your VIVE Flow or other connected devices, so the switch between realities can be seamless.

G REIGNS continues to invest efforts to the 5G private network industry with the O-RAN architecture; with leading industry technology. It is committed to the optimization and integration of 5G private networks, and at the same time strengthens and innovates the connection between the virtual and the real world.

G REIGNS launched the Reign Core portable 5G private network, it can cover a radius of 40m, and has low latency and high data transmitting speed, the purpose is to quickly and painlessly allow enterprises to import 5G private networks, and it only takes 30 minutes to deploy a private 5G network. The 5G RAN Solutions have high-power outdoor stations (above 5W) and low-power indoor stations (250mW), to satisfy wide range of application scenarios. High-reliability transmission enables 5G network to be applied in diverse fields and scenarios. Its advantage is to lower the threshold for digital transformation for enterprises. With the simplest structure and the most efficient cost, with 5G private network the enterprises can conduct field demonstrations.

Not only the portable series, depends on different customization, G REIGNS is more focused on the project, with the design capabilities of communication software for more than 20 years. This capability let the 5G private network optimize the software and hardware network and integrate the test with high reliability, retain the scalability of expansion, so that after the demonstration, enterprises can carry out expansion planning according to long-term needs, so as to promote the ecological development of the 5G private network industry.



## Overview of Financial Performance

HTC's consolidated revenue for the whole year of 2022 was NT\$ 4.41 billion, the consolidated gross profit was NT\$ 1.73 billion, the consolidated gross profit margin was 39%, the operating income margin was -100%, the net profit after tax was NT\$ -3.4 billion, and the earnings per share (LPS) was NT\$ -4.13. 2022 revenue decreased mainly due to fewer shipments. Nonetheless, changes in product mix helped improvements in gross profit and gross profit margin. Furthermore, the pandemic easing in 2022 had led to the increase in marketing and advertising activity expenses, resulting in an increase in net losses before income tax in 2022 compared with the previous period.

	Unit	2020	2021	2022
Operating Revenue	NT\$ Million	5,806	5,253	4,409
Operating Costs	NT\$ Million	4,241	3,617	2,679
Operating Expenses	NT\$ Million	7,956	5,752	6,134
Income Tax	NT\$ Million	(4)	(3)	(2)
Employee Wages	NT\$ Million	5,267	3,777	3,700
Dividends	NT\$	0	0	0
Social Investment /Donation	NT\$ Million	0	0	0

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

### Production: Virtual Reality, 5G, Smartphones and Connected Devices (accessories)

Year	Production Capacity (Thousands)	Production Quantity (Thousands)	Value (Millions)
2020	7,300	478	3,413
2021	7,470	438	3,112
<b>2022</b>	7,130	336	1,813

Note: Production capacity represents the normal capacity of current production equipment after making adjustments for necessary production stoppages, non-work holidays, etc.

### Sales: Virtual Reality, 5G, Smartphones and Connected Devices (accessories)

Year	Domestic Sales		Export Sales	
	Quantity (Thousands)	Value (Millions)	Quantity (Thousands)	Value (Millions)
2020	168	978	1,559	4,436
2021	90	631	940	4,344
<b>2022</b>	37	260	400	3,753

Note: Main product item data not inclusive of income from maintenance / repairs or product development work.



# The Pursuit of Brilliance



## Future Goal

- Integrate products and services to strengthen brand-added value.
- Create professional images of products with strong technological competency to increase market shares.
- Strengthen marketing resources to elevate the brand's image.

## Current Achievement

- Creating a global smartphone with excellent designs
- The most valuable international brand from Taiwan
- The world's first virtual reality system VIVE brings real-world interaction and experience through space-based positioning technology
- Through virtual reality and augmented reality, big data, and artificial intelligence technology, with the goal of developing and providing precision personalized medical products and services to reduce costs and improve the effectiveness of healthcare

**HTC's Challenge**  
How to enhance brand loyalty

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

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

As we live this philosophy, we employ powerful technologies and combine them in creative new ways in order to deliver this. At this time in history, building block technologies like VR, AR, 5G, AI, and blockchain are evolving and coming together in new ways with the potential to deliver utility and experiences previously unavailable. We called this VIVE Reality in 2018, and today we see our vision as VIVERSE.

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



**For HTC, our innovation is human-centered in the broadest sense. We endeavor to anticipate the needs of people, businesses and society as a whole, and expand our vision to impact people's lives in ways never before considered.**



**Our heritage of and commitment to technology excellence is the great enabler of our pursuit. We strive for a world in which customers, large and small, have access to the most powerful hardware, platforms, tools, and services, a world where the technology becomes secondary to the experiences that it creates.**

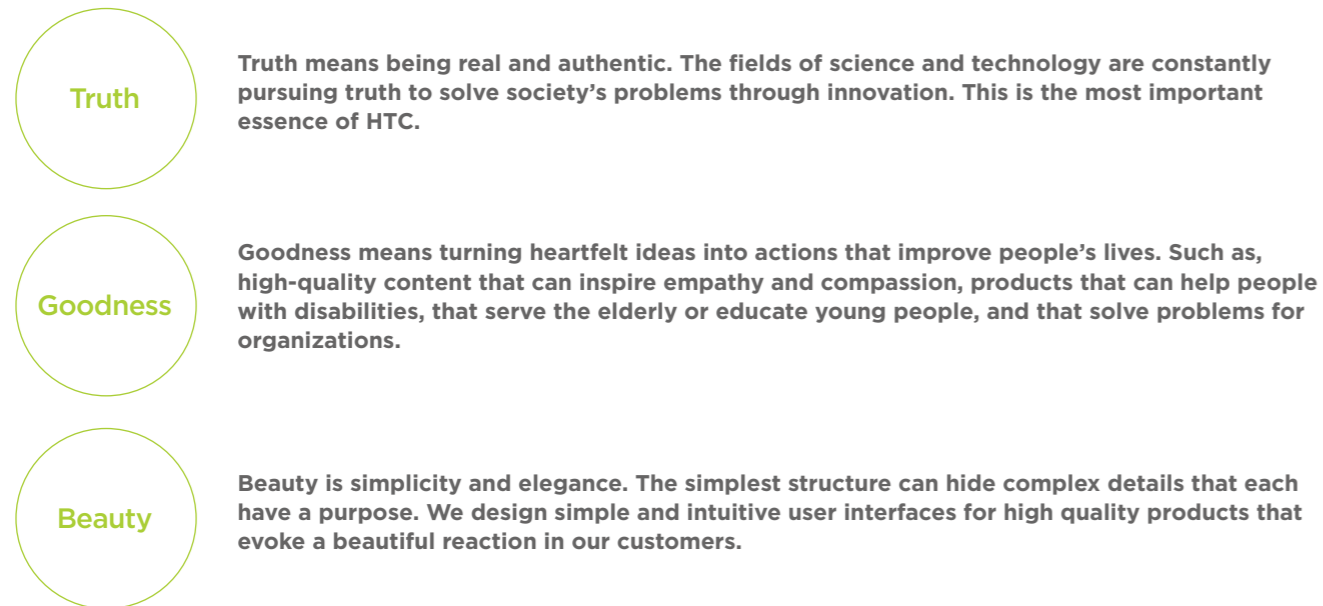


**Imagination is one of the most powerful tools we know, and one we seek to unlock. A world where a continuum of immersive realities is possible, and experience is unbounded.**

**Imagination that invents new ways to make life better for people and enable them to be the best they can be, help businesses achieve their vision, and solve the greater challenges faced by society.**

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

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



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

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

While we expanded from creating world-class smartphones into the fields of connected devices, virtual reality, 5G networking, blockchain, and now the metaverse, we are re-energizing the HTC brand story through the notion of an innovative parent company that will dare to dream, while expanding our brands to new audiences and segments. HTC’s approach to brand building is both pragmatic and effective, and is based on principles including:

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



# HTC 2022 SDGs Performance

## The United Nation's Sustainable Development Goals

In 2015, the United Nations passed the 17 Sustainable Development Goals. These goals not only ensure peace and prosperity, but also provide a blueprint for specific goals for the next 15 years, guiding the direction for achieving sustainable development. This is a global call for medium- to long-term action, aimed at promoting the responsibility and power of businesses, governments, and society to achieve a more sustainable future.

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

### HTC Focus Goals

HTC has always focused on the United States SDGs, and is dedicated to promoting and realizing goals including SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action) internally within operations as the starting point. HTC also continues to exert efforts to realize diversified group equality, and pays particular attention to the promotion of SDG 5 Gender Equality. For further detail, please refer to the relevant section of the report.

HTC promotes SDGs through its business divisions externally based on its technologies and positioning. It mainly focuses on SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production), and SDG 17 (Partnerships for the Goals). In addition, HTC has been a long-term supporter and sponsor of HTC's Culture and Education Foundation and Social Welfare Foundation, and is committed to realizing SDG 1 (No Poverty) and SDG 4 (Quality Education) goals. All of these efforts have demonstrated HTC's focus and commitments to SDGs, as well as continuous progress and uninterrupted growth.



## Ensure healthy lives and promote well-being for all at all ages

In today's rapidly changing medical technology environment, continuous innovation and development of convenient medical services have become an indispensable part. HTC uses technology to benefit the public and brings more complete solutions for human health and medical care. Linebot, jointly developed by HTC DeepQ and the CDC, ChangHua Christian Hospital, and Chi Mei Medical Center, is based on AI technology and provides diversified medical services, aiming to improve people's quality of life and happiness.

### Developing Medical Services with CDC

HTC DeepQ cooperated with the CDC to develop Disease Control Butler (DCB) to provide related information of COVID-19, and pandemic prevention information, decrees and health education propaganda, etc. As of the end of December 2022, the user number of DCB has reached 10.43 million, effectively assisting the National Health Command Center (NHCC)'s policy to deliver to the public.

"Taiwan V-Watch Vaccination Report System" helps track people's health status after being vaccinated against COVID-19. The released a new feature of filling in vaccine doses and labels for minors, and allowing parents to fill in their children's vaccination records and health status. In addition, the team also cooperated with the CDC to develop "Campus Influenza Vaccination System" (CIVS) and has been went on a trial run in 22 counties, 381 schools in Taiwan, helping students and parents track the vaccination schedule and information.



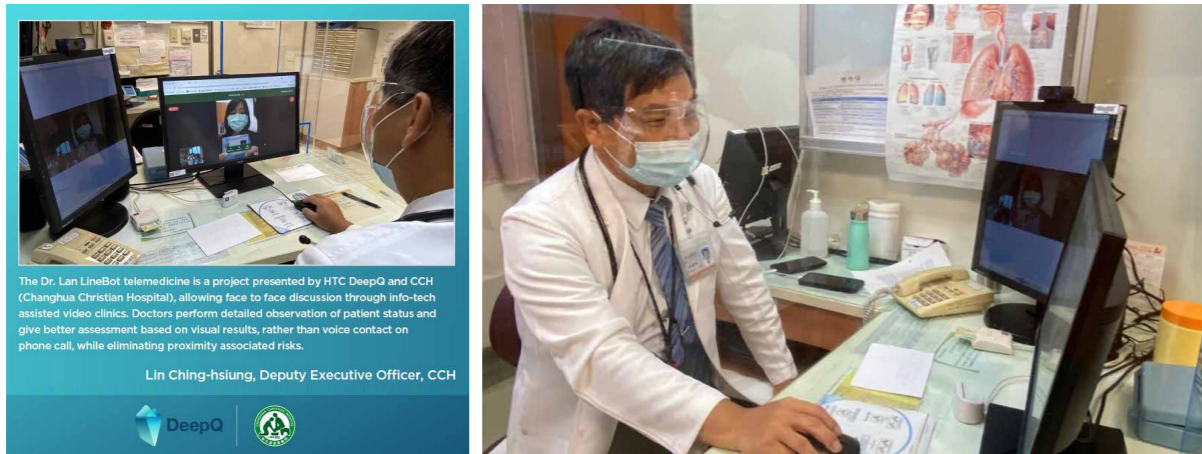


## Ensure healthy lives and promote well-being for all at all ages

### ● HTC DeepQ providing the public with a choice of multiple health services with Chi-Mei Hospital and Changhua Christian Hospital

HTC DeepQ Healthcare cooperated Changhua Christian Hospital to launch the Linebot of “Dr. Lan”, the first AI and blockchain healthcare chatbot across 10 hospitals in Taiwan, providing the public with a choice of multiple consultation methods providing thorough healthcare by on-site, video or telephone consultation. As of the end of December 2022, the user number of Dr. Lan has reached 33 thousand.

In June 2022, HTC DeepQ cooperated with Chi-Mei Hospital to launch "Chi-Yi Butlert" healthcare linebot, which provides the public with more convenient quick access to medical services in various branches of Chi Mei Hospital, including appointment registration, consultation progress query, consultation reminder, COVID-19 vaccine appointment and self-paid PCR test, medication delivery progress, medication refilling appointment, appointment for visiting a sick, emergency messages, etc. The user number has reached 7.5 thousands as of the end of 2022.



The Dr. Lan LineBot telemedicine is a project presented by HTC DeepQ and CCH (Changhua Christian Hospital), allowing face to face discussion through info-tech assisted video clinics. Doctors perform detailed observation of patient status and give better assessment based on visual results, rather than voice contact on phone call, while eliminating proximity associated risks.  
Lin Ching-hsiung, Deputy Executive Officer, CCH

### ● DeepQ AI Platform

Future medical education needs to rely on modern science and technology. To accelerate the introduction of medical-related AI, HTC's DeepQ healthcare business division launched the "DeepQ AI Platform" medical application in September 2019. This platform enables doctors to train AI to make judgments on medical images. This platform also makes it possible to develop AI models on the cloud without investing in hardware at tremendous costs. In 2022, functions including model implementation, backstage management, model optimization, and re-training were added to the new version of this application. Furthermore, DeepQ has collaborated with Shin Kong Wu Ho-Su Memorial Hospital's AI research center to research and develop medical image discrimination applications to improve service quality.



#### Classify images

Identify image categories based on image characteristics



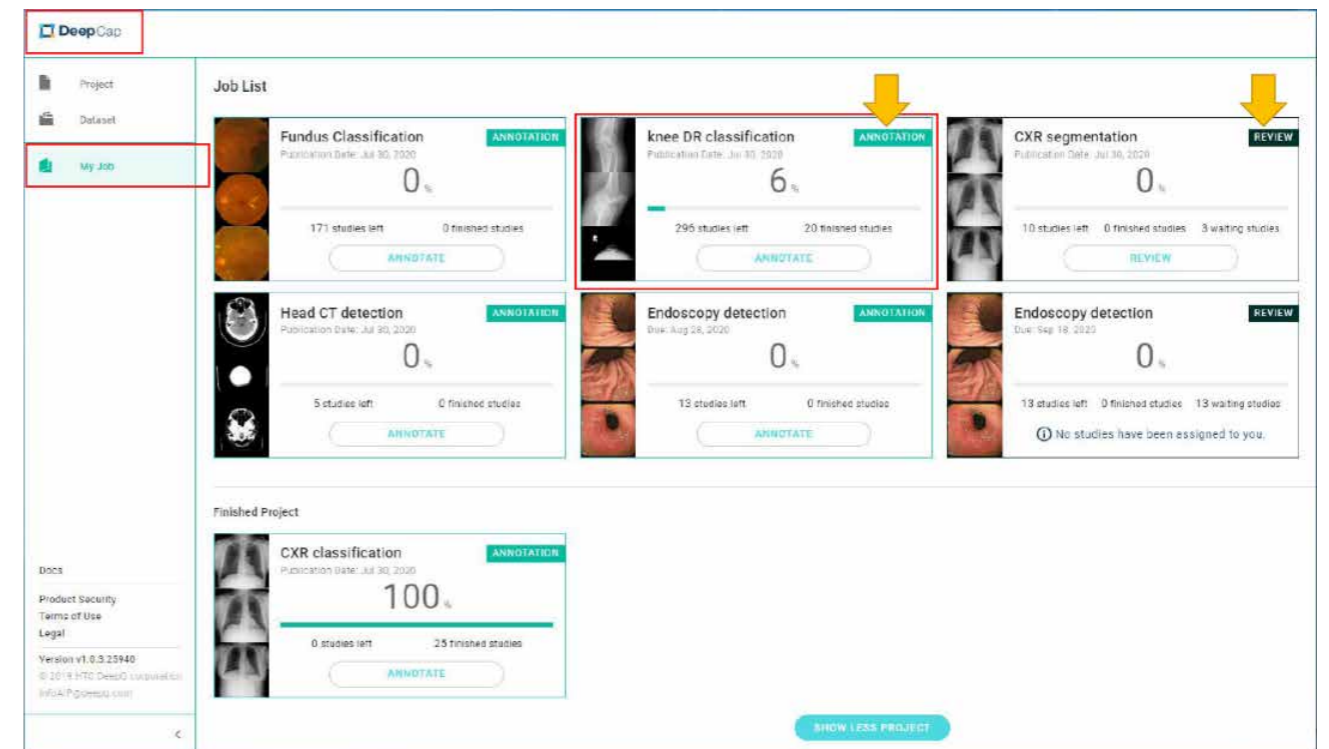
#### Detect object

Detect the position of the target object in the image



#### Split object

Segment the target object in the image



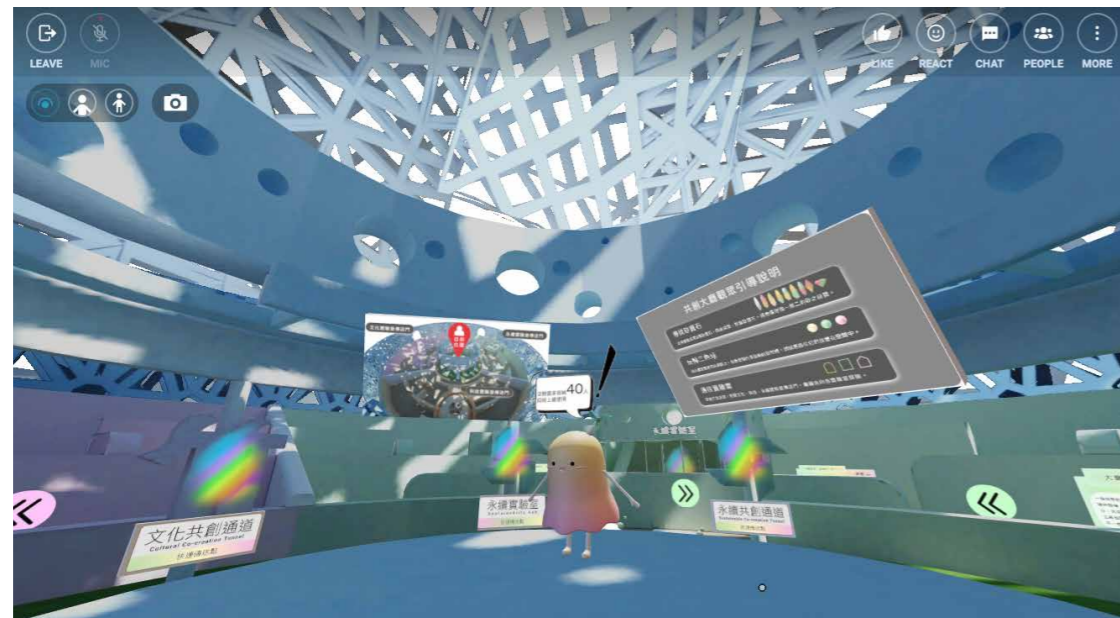


## Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

In the digital age, education tends to be more diverse, interactive and integrated. The Digital Twins Science Popularization Laboratory Project of the Hsinchu City Cultural Bureau and artist Zeng Wu's "Of Whales" work demonstrate technology, culture and sustainability through virtual-real integration and UI/UX design. These ideas bring more possibilities for future education and society.

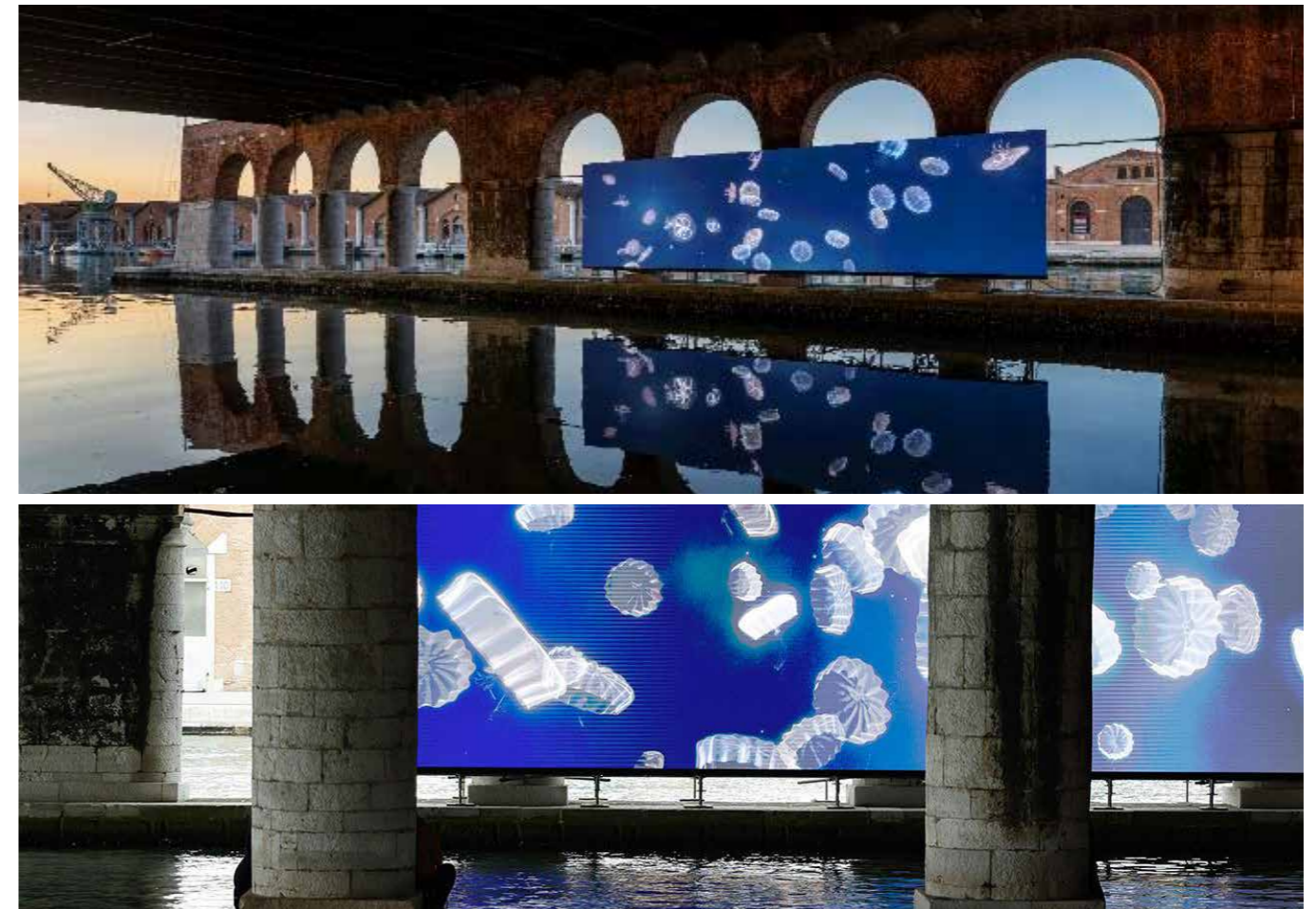
### ● The Digital Twin Science Laboratory Project of Hsinchu City's Cultural Affairs Bureau

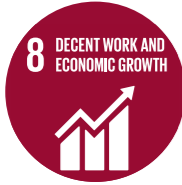
The Digital Twin Science Laboratory is designed for students aged 6 to 12. It combines interactive experiences in both virtual and physical environments, as well as the participation of children, youth, and online communities. The project also utilizes software and hardware integration and UI/UX design, allowing audiences to use, share, and create together. The laboratory showcases the technology, culture, and sustainability of Hsinchu City, and brings together the new generation to convey a better future.



### ● VIVE Arts work with educative value of sustainable environment

American filmmaker and artist Wu Tsang presented *Of Whales*, inspired by Herman Melville's *Moby Dick*, exploring the topic of ocean from the modern perspective. Wu Tsang collaborated with the French Studio Albyon with game engine Unity. The work is staged on a 16-meter LED screen and played continuously. The design echoes a day-to-night cycle and the deep dive of a sperm whale, offering a poetic reinterpretation of the whale's story 'from below' the surface of the ocean. Audience can reflect on the theme of the racial and labor inequality and human's invention to nature in the novel.





## Goal 8: Promoting Sustained, Inclusive and Sustainable Economic Growth

"Promoting inclusive and sustainable economic growth" has always been the common goal of the world, and the development of innovative technology has brought us solutions. BEATDAY, the brand under VIVE ORIGINALS, has successfully brought a new entertainment experience to the audience, and at the same time promoted the development of Taiwan's virtual reality entertainment industry. Through cross-border cooperation with other brands in different fields, it demonstrates the possibility of multiple applications and creates a brand new social entertainment ecology. BEATDAY is not only a major breakthrough for the entertainment industry, but also an important contribution to the goal of inclusive and sustainable economic growth.



### ● The New BEATDAY Metaverse Experience Creates Brand Value

In order to disrupt people's understanding of culture, VIVE ORIGINALS used innovative technologies to create the world's first music Metaverse brand, BEATDAY, which not only provides audiences with new entertainment experiences, but also promotes the development of Taiwan's virtual reality entertainment industry. In addition, VIVE ORIGINALS has elevated BEATDAY to the level of Metaverse, allowing audiences to experience the wonders and richness of the Metaverse through BEATDAY.

By watching the Metaverse concerts, the risk of gathering during the pandemic can be reduced for the audience, while also reducing the energy consumption and transportation carbon emissions of physical events. This can help promote environmental benefits, while providing entertainment. In 2022, BEATDAY collaborated with a fashion magazine and the NFT "ZombieClub" by Shawn Yue. This collaboration not only crossed boundaries in terms of content co-creation but also demonstrated the versatile application of volumetric photography technology. The production team specially created an exclusive zombie-themed scene. BEATDAY upgraded its platform social function by adding a matchmaking feature for Shi Shi's "Jagi" concert with a Qixi Festival theme. It is the first to combine high-quality entertainment content and free social functions in the Metaverse, creating a new ecology of Metaverse community entertainment. Lala Hsu's Metaverse concert featured triple A quality visuals and incorporated surreal performance effects, breaking the traditional framework of online concerts.





## Build resilient infrastructure, promote inclusive and sustainable industrialization and foster

In the era of globalization and digitalization, innovation is one of the goals pursued by enterprises. The Ministry of Economic Affairs' A+ Enterprise Innovation R&D Quenching Plan takes advantage of the opportunities in the metaverse market and integrates technologies such as 5G, AIoT, and XR to promote demonstration services with the concept of metaverse Virtual Township, hoping to drive new business opportunities and values. HTC VIVE presented the first virtual production system suite VIVE Mars CamTrack, bringing convenience, affordability and professional features, making virtual production easier and becoming an important part of Taiwan metaverse's innovation ecosystem.

### ● Participation in the Ministry of Economic Affairs' A+ Enterprise Innovation and R&D Program



The Metaverse market offers an opportunity to address issues in the Taiwanese software industry, such as small market size and lack of brand recognition. The "Kaohsiung Metaverse Innovation Service Application Program" combines technologies such as 5G, AIoT, and XR, and promotes demonstration services based on the concept of virtual town-building in the Metaverse. The aim is to create a Metaverse ecosystem that integrates technological innovation and sustainable business operations, and expand the emerging Metaverse industry value from Kaohsiung to the world.

Based on the seven-layered structure of the Metaverse, we have proposed multiple development and integration projects for key technology R&D and integration. These projects include cash flow integration technology, open platforms, image capture technology, panoramic live broadcasting technology, motion and expression capture, and infrastructure integration, which will allow people from all walks of life to enter the Metaverse and create new business opportunities.

### ● VIVE Mars CamTrack: Virtual Production Solutions

In the traditional film industry, whether it is Hollywood or independent production, it is often high budget and high cost to construct shooting scenes for virtual images. Production crews and equipment have to be moved to locations around the world, and sets and electricity are expensive. HTC VIVE launched VIVE Mars CamTrack, a solution that makes virtual production easier. The plug-and-play compatibility, with no additional software required, and portability make it easy to shoot in many different scenarios. In addition, VIVE Mars CamTrack is affordable and comes with professional-grade features. VIVE Mars CamTrack includes multi-cam tracking, with support for up to three cameras, and automated calibration for camera offset and lens distortion. Genlock and Timecode offers synchronized output between real and virtual actors, and the robust wiring helps reduce latency. VIVE Mars CamTrack is a powerful solution that makes virtual production efficient and affordable. For VIVE Mars achievements in 2022, please see our highlight video: <https://www.facebook.com/watch/?v=1617243872063829>





## Strength the means of implementation and revitalize the global partnership for sustainable development

As a company dedicated to promoting the application of VR technology in medical education, HTC Medical VR actively cooperates with top hospitals, schools and enterprises in Taiwan to cultivate medical talents and promote sustainable development through innovative VR teaching methods. For example, we have cooperated with the Asia University College of Nursing to promote the SDGs metaverse project, and cooperated with Shin Kong Hospital to establish a medical metaverse, showing the positive contributions made by HTC Medical VR in promoting multiple partnerships and promoting sustainable vision.

### ● HTC Medical VR Trains Professional Medical Personnel Around the World

HTC Medical VR has collaborated with top hospitals and schools in Taiwan to develop a customized Virti VR teaching platform. In 2022, we held 70 workshops and trained more than 2,000 healthcare professionals and student users, producing 160 high-quality teaching cases. We have also partnered with 7 medical centers to use VR teaching materials in clinical skill, cross-team integrated care, and doctor-patient communication training, improving patient safety and healthcare quality. The Virti platform can enhance students' learning and confidence, and can objectively evaluate learning outcomes and guide intervention methods, expanding the capabilities of teachers.



Teachers can make VR interactive teaching materials easily using the Virti VR teaching material development platform to improve students' learning efficiency.



College of Nutrition, Taipei Medical University and HTC Medical VR jointly held a nutrition metaverse workshop to make breakthroughs in the nutrition education and industry applications, and learn and cultivate self-made professional metaverse teaching materials.



Taichung Veterans General Hospital and HTC Medical VR jointly held a nutrition metaverse workshop to improve learning memory and assist with the enhancement of medical quality through Virti's AI and game-oriented technology.

## Strengthen the means of implementation and revitalize the global partnership for sustainable development

### ● Metaverse Project to Promote SDGs with the College of Nursing of Asia University

HTC Medical VR partnered with the College of Nursing of Asia University to promote the sustainable development SDGs Metaverse project, cultivating VR and Metaverse related talent together and organizing teaching events and industry-academia cooperation. We established the "Nursing Metaverse Base" together, organizing Metaverse teaching materials workshops and using Virti VR teaching plan production platform. This innovative VR learning method allows students to cultivate skills and empathy in advance, and passes on the experience of teachers forever. HTC has also extended this to other institutions, offering sustainable development Metaverse micro-courses and organizing the "Exploring a New Era of Nursing Education: Metaverse Innovation and Application Symposium" at the end of the year. 230 people participated in the "Metaverse ∞ Sustainable Development Goals (SDGs)" seminar and workshop, sharing their practical experiences and expanding the effectiveness of sustainable development.



### ● HTC Medical VR Collaborated with Shin Kong Hospital to Establish the Medical Metaverse

Shin Kong Hospital collaborated with HTC Medical VR to create a VR medical Metaverse, addressing the challenges of cross-team training during the COVID-19 pandemic. Through various VR teaching materials, a 360-degree virtual training environment is provided to help respiratory therapists and nurses understand their roles and key care processes. VR technology can save resources and improve the quality of medical care in intensive care units. More than 50 medical staff who received VR medical training reported a significant increase in satisfaction, up to 95% satisfaction. Moreover, their test scores also showed an average improvement of more than 10 points, indicating that VR technology has resulted in significant changes and improvements in medical training.



# ESG Management

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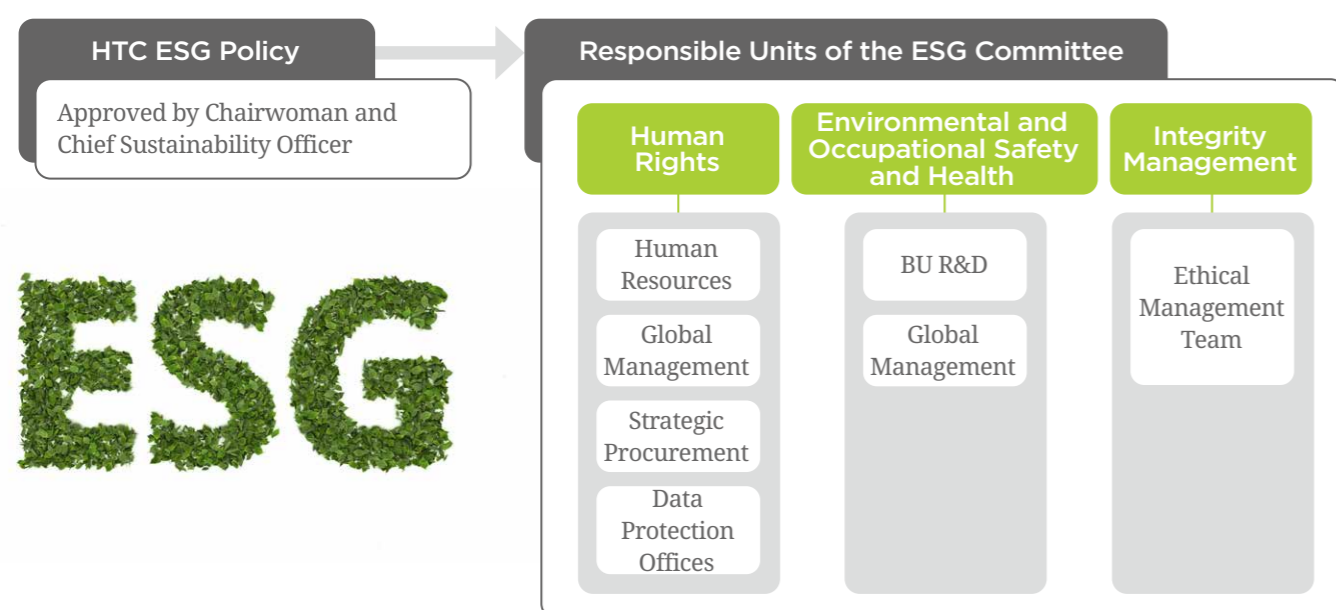
## Our Sustainability Commitment

### The HTC Environment, Social, and Governance (ESG) 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 ESG policy helps HTC maintain social responsibility and realize the vision of sustainable development. All our related business partners advocate and share this policy with us and in this way, we all protect and enhance the rights and interests of our internal and external stakeholders.

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



Note: please refer to P51 for the organizational structure of the HTC ESG Committee.

## 2022 ESG Performance

ESG	2022 Performance
Governance	<p><b>\$ 4.41 Billion</b> Annual revenue of NT\$ 4.41 billion while operating costs and expenses decreased</p> <p><b>\$ 2.36 Billion</b> R&amp;D investment accounted for 54% of HTC revenue</p> <p><b>21-35%</b> The evaluation result was 21%-35% in the 8th (2021) and the 9th (2022) Corporate Governance Evaluation.</p> <p><b>ISO 27001</b> <b>ISO 27701</b> <b>ISO 27799</b> DeepQ acquired recommended certification, and the head office of HTC expanded the scope of verification of ISO 27001 and ISO 27701 and acquired relevant certificates.</p>
	<p><b>100%</b> ISO 14001 factory area coverage rate, the company's overall coverage rate reaches 40%</p> <p><b>\$ 494,933</b> recycled in 2022, boosting the recycling rate to 84.22%</p> <p><b>158,102 kWh</b> of Solar energy generation continued in 2022 with 798,505 kWh generated to date.</p> <p><b>164,884 kWh</b> of electricity conserved with 2022 power conservation measures, achieving 1% power conservation and the goal for the year.</p> <p><b>3,863</b> metric tons of rainwater recycled in 2022 by the Taipei office showing a great effort in water conservation.</p>
	<p><b>3.9</b> point HTC investigates the satisfaction of manufacturing employees through questionnaires every year. In 2022, the investigation results was 3.9 points, an improvement from 3.77 points in 2021.</p> <p><b>5 Major</b> Core Functions Construct a systematic learning and development blueprint and integrate internal and external training resources so colleagues can acquire the professional knowledge and skills required to cope with future challenges.</p> <p><b>Zero</b> violations against customer privacy and loss of customer data in 2022.</p>

## ESG Achievements

### HTC is a constituent of the FTSE4Good Index Series

There are three major global ESG indexes that can be reference indicators for investors regarding ESG performance by enterprises. The FTSE ESG Index covers the three major ESG pillars (Environment, Social, and Governance), 14 themes, and more than 300 individual indicators.



### CDP –Climate Change : Management Level

In the 2022 CDP Climate Change score, among the approximately 14,000 rated companies around the world, HTC continued to achieve the management level (B) (the Global average grade is C).

### CDP –SER : Leadership Level

In the 2022 Supplier Engagement Rating (SER) score, among approximately 17,000 evaluated companies around the world, HTC received the leadership level (A-) (the Global average level is C).

### Corporate Governance Evaluation

HTC attaches great importance to corporate governance and operational transparency. We have formulated a corporate governance structure in accordance with relevant laws and regulations, including the Company Act and Securities and Exchange Act, to secure stakeholders' interests. We have also continued to improve our management performance to ensure that the company can effectively achieve its business objectives. HTC participated in the 8th (2021) and the 9th (2022) Corporate Governance Evaluation organized by the Taiwan Stock Exchange, and obtained results in the range of 21%-35%. In addition, to better realize our business objectives, we have established a comprehensive and systematic ESG implementation system to safeguard the interests of our investors and other stakeholders.

### HTC has won the Taiwan Corporate Sustainability Award

HTC won the "Silver Grade of ESG Report - Information and Communication Industry - Second Category" in the 2022 Taiwan Corporate Sustainability Award (TCSA). The Taiwan Institute for Sustainable Energy (TAISE) aims at encouraging companies to tackle corporate sustainability issues and disclose corporate governance information, so as to strengthen its emphasis on maintaining sustainable development, a friendly environment and a public prosperous society. The number of participants in the "15th TCSA Taiwan Corporate Sustainability Award" has reached 424, an increase of 29% over last year. The number of companies that have applied for the award over the years has reached 581, accounting for 76% of the market value of listed companies in Taiwan. The total annual revenue and government budget is as high as 36.13 trillion, which is about 167% of 2021 Taiwan GDP.

### HTC VIVERSE Green Life

HTC is committed to promoting a net-zero green life and actively responding to one of the 12 key strategies adopted by Taiwan for Net-Zero Emissions by 2050. To achieve this goal, HTC has promoted "green living" across five major areas, including green dining, green consumption, green office, green home, and green Travel. HTC also makes good use of VR technology to reduce carbon footprint from everyday life, and encourages users to practice green concepts, for example, by promoting green work externally, using remote video conferencing as a priority, and promoting the use of tools like the virtual training platform Virti, virtual conference system VIVE Sync, etc. in the hope that more enterprises are influenced to drive sustainable development.

To reduce carbon emissions and promote green transportation, HTC provides charging stations for electric vehicles, has set up parking areas for zero-carbon bicycles, and offers convenient shuttle buses for commuting. Through the combination of VR technology with culture, arts, and other related content, the company strives to create a green lifestyle that integrates virtual reality, and provides global audiences with a brand-new sustainable experience. HTC also participated in the first "Let's Go Green" net-zero green life competition and won the finalist award. By exerting these efforts, HTC has not only promoted a net-zero green life, but also made contributions to the creation of the green life industry chain.



## ESG Committee

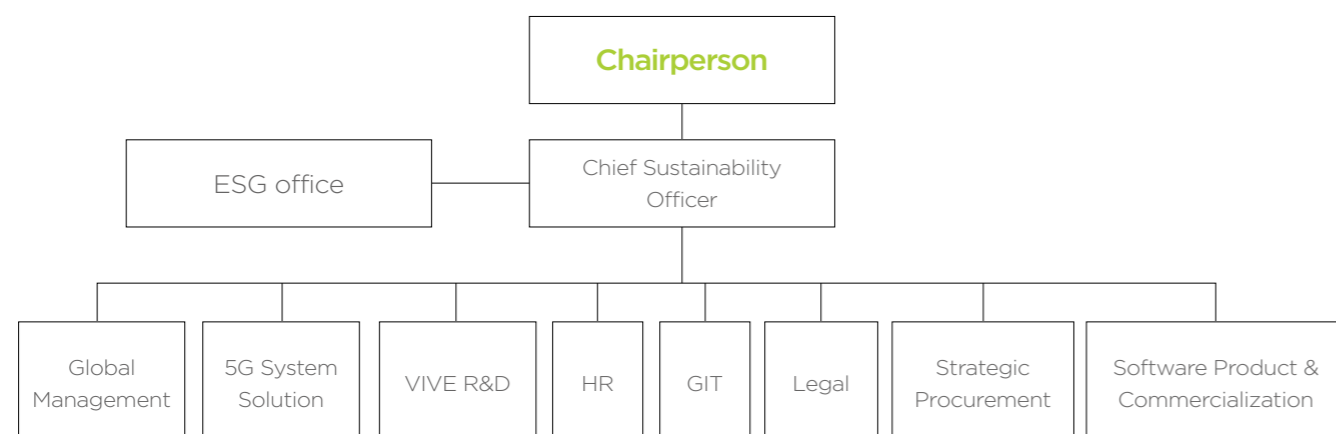
In early 2022, HTC escalated the original CSR Committee to ESG Committee with Chairwoman Cher Wang as the Chair of Committee, SVP Madeline Chen as Chief Sustainability Officer, and members of executives as ESG committee members. The committee is responsible for decision-making on economic, environmental and social topics, and founded the ESG Office to assist in formulating sustainable strategies, connect sustainable development issues from various departments, and continue to promote sustainable development responsibilities. The ESG office is responsible for connecting HTC and external stakeholders, including the communication and feedbacks from important supply chain partners. Also regularly report to the ESG Committee on the trends, impacts and performance of relevant sustainability topics. There are several task forces under the committee to deal with various ESG issues and link up the sustainable development goals of various departments. Through a clear organization and division of labor, taking into account the economic, environmental and social aspects, and implementing the sustainable management of enterprises in daily operations with practical actions.

The Board of Directors is responsible for supervising the overall ESG management policy, strategy and target setting, and major decision-making, as well as overseeing the effective operation of the ESG management mechanism at HTC. Chief Sustainability Officer reports to the Board of Directors at least once a year. The ESG committee held its first meeting in March 2022, during which it decided on the ESG focus planning items for the year and assigned dedicated representatives from the committee to form an ESG work group responsible for promoting ESG focus work items. The ESG work group conducts review meetings every two weeks to review the progress of each project.

The ESG Committee reports the significant ESG issues, stakeholder's engagement, execution performance and strategy and targets for the previous year to the Audit Committee at least once a year. They key projects for 2022 included net-zero pathway planning and strategy, climate change risk assessment and response measures, sustainable accounting standard and indicator information disclosure, product carbon footprint inventory and verification, and greenhouse gas inventory and verification schedule. The key projects in 2023 are gradually being carried out, including "Internal Operations Processes- Fully Paperless, Digitalized, and Optimized", "Carbon management platform construction", "The project of the Industrial Bureau of the Ministry of Economic Affairs- Big to small, low-carbon and smart upgrades," and is expected to introduce "Internal carbon pricing" in the second half of the year.

To strengthen employees' awareness and knowledge of ESG, the ESG office publishes two newsletters "ESG Office Newsletter" and "ESG Office Weekly News." The former one irregularly publishes the Company's important information of ESG such as its awards, highlights in ESG Reports, and etc. to intensify the ESG cognition in the company. The later one delivers popular ESG news, including Net Zero Emissions, carbon tax, CBAM, green energy and etc. for our colleagues to have the latest updates of ESG issues. These implements help the Company to promote ESG related strategies and targets.

### Structure of the HTC ESG Committee



## ESG Management Procedures and Systems

HTC's ESG topics management uses materiality analysis as an important guideline for formulating long-term sustainable goals and communicating with stakeholders. In materiality analysis, GRI guidelines and AA1000 AP 2018 responsibility principle standards are adopted, and the four principles of inclusiveness, materiality, responsiveness, and impact are used to respond to the needs of stakeholders and focus on the disclosure of major topics, and these are further used for the judgment of disclosure of relevant actions, performance and results.

Step  
1

### Understand the organization's context

The overall management process of ESG topics in current year was same as that of previous year with changes made to the details to comply with the output principle of the material topics of GRI 2021: Based on industry and operating activities, as well as indicators such as interaction with the company, dependence, responsibility, attention, and influence, HTC evaluates stakeholders from multiple perspectives and identifies eight key stakeholders in 2022, including (1) employees, (2) suppliers/contractors, (3) consumers/customers, (4) shareholders and investors, (5) academic institutions, (6) local communities, (7) media & NGOs, and (8) rating agencies.

In addition to stakeholders, we also consider product services and operating activities, business relationships with the value chain, interested entities related to HTC (including subsidiaries and affiliated companies), sustainability context and human rights topics and etc. Determine the main framework and disclosure direction of this report.

Step  
2

### Identify actual and potential impacts

Based on GRI, SASB indicators, domestic and foreign corporate trends, peer ESG reports and other indicators, screen the issues of concern, focus on 19 sustainable topics that are highly relevant to the company covering economic, environmental, and social aspects, and distribute questionnaires to each stakeholder. Design and make a HTC Sustainable Topics Questionnaire according to the new version of GRI 3. The content of the questionnaire involves positive/negative impacts (the degree of significance of negative impacts is evaluated according to severity, possibility, and human rights; the degree of significance of positive impacts is evaluated according to scale, scope, and possibility). All the items in the questionnaire use the two major indicators of impact and possibility, and is provided to stakeholders in a five-point manner to identify possible or existing impacts. HTC distributed questionnaires to its stakeholders extensively and recovered a total of 168. The company later gathered statistics on the number of various kinds of stakeholders as the cornerstone for weight adjustment so the principle that the ratio of each stakeholder does not exceed one third is adopted to prevent bias due to a relatively high ratio occupied by a certain group of stakeholder.

Step  
3

### Assess the significance of the impacts

After the 8 candidate major topics of positive and negative impacts were generated, a major topics discussion meeting was held internally, and the Chief Sustainability Officer also attended the discussion. The meeting discussed according to the company's development strategy, industry status, value chain practice and expert advice to confirm the degree of impact and positive/negative/potential impact of topics on the economy, environment, society and human rights, identified and ranked major topics of the year.

Step  
4

## Prioritize the most significant impacts for reporting

After screening and sorting by the ESG Office, HTC acquired eight material topics in total: "Circular Economies and Product Life Cycle", "Ethical Management", "Information Security and Privacy Protection", "Energy Management", "Customer Privacy and Health and Safety Management", "Regulatory Compliance", "Corporate Governance", and "Innovative Management", and strengthened the disclosure of "human rights, diversity and inclusion", one of the core spirits of GRI 2021, resulting in nine major topics this year. The ESG Office reports the results to the Audit Committee before presenting to the Board of Directors, and serves as the main line of information disclosure in this year's ESG Report.

At the same time, HTC attaches great importance to communication and interaction with its stakeholders. In addition to setting up various communication channels, we respond to important suggestions or opinions from stakeholders based on their concerns and impact on HTC's operational impact. The feedback is submitted to the relevant departments for response and processing, than regularly disclosed in the ESG report. We will gradually invite and encourage internal and external entities to join the ESG disclosure process in the future.

In addition, to ensure that the policies and decisions of the ESG Committee can be put into practice, we have divided ESG 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. ESG annual performance and next year's operational targets will be reported to the board of directors at least once a year.

### ESG related management system and initiative

#### The Green Products Management System

HTC's HQ and factories have acquired and sustained the IECQ QC080000 Certificate of Conformity to Hazardous Substance Process Management (HSPM). Suppliers are also required to abide by HSPM to decrease the risk of hazardous substances.

#### Green Product Verification

To comply with the EU Restriction of Hazardous Substances (RoHS), HTC products are sent to third-party international verification institutions for chemical analysis. The verification on products' energy consumption in compliance with the US Department of Energy's battery charging and energy consumption requirements is performed. Verification on power supply's energy efficiency is conducted to ensure that the energy conversion efficiency of products is higher than the standards in various countries.

#### Product Carbon Footprint Inventory and Verification

In 2022, HTC introduced a product carbon footprint inventory flow, and conducted full lifecycle product carbon footprint inventory with VIVE Flow, a VR product, as the goal. It also passed ISO 14067 verification and obtained a certificate.

#### The Environment Management System

We strive to minimize the impact of our operation on the environment. HTC has established the ISO 14001 environment management system, and ensures that all of our manufacturing sites around the world obtain and maintain ISO 14001:2015 certificates. There is no penalty record in 2022.

The Taoyuan factory has established an ISO 14001 Environmental Management System with a factory coverage rate of 100% and overall coverage rate across the company of 40%. Following the principle of the PDCA management cycle, the company complies with the requirements of environmental protection regulations, realizes environmental goals, and improves environmental performance.

#### The Occupational Safety & Health Management System

To lower hazardous risks in the workplace and prevent occupational accidents, we have established an ISO 45001 Occupational Health and Safety Management System in the Taiwan factory with a factory coverage rate of 100% and overall coverage rate of 40% with the objective of preventing occupational accidents and protecting workers' health and safety. After the implementation of the ISO 45001 import and version conversion in 2021, no occupational accident has occurred in the factory for 475 consecutive days, demonstrating the measures in place prevent occupational accidents and ensure workers' health and safety.

#### The Energy Management System

We introduced the ISO 50001 Energy Management System to promote and plan energy management. We also successfully obtained the ISO 50001: 2018 certification, helping realize the enterprise's sustainable management goal, protect energy resources, and cope with the issue of climate change.

#### Information Security and Privacy Information Management System

HTC has introduced the Information Security Management System (ISMS) and Privacy Information Management System (PIMS), and established 46 management policies and guidelines, including personal information protection and information security risk evaluation. These policies and guidelines have already been implemented across areas such as employee training, product development, manufacturer management, and information security incident management. HTC has already passed BS 10012, ISO 27001, and ISO 27701 verification. In 2021, HTC passed the ISO/IEC 27001:2013 and ISO/IEC 27701:2019 verification. In 2022, the company expanded the scope ISO 27001 and ISO 27701 and became re-certified. The validity period of all the latest certificates runs from August 29, 2022 to August 13, 2024.

DeepQ, a subsidiary of HTC, has long been an investor in medical and AI development, and closely monitors information security and privacy information protection within the medical industry. DeepQ has received ISO/IEC 27001:2013, ISO/IEC 27701:2019 and ISO/IEC 27799:2016 certificates in 2022.

#### Supplier Management

HTC has established the HTC Supplier Code of Conduct in alignment with the code of conduct of the Responsible Business Alliance (RBA). Suppliers are required to sign the Supplier Code of Conduct. Furthermore, management measures include new supplier audits, quarterly evaluations of key suppliers, annual ESG projects, and annual audits of high-risk suppliers. In 2022, the company selected 30% of high-risk suppliers, i.e., nine, to be audited, five of which submitted RBA VAP reports, while the remaining four received on-the-spot audits in April 2023.

# HTC 2022 Material Topics and Boundary

## 2022 HTC Material Topics Matrix (Positive Impacts)

High	Employment/ Labor Relationship	★ Information Security and Privacy Protection	★ Regulation Compliance Occupational Safety and Health ★ Customer Privacy, Safety and Health Management	
	Social Contribution and Digital Inclusion Corporate Governance Salary and Benefits Economic Performance	★ Integrity Management	★ Circular Economy and Product Lifecycle ★ Innovation Management ★ Energy Management	
	★ Human Right, Diversity and Inclusiveness Water Resource Management Climate Change	Supplier Environmental and Social Management Waste Management Training and Career Development		
Low	Level of Economic/ Environmental / Social Impact			High

Economic Environmental Social Note: ★ means Material Topics of the year

## 2022 HTC Material Topics Matrix (Negative Impacts)

High	Customer Privacy, Safety and Health Management Water Resource Management Supplier Environmental and Social Management		Economic Performance	
	Waste Management Occupational Safety and Health	★ Integrity Management Salary and Benefits Employment/ Labor Relationship ★ Corporate Governance	★ Information Security and Privacy Protection ★ Circular Economy and Product Lifecycle ★ Energy Management	
	★ Human Right, Diversity and Inclusiveness Training and Career Development Social Contribution and Digital Inclusion	Climate Change Innovation Management Regulation Compliance		
Low	Level of Economic/ Environmental / Social Impact			High

Economic Environmental Social Note: ★ means Material Topics of the year

## 2022 HTC Material Topics and Boundary Identification

Material Topics	GRI	Page	Within the organization		Outside the organization							
			HQ	R&D Center	Investor	Corporate Customer	Consumers	Employee	Supplier	Contractor	Governmental Agencies	Local Community
Economic	Integrity Management	205-2 205-3	P066-068	✓	✓			✓	✓		✓	
	Information Security and Privacy Protection	Custom theme	P070-074	✓			✓	✓				
	Regulation Compliance	2-27	P068	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Corporate Governance	Custom theme	P063-065	✓	✓	✓		✓			✓	
Environmental	Innovation Management	Custom theme	P075-079		✓	✓		✓		✓		
	Circular Economy and Product Lifecycle	306-1 306-2 306-3	P113-118		✓	✓					✓	✓
Social	Energy Management	302-1 302-4	P098-100	✓	✓	✓	✓				✓	✓
	Customer Privacy, Safety and Health Management	416-1 416-2 418-1	P080		✓	✓		✓	✓			
	Human Right, Diversity and Inclusiveness	405-1、405-2、 406-1、 407-1、408-1、409-1、410-1	P139-144	✓					✓	✓	✓	✓

## Changes to HTC's Material Topics in 2022

2021 Major Topic	2022 Major Topic	Description of changes
Information Security Economic Performance COVID-19 Prevention Management Environmental Compliance Supplier Environmental Assessment Waste Emissions Energy Customer Privacy Employment Labor Management Relations Socioeconomic Compliance Occupational Health and Safety Training and Education	Circular Economy and Product Lifecycle Integrity Management Information Security and Privacy Protection Energy Management Customer Privacy, Safety and Health Management Regulation Compliance Corporate Governance Innovation Management Human Right, Diversity and Inclusiveness	In 2022, the original 35 candidate themes in 2021 were consolidated to become 19 thematic questions in this year's questionnaire. As some questions have been merged, the topics of the current year are sorted out in the form of questionnaires by stakeholders. After the major theme was established, the sustainable office also reached the following consensus: HTC would uphold the maximum disclosure of the theme that is not selected as the major theme of this year, so as to demonstrate the company's core value of sustainable development.

# Stakeholders Engagement

	Investors	Enterprise customers	General Consumers	Employees	Suppliers	Contractors	Governmental Agencies	Local Communities
Significance for HTC	Shareholders and investors' support have positive impact to the sustainability of HTC	Improving company's value and the pursue of growth, and further completing corporate sustainability gradually through cooperation and business development with enterprise customers	Strengthen customer relations by delivering exceptional customer experiences	HTC upholds the people-oriented belief. Employees are the most valuable asset and the key to innovation	Suppliers are indispensable partners for corporates to realize continuing operating growths	Providing a safe working environment helping build up a sense of cohesiveness and improve corporate image	The foundation of the Company is to build an excellent external environment for the corporation, by following the legal guidelines, cooperating with government policies, and earning trust, support, and collaboration with the government	Improving corporate image through maintaining positive relationship with local communities
Concerned Topics	<ul style="list-style-type: none"> <li>● Finance &amp; business information disclosure</li> <li>● Compliance with laws and regulations</li> <li>● Operation Status</li> <li>● Corporate governance</li> <li>● Risk management</li> </ul>	<ul style="list-style-type: none"> <li>● Product quality</li> <li>● Service quality</li> <li>● Price competitiveness</li> <li>● On-time delivery</li> <li>● Green products</li> <li>● Carbon footprint/ carbon disclosure</li> <li>● Restricted substance management</li> <li>● Corporate responsibility</li> <li>● Human rights</li> </ul>	<ul style="list-style-type: none"> <li>● Pre-sales consulting</li> <li>● After-service</li> <li>● Product quality</li> <li>● Service quality</li> </ul>	<ul style="list-style-type: none"> <li>● Learning &amp; growth</li> <li>● Working environment/ labor conditions</li> <li>● Wage/welfare</li> <li>● Health &amp; safety</li> <li>● Career development</li> <li>● Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>● Raw material quality</li> <li>● Price competitiveness</li> <li>● Continuously stable supply</li> <li>● Supply chain management</li> <li>● Regulation Compliance</li> <li>● Technical capability</li> <li>● Cooperation with logistics/ transportation</li> <li>● Working environment &amp; health</li> <li>● Machine/equipment safety</li> <li>● Carbon management</li> </ul>	<ul style="list-style-type: none"> <li>● Construction safety &amp; health</li> </ul>	<ul style="list-style-type: none"> <li>● Corporate governance</li> <li>● Regulation Compliance</li> <li>● Innovative products and services</li> <li>● Human Rights</li> <li>● Energy and climate change</li> </ul>	<ul style="list-style-type: none"> <li>● Environmental impact</li> <li>● Shaping the Corporate image</li> <li>● Economic contribution</li> <li>● Social concerns</li> <li>● Public welfare</li> <li>● Cultivation of talent</li> </ul>
Communication Channels	<ol style="list-style-type: none"> <li>1. Shareholder conference <i>Yearly</i></li> <li>2. Annual report <i>Yearly</i></li> <li>3. Monthly revenue statement. <i>Monthly</i></li> <li>4. Visiting investors <i>Irregular</i></li> <li>5. Market Observation Post System <i>Irregular</i></li> <li>6. Investor Relationship Website <i>Standing</i></li> <li>7. Spokesperson <i>Standing</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Reply to customer inquiries. <i>From time to time</i></li> <li>2. Customer audit and replies to customer's questionnaires. <i>By customer request</i></li> <li>3. Meeting the customer requirements about environmental and ESG. <i>By customer request</i></li> </ol>	<p><i>Daily ongoing -</i></p> <ol style="list-style-type: none"> <li>1. Local service contact channels in 10 languages to provide customers with timely communication and assistance.</li> <li>2. Websites in different languages for customers to give feedback and to access information in a real-time manner (60 websites).</li> <li>3. Dedicated email boxes for different functions (Support, Copyright, Security, etc.) to provide convenient customer contact with HTC.</li> <li>4. Automated support survey invitations to collect customer satisfaction feedback.</li> <li>5. Immediate corrective actions in place based on customer's insights.</li> </ol>	<ol style="list-style-type: none"> <li>1. Department quarterly meeting. <i>Irregular</i></li> <li>2. One-on-one interview with supervisors. <i>Irregular</i></li> <li>3. Annual performance appraisal/ interview. <i>2/ Yearly</i></li> <li>4. New employee orientation <i>2/Monthly</i></li> <li>5. Employee assistance hotline and mailbox, Health Center, Employee Aid Scheme. <i>From time to time</i></li> <li>6. Labor-management meeting. <i>Quarterly</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Supplier communication conference. <i>Irregular</i></li> <li>2. Guidance and audit for suppliers <i>Yearly</i></li> <li>3. Cooperation project with suppliers for addressing ESG and greenhouse gas issues. <i>Yearly</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Induction training. <i>Weekly</i></li> <li>2. Patrol inspection in the facility- <i>Irregular</i></li> <li>Coordinative organization meetings- <i>Quarterly</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Official document, E-mail, Visit, Act and regulations database. <i>Irregular</i></li> <li>2. Meeting such as Forums, Seminars etc. <i>Irregular</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Positive employee engagement in public interest activities. <i>Irregular</i></li> <li>2. HTC cooperation with governmental agencies and non-profit organizations in eco, environmental and other public welfare activities. <i>Monthly</i></li> </ol>

# Risk Management

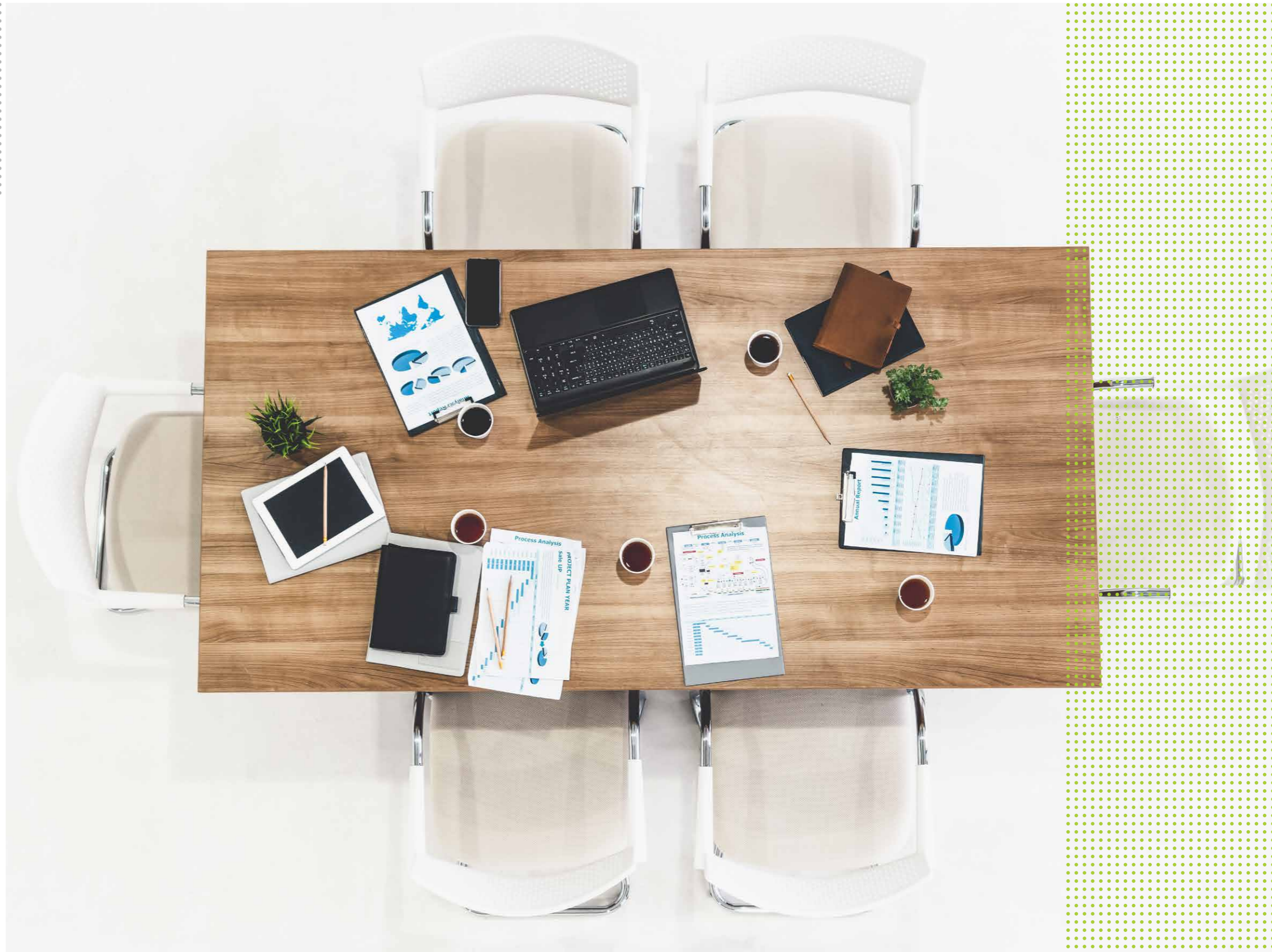
HTC manages corporate risk with a focus on sustaining value for the shareholders and stakeholders. Based on the principle of materiality, we conduct risk assessments on environmental, social and corporate governance issues related to company operations, and establish appropriate control mechanisms after careful consideration of all the various operational uncertainties that ensures a rapid response to uncertainty, as well as to any attendant risks and opportunities. Such careful risk management enhances our ability to create value.

We integrate ESG policy commitments (including RBA) such as integrity management, occupational safety and health, environmental and climate change risks, and human rights-related risks into relevant risk management strategies to ensure that these risks can be effectively implemented.

Note: For information regarding human rights related risks and due diligence, please refer to section "Annual Human Rights Issues" in this report.

Main Risk Type	Financial risk	Tax risk	Integrity management risk	Climate change risk	Supply chain management risk	Occupational safety risk	Information Security and Privacy Information risk
Management Strategy	In recent years, the Company has mainly utilized its internal capital to satisfy operating capital needs in response to business scale. Therefore, fluctuations in interest rates did not have a significant impact on the company's liabilities. In 2022, inflation in Taiwan was approximately 2.95%. Inflation in North America was approximately 8.1%, while that of the Eurozone was approximately 8.3%. Despite the substantial rise in inflation, the impact on HTC's profits was minimal.	Each company in the Group appoints local, sizable accounting firms and provides them with annual financial data for tax declaration.	HTC conducts risk evaluations annually, including categories of impacts related to ethics. The legal affairs department and key competent departments are responsible for further analyzing data related to anti-corruption and ethics. In recent years, the risk levels authenticated were not high.	In 2022, HTC launched a process for identifying risks and opportunities of climate change, completed risk and opportunity identification, and evaluated the financial impact in accordance with the risk evaluation mechanism recommended by the TCFD. Types of climate risks include transition risks and physical risks which are further distinguished into policies and regulations, technology, market, reputation, as well as those with immediate or long-term impact. After identifying potential risks, HTC establishes appropriate measurement approaches based on different risk types as the basis for risk management.	HTC has established a Supplier Code of Conduct in alignment with the code of conduct of RBA and the contents of the United Nations Universal Declaration of Human Rights to clearly specify the responsibilities and norms regarding workers, health and safety, and ethics. HTC expects that any suppliers with business contact comply with and practically execute this code. HTC also regularly evaluates whether suppliers comply and implement this code as the basis for appraisal and selection of business partners.	HTC has established an automatic health and safety inspection plan in accordance with the Occupational Health and Safety Act and the Regulations Governing Occupational Health and Safety to stress the prevention of occupational accidents. We monitor health and safety issues, eliminate and control risks, and improve unsafe work environments and machinery equipment periodically. Relevant systems for inspection and maintenance of machinery equipment have also been established.	HTC has established and promoted various information security management systems in accordance with the information security standards specified in ISO 27001. The company conducts risk evaluations and internal audits annually to ensure the effective implementation of these management systems.
Reference	Please refer to section 6.7 "Risk Issues" in the company's annual report for the current year.	"Tax Management"	"Ethical Management"	"Climate Change Management"	"Sustainable Supply Chain"	"Enhancing Occupational Accident Prevention"	"Information Security Management"

# Responsibility Management

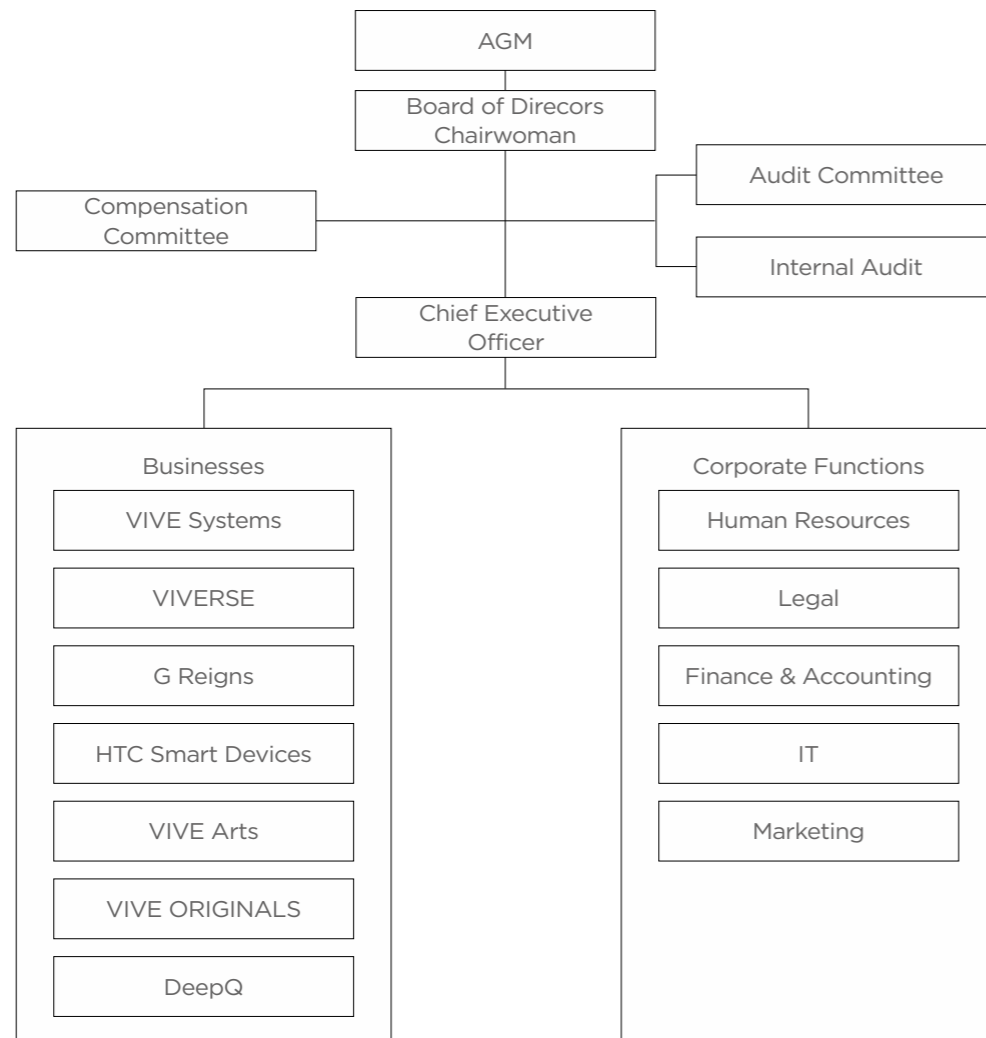




# Corporate Governance

HTC attaches great importance to corporate governance and operational transparency, so we have formulated a corporate governance structure in accordance with relevant laws and regulations, such as "Company Law" and "Taiwan's Securities Exchange Act" to protect the rights and interests of stakeholders. At the same time, we also continue to improve management performance to ensure that the company can effectively achieve its operational goals. The results of our participation in the 8<sup>th</sup> (2021) and 9<sup>th</sup> (2022) corporate governance evaluation of the Taiwan Stock Exchange were 21% to 35%. In addition, in order to better achieve operational goals, we have established a comprehensive and systematic ESG implementation system to protect the rights and interests of investors and other stakeholders.

## Organization Structure



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

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

## Board of Directors

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

The board of directors of HTC consists of seven directors. Among the three independent directors of the board, one is a female director. The board's responsibilities include setting and monitoring management goals and long-term business strategy. They are also responsible for maintaining an internal financial and accounting inspection system, assessing operating risks, and proposing strategies for the reduction of such risks. The "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" legally stipulate the Strict Mechanisms for Avoiding Conflicts of Interest to ensure the compliance of the board's operations.

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

Age	Male	Female	Total
<30	0	0	0
30-50	0	0	0
>50	6	1	7
Total	6	1	7

For detailed information regarding board members and their terms of office, please refer to the Section "3.1: Information on the Company's Directors, Supervisors General Manager, Assistant General Managers, Deputy Assistant General Managers, and Managers of All the Company's Divisions and Branch Units" and Section "3.3: The State of the Company's Implementation of Corporate Governance" in the annual report.

In the year 2022, the board of directors of HTC convened a total of 5 meetings, with an average frequency of once every 3 months and an overall attendance rate of directors reaching 97.14%. The board meetings primarily focused on setting and monitoring the company's management goals and long-term business strategy, maintaining an internal financial and accounting inspection system, evaluating operational risks, and addressing key significant events. Additionally, the board also assigned responsibilities to relevant units and continued to track, supervise, and follow up on the progress in subsequent meetings. For detailed information, please refer to the Section "3.3.1: Directors" in the annual report.

## Nomination and Selection of Board of Directors

The composition of HTC's board of directors adheres to the regulations outlined in the company's "Articles of Incorporation". We follow a candidate nomination system and strictly adhere to our Bylaws for the Election of Directors to ensure a thorough and transparent selection process. Our company places significant emphasis on gender equality within the board of directors. We also consider a diverse range of qualifications, including educational background, gender, professional expertise, and work experience when selecting our directors so as to strengthen the board's diversity and professionalism. For further information regarding the board of directors' nomination and selection process, please refer to the Section "3.1.1: Directors" and Section "3.1.3: Board Diversity and Independence" in the annual report.

## Avoidance of Conflict of Interest

Here at HTC, our highest governing body is led by Ms. Cher Wang, who also serves as the Chairperson, and CEO to enhance operational efficiency and decision-making effectiveness. We adhere to a nomination system for the appointment of our board of directors to ensure a rigorous and transparent selection process. In accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," we have established the "Rules of Procedure for Board of Directors Meetings", which govern the principles of conflict of interest for our directors. We recognize that potential conflicts of interest exist within our company, including the presence of controlling shareholders and transactions with related parties that may involve outstanding balances. To safeguard against conflicts of interest and to mitigate any risks that may arise, our board of directors upholds the principles of integrity and accountability and requires directors to demonstrate a high level of self-discipline and prudence in fulfilling their moral obligations as stewards of the company. They are also expected to faithfully execute their duties and prioritize the best interests of HTC. Additionally, our directors are obligated to disclose any significant personal interests that may pose a potential risk to the company. Should such an interest be identified, the director in question is prohibited from participating in discussions or voting on related matters. Furthermore, they are not authorized to vote on behalf of other directors to ensure a fair and unbiased decision-making process.

## Professional Development for Board Members

To stay well-informed of global business trends and enhance our corporate governance and risk management capabilities, the members of the board are dedicated to continually deepening their industry-specific knowledge and strengthening their expertise in corporate governance. This commitment is aimed at elevating the collective wisdom of our highest governing body in the pursuit of sustainable development. Detailed information regarding the specific professional development endeavors undertaken by our board members can be found in the ["Note 3: Continuous Education/Training of the Board of Directors and Corporate Governance Officer"](#) of the annual report.

## Performance Evaluation of Board of Directors

To enhance the operational efficiency of the board, ensure effective corporate governance, and establish performance objectives, the Board of Directors of our company approved the Director Performance Assessment Guidelines in November 2019. Detailed information regarding the execution of the performance assessment for that fiscal year can be found in the ["3.3.1 Directors"](#) of the annual report, as well as in the financial statements under section ["33: Related Party Transactions"](#).

## Remuneration Policy for Directors and Executives

At our company, the reasonableness of our executives' remuneration is thoroughly evaluated by the Remuneration Committee. The committee's findings are then provided to the Board of Directors, who engage in thoughtful deliberations to ensure the overall fairness of the remuneration structure. Regular reviews are conducted to align the system with our actual business performance and in compliance with applicable laws and regulations. In regards to the distribution of remuneration, performance evaluations, and the decision-making process for remuneration of our senior executives this year, the remuneration of the Board of Directors is determined in accordance with the provisions outlined in our company's bylaws, as well as their level of participation in the company's operations and the value of their contributions. We strive to provide remuneration that is in line with industry standards and it is important to note that, currently, our remuneration practices do not incorporate explicit integration with ESG performance indicators. For further details, please refer to section ["3.2 Remuneration to Directors \(Including Independent Directors\), President, Vice Presidents, and Others in the Most Recent Year"](#) in our annual report.

## Recovery of Improper Benefits due to Misconduct

To ensure that all employees of our company, including executives and directors, exhibit behavior that aligns with our expectations for sustainable business practices, HTC has established an "HTC Code of Conduct". Irrespective of their positions, job levels, or locations, employees are required to adhere to high ethical standards, thereby minimizing any potential loss or damage to the company's interests. Any individual found to be in violation of this code will face disciplinary actions. In addition to reclaiming any improper benefits obtained, the severity of the offense will determine the appropriate disciplinary measures, which may include but are not limited to the withholding of bonuses, dividends, termination of employment, demotion, or the pursuit of legal action. It is our goal to ensure that all employees diligently fulfill their management and oversight responsibilities, thereby safeguarding the company's sustainable development and growth.

## \_\_\_ Independent Directors

HTC believes that good corporate governance is critical if a business is to gain the long-term funding that underlies further investment and growth. We recognize that to achieve good corporate governance, it is necessary to widen the scope of independent viewpoints in order to win the trust of the public and the shareholders. During the re-election of directors in 2022, three independent directors were elected according to the provisions set forth in the Securities and Exchange Act. This action served to solidify our corporate governance, strengthen the independence and functions of the directors, and improve the general performance of the Board of Directors.

## \_\_\_ Compensation Committee

The Board of Directors at HTC has established a Remuneration Committee comprised of three independent members, including two independent directors and one external independent expert, appointed by the Board. The committee is responsible for setting performance standards for HTC's directors, supervisors, and senior executives. It also assesses the achievement of performance targets, evaluates the remuneration policy and system, and ultimately provides recommendations to the Board of Directors.

The committee operates independently of the HTC Board of Directors, senior executives, and internal staff. It consists of one external independent expert who brings extensive industry experience and professional expertise to the table. The expert also provides professional and objective advice to the committee, specifically in the field of human resources. The committee conducts regular reviews and puts forth recommendations for improvement to ensure a comprehensive and unbiased evaluation of performance and compensation matters.

The composition, responsibilities, and operations of the Remuneration Committee can be found in the ["3.3.4 Formation, scope of duties and operation of the Compensation Committee"](#) of our annual report.

## \_\_\_ Audit Committee

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

## \_\_\_ Internal Audit System

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

## Integrity Management \_\_\_\_\_

### Strict Mechanisms for Avoiding Conflicts of Interest

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

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

To facilitate a successful enforcement of policies related to ethical management, the "Ethical Management Team" has been established in accordance with the procedures and guidelines outlined in the "Procedures for Ethical Management and Guidelines for Conduct," which were approved by the board of directors. The team is entrusted with the responsibility of overseeing the operational procedures and guidelines, as well as ensuring their execution; actively supervising and coordinating the promotion of integrity advocacy and training program conducted by the Human Resources Department; and providing assistance to the board of directors and executives in monitoring the effectiveness of the preventive measures taken to uphold ethical operations. Moreover, the Ethical Management Team plays a pivotal

role in the creation, documentation, and preservation of the ethical management policy, along with its accompanying compliance statement and progress record.

We have disclosed the procedures for reporting violations of ethical management policy in the "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for Reporting and Handling of Violation of Ethical Management Policy". The unit responsible for receiving complaints involving personnel of different job levels is designated to handle whistleblower cases, with the Human Resources Department being responsible for executing the disciplinary procedures. Also, HTC set up an email inbox specifically for corruption reporting (anticorruption@htc.com). Anyone can report via this email with proof, if they are aware of any corruption-related events or infringement of the Company. The identity of the reporter will remain confidential to prevent inappropriate treatment. There were no corruption related events in 2022.

## HTC Anti-Corruption Mechanism

### Employees

To prevent dishonest behaviors, the Code of Conduct for employees contains specific provisions that regulate behaviors related to confidentiality, company assets, personal data protection, communication and business etiquette standards among employees, their immediate family members, customers, and vendors, as well as behaviors concerning business trips, conflicts of interest, external employment, insider trading, and other aspects. Additionally, the provisions explicitly state that engaging in embezzlement, accepting bribes, misappropriation of public funds, violation of non-competition agreements, and similar actions will result in disciplinary measures, including dismissal.

### Collaborating Partners

For procurement contracts or engineering contracts signed with collaborating partners, it is required that they comply with the "Integrity Policy Statement" or sign a Vendor Integrity Commitment Letter. These documents clearly establish the guidelines that collaborating partners must adhere to, which include compliance with laws and regulations and refraining from obtaining business or work-related advantages through improper means, such as offering kickbacks, providing lavish entertainment, or engaging in other forms of undue benefits. The terms and conditions explicitly state that our company will proactively terminate any collaborating partner found to be in violation of the "Integrity Policy." In cases where such violations result in financial losses for the company, we will seek compensations to uphold the integrity of the relationship between both parties.

## 2022 Anti-corruption training rates for Board of Directors and all levels of the Employees in Taiwan

	General Employees	Middle Supervisors	Senior Supervisor	Highest Governing Institution
Number of training recipient	173	92	0	1
Number of employees by grade in Taiwan	453	893	43	7
Completion rate	38%	10%	0%	14%

Note:  
 1. The calculation for the training recipient rate at each level is based on the number of person completing the training/ Number of employees by grade in Taiwan.  
 2. The calculation for the training recipient rate of the highest governing unit is based on the number of Directors completing the training/the total number of Directors.

## HTC New Employees Legal Training in Taiwan

Course	Course hours (Minutes)	Number of trainees			2022 Completion rate
		2020	2021	2022	
Confidentiality and anti-insider trading	35	82	174	265	95.7%
Intellectual property rights	38	82	0	0	0%
Patent litigation	38	82	0	0	0%
HTC Code of Conduct	10	No data	178	267	96.4%

Note:  
 1. The "Confidentiality and anti-insider trading" Course hours is 36 minutes in 2020 & 2021  
 2. A total of 277 new employees should be trained in 2022

## Completed Disclosures

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

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

## Transparent Information Disclosure

Spokesperson & Deputy Spokesperson	In accordance with the "Corporate Governance Principles for TWSE/GTSM Listed Companies", a spokesperson and acting spokesperson are appointed to ensure that information that may affect the decisions of shareholders and stakeholders can be promptly disclosed.
Press Release, Press Conference & Media Interview	The company's latest developments are also communicated to our investors and the public through press releases, press conferences, and media interviews.
Website Platform	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The Investor Relations Website is continuously maintained and updated with the latest HTC Company development information.</li> </ul>
Investor Conference	HTC participates irregularly in international and domestic forums held by foreign brokers. Details of these are provided to explain company operation, financial profile, strategic development, and business policies to the investors.

## Legal Compliance

Legal compliance serves as the cornerstone of HTC's sustainable development. We consistently adhere to relevant laws and regulations through anti-corruption measures, ESG practices, information security protocols, human rights education, and routine management. In 2022, HTC did not encounter the following incidents:

- Any penalties related to labor/environmental issues.
- Significant monetary penalties or non-monetary sanctions due to violations of laws and regulations.
- Products or services that violated consumer health and safety laws.
- Products or services that violated information or labeling regulations.
- Marketing and communication activities that contravened relevant legal requirements.
- Incidents involving confirmed infringements of customer privacy or loss of customer data.

## HTC's Adjudication Incidents and Financial Penalties in the Past Two Years

	2021	2022
Number of significant adjudication incidents	0	0
Total number of incidents	4	0
Total amount of penalties	408,900	0

Note:  
 1. HTC defines significant adjudication incidents as individual penalties exceeding NT\$1 million.  
 2. In 2021, there were a total of three cases that violated the Labor Standards Act, resulting in a total penalty of NT\$408,000, all of which have been paid. To improve management practices, HTC will continue to enhance communication with employees and take relevant management measures.

## Tax Management

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

### Tax Guidelines

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

### Tax and Risk Management

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

### Stakeholder Engagement

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



## Information Security Management



### Results of Privacy and Information Security Management in 2022



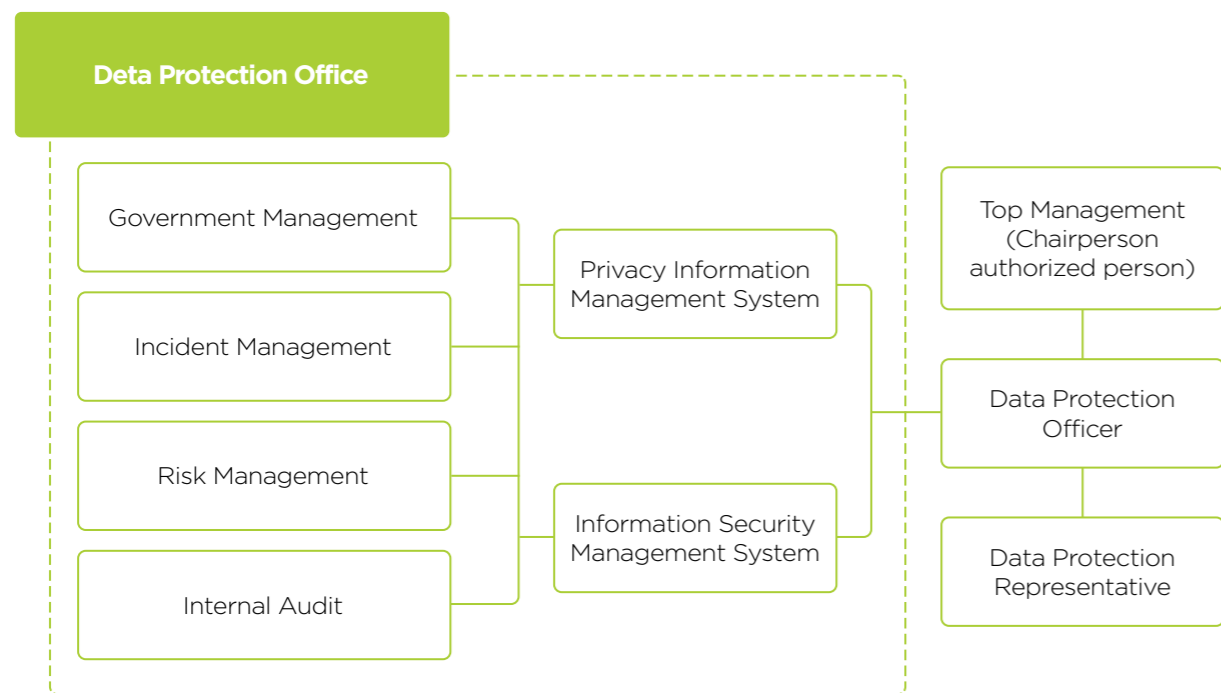
To protect the company's R&D achievements and customer's personal data, HTC emphasizes that protecting information security and privacy is the responsibility and mission of every employee. HTC has incorporated information security and personal data protection policies into its corporate culture and core values, and complies with all relevant information security and applicable privacy protection regulations in various countries. In 2022, HTC headquarters expanded the scope of validation for ISO 27001 and ISO 27701 and obtained certification through verification once again. Additionally, in the same year, the subsidiary DeepQ successfully obtained certification and received recommendations for ISO 27001, ISO 27701, and ISO 27799.

HTC adheres to the information security standards of ISO 27001 and establishes various information security measures. Annual risk assessments and internal audits are conducted to ensure the effective implementation of the management system. Thanks to the protection provided by a layered defense approach, HTC did not experience any significant cybersecurity incidents in 2022.

## Organizational Structure

To effectively control potential risks associated with personal information and information systems, HTC continuously optimizes its Privacy Information Management System and Information Security Management System. A dedicated team, comprised of departments such as Legal, Product Security, and Information Security, is responsible for driving privacy protection and information security initiatives.

### Personal Information Protection Organization Structure



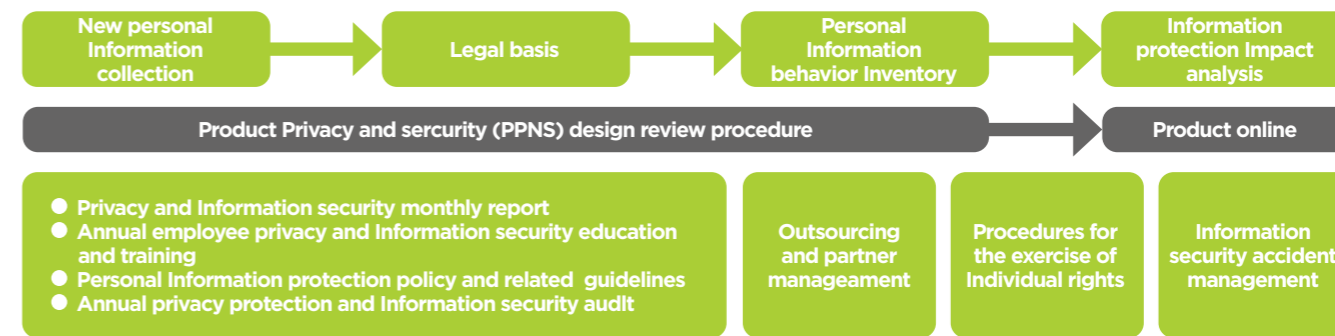
## Privacy and Information Security Risk Management

To mitigate personal data and information security risks, HTC has established guidelines for information security risk assessment and data privacy impact analysis. Each year, the company conducts regular risk assessments based on these guidelines and carries out risk controls based on the results of the assessments.

To mitigate the risk of operational disruptions, HTC collaborates with cloud service providers who have obtained multiple security certifications such as ISO 27001/27701/27017/27018, etc. The company migrates critical core systems to the cloud and takes various cloud services and cloud security measures to establish a secure and modern cloud networking environment. This not only enhances work efficiency but also enables quick disaster recovery in the event of system failures, ensuring system stability and availability. The elasticity and high availability of the cloud computing facilitate rapid deployment and efficient disaster recovery, effectively improving work efficiency.

## Privacy Information Management System

### Structure of HTC Privacy Information Management System (PIMS)

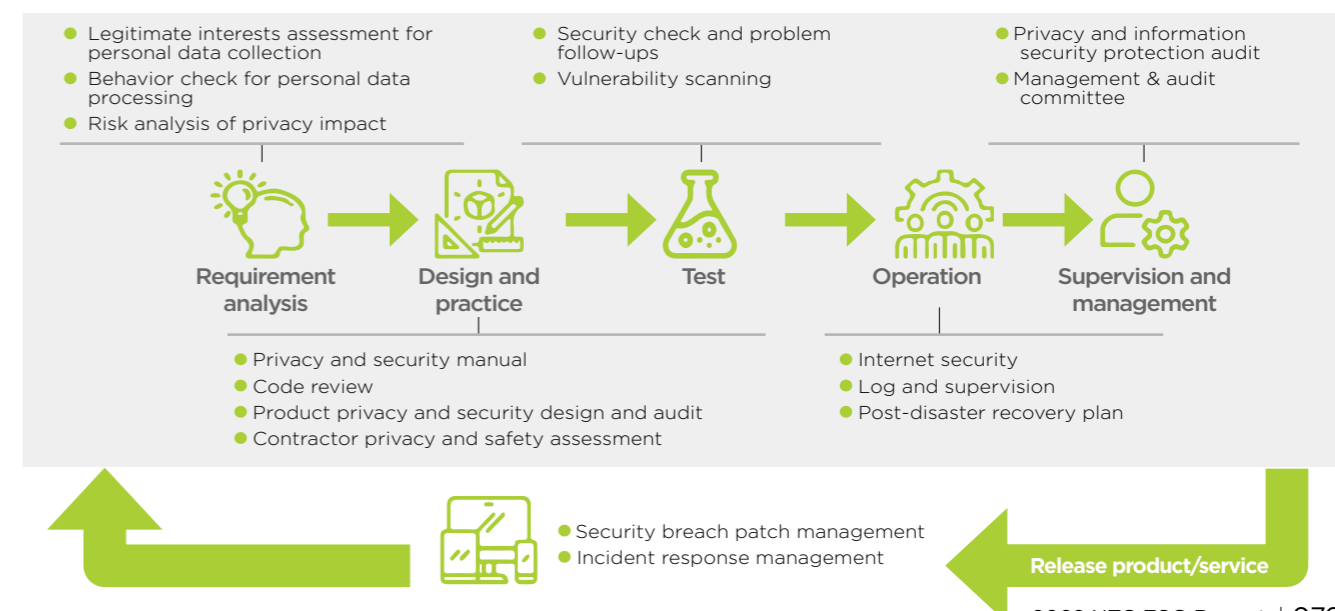


HTC's Privacy Information Management System complies with the Personal Data Protection Act and other international privacy laws and regulations, such as the General Data Protection Regulation (GDPR) of the European Union, the Children's Online Privacy Protection Act (COPPA) of the United States, and the California Consumer Privacy Act (CCPA). It also adheres to the relevant specifications of ISO 27701 Privacy Information Management System, ensuring that all business operations are conducted in a legal and ethical manner.

## Product Information Security

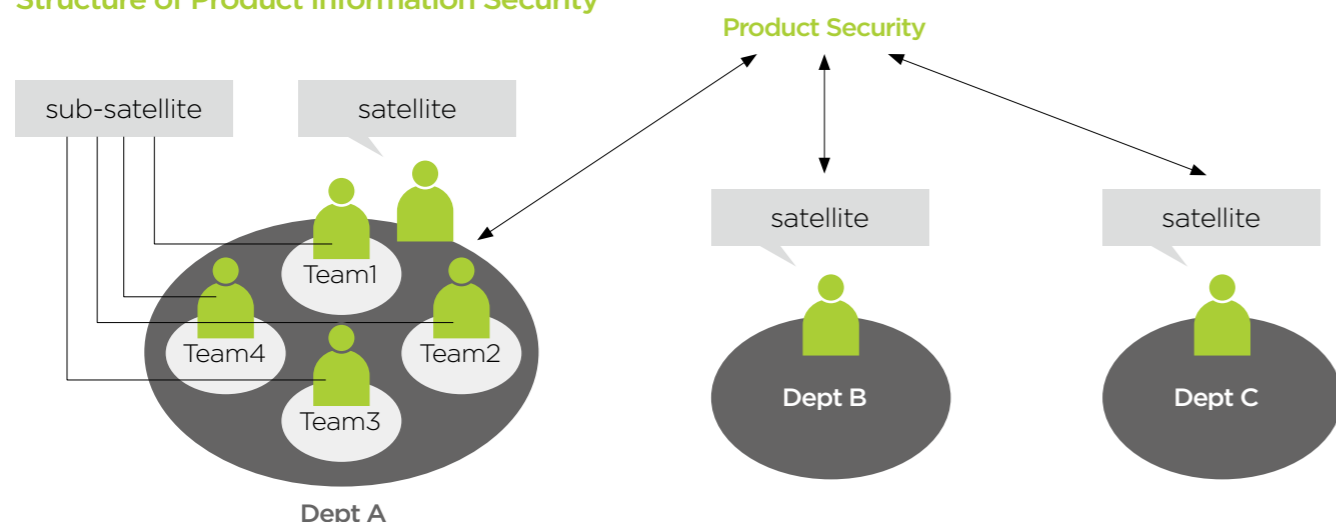
HTC has taken a series of measures to enhance the secure software development framework and management mechanisms of its software products. The company adopts the BSIMM (Building Security in Maturity Model) and related security measures to strengthen control over the secure development of its software products. R&D teams are required to adhere to data security and privacy engineering requirements from the stage of product design. Prior to the release of software products, independent reviews, personal data privacy impact analysis, and security risk assessments are conducted as security controls. Privacy and security auditing workflows (including information security testing, static code scanning tools, vulnerability scanning, and other automated tools) are also introduced. After the products and services are launched, the relevant R&D teams use defect tracking management systems to track the remediation process for software security vulnerabilities. Through continuous integration, the company ensures that the products and services it provides meet the requirements of privacy protection and information security. In terms of hardware, HTC adopts fingerprint identification systems to reduce the risk of unauthorized individuals accessing products and sensitive personal information, thereby enhancing user information protection. Furthermore, HTC continuously promotes education and training on product development, privacy, and information security. The training content not only makes reference to laws and regulations of various countries but also incorporates industry best practices and HTC's internal contributions and experiences. This strengthens the security awareness, professional capabilities, and product development processes of the R&D teams. By enhancing the employees' knowledge of information security through training, the company reduces security risks as well.

### Software Security Control Measures of HTC Products



HTC requires that all data collection, utilization, processing, and preservation for its products and services undergo privacy and security review. This ensures compliance not only with international information security standards in the industry but also with applicable laws, regulations, and contractual requirements. To safeguard consumer rights, comply with the company's privacy and security standards, and protect company information assets, we completed a total of 32 product/service privacy and security reviews in 2022. There were 11 products/services that did not pass the review. If the privacy and security review is not completed as required before the product/service launches, corrective measures will be initiated to expedite improvements and the review process.

### Structure of Product Information Security



To carry out privacy and information security policies, provide secure solutions for engineering processes, and reduce risks associated with HTC products and services, we have established security contact points within each R&D team. These security contact points are responsible for promoting information and privacy-related policies and regulations among colleagues within their departments. Due to their deep understanding of the products, they can further enhance the depth, breadth, and strength of the review process of privacy and security design as mentioned earlier.

In terms of software design and development, HTC has developed privacy protection and secure software development framework, as well as secure coding guidelines. These require R&D teams to follow the guidelines during product development and conduct code reviews to identify potential risks such as insecure or malicious code at an early stage. HTC also performs source code security testing to identify, track, and fix technical and logical security vulnerabilities in the software source code. Additionally, for different types of products and services, various types of security scans are conducted to ensure their security.

Our management of privacy and information security goes beyond the launch of products or the sale of devices. HTC requires suppliers to use encryption technology for the transportation and storage of sensitive data and personal information from the procurement of source components. During the use of products, we continuously implement information security controls and track software security vulnerability fixes, before providing them to the R&D teams in charge. In our aftersales service system, we have established information security management procedures that involve authorized personnel handling related information, for which we regularly back up data to ensure its integrity and accuracy.

Attaching great importance to information security incident reported by external researchers, HTC provides dedicated contact channels and a specialized project team to be in charge of receiving, interpreting, and assessing such incidents with prompt responses. We also proactively subscribe to receive news on information security and updates from government agencies, renowned cybersecurity companies, partners, and suppliers in the United States, Taiwan, and other sources. Furthermore, HTC provides internal personnel with appropriate channels to report any observed or suspicious cybersecurity incidents to the specialized project team promptly, aiming to prevent or minimize potential information security incidents. In the year 2022, HTC's products and services experience no security incidents.



### HTC Cybersecurity Advocacy and Education

To ensure compliance with the policies and guidelines outlined in the "HTC Privacy Information Management System" and "HTC Information Security Management System", HTC requires all employees to receive annual privacy protection and information security training followed by a conclusive assessment. In addition to adhering to ISO 27001 information security management standards, which ensure the confidentiality, availability, and integrity of information, we also publish a monthly Privacy and Information Security Newsletter. This newsletter, consisting of 12 issues, serves to enhance employees' awareness of information security and privacy protection with its regulation highlights and case studies.

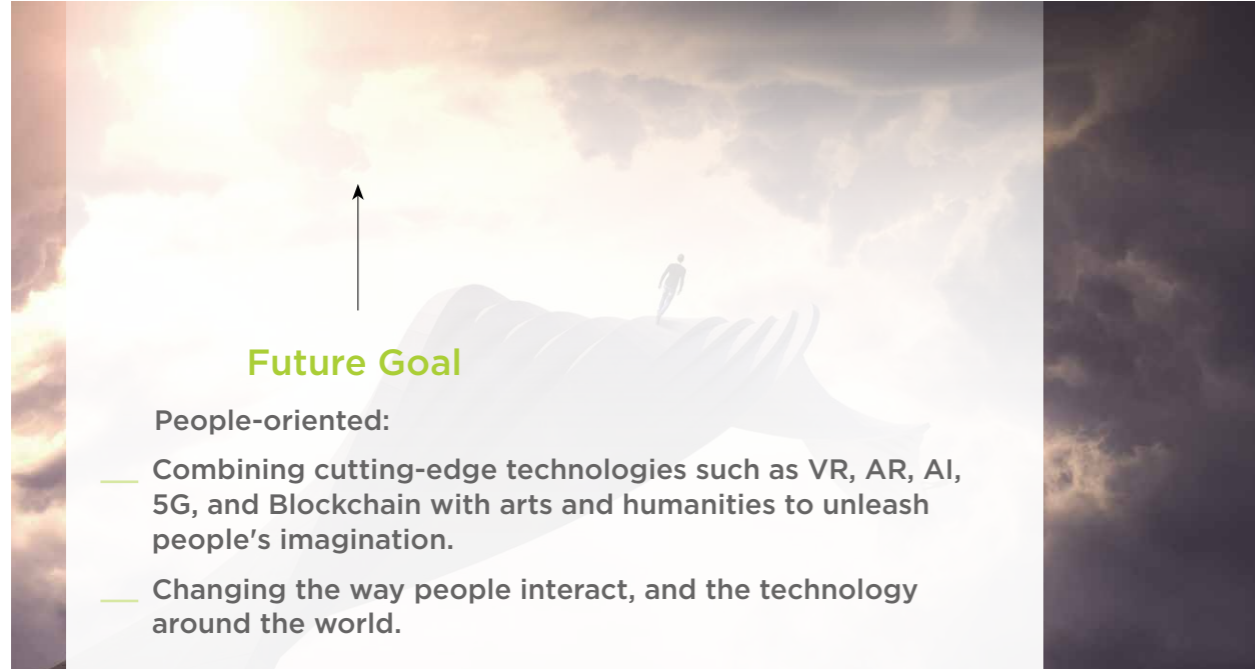
To raise colleagues' awareness of personal data protection and information security, we provided new employees with training on the regulations and guidelines pertaining to personal data protection and information security. A total of 12 sessions were held, with a training attendance of 263 individuals. Following the completion of the training courses, all participants successfully passed the assessments, achieving a 100% pass rate. Additionally, to strengthen the knowledge of software developers regarding privacy and information security measures during the product development process, we provided educational training and assessments for the software development team, with a pass rate also reaching 100%.

In addition to safeguarding the data of enterprise users and consumers, the HTC Privacy Information Management System is also dedicated to effectively protecting the personal information of employees. For instance, during the COVID-19 pandemic, HTC took various information security measures and communicated the key security considerations to all employees to ensure their security and privacy.

### Supplier Information Security Management

HTC places a strong emphasis on information security, not only within the company but also in our relationships with external suppliers and partners. We require them to adhere to applicable privacy protection regulations and HTC's privacy protection and information security requirements. This collaborative approach aims to safeguard privacy rights and ensure data security. When evaluating external suppliers, we conduct comprehensive assessments of various information security controls, such as information security policies, business continuity management, and access controls. Furthermore, with the ongoing global pandemic and the rapid acceleration of digital transformation, new IT technologies continue to emerge, leading to the rapid development of new attack techniques and system vulnerabilities. Therefore, a supplier's ability to effectively manage publicly disclosed vulnerabilities and stay updated on industry security events has become one of HTC's evaluation criteria. In the current year, we conducted privacy and security assessments of a total of 16 partner companies to ensure their compliance with HTC's relevant requirements.

## Innovative Management



### Future Goal

People-oriented:

- Combining cutting-edge technologies such as VR, AR, AI, 5G, and Blockchain with arts and humanities to unleash people's imagination.
- Changing the way people interact, and the technology around the world.

### Current Achievement

- VIVE Pro Eye won the "CES 2020 Innovation Awards"
- VIVE Cosmos series won "Fast Company Innovation by Design Awards" .
- HTC collaborated with Chunghwa Telecom to launch VIVE Sync- the VR virtual conferences with 5G network featuring high speeds and low latency.
- VIVE Flow won the "2021 Esquire Gadget Award- Best Wearable Tech"
- VIVE Pro 2 won the "CES 2022 Innovation Awards" .

### HTC's Challenge

Expediting patent layout  
Strengthening advertising  
of product innovation

## Engaging Diversified R&D Talent

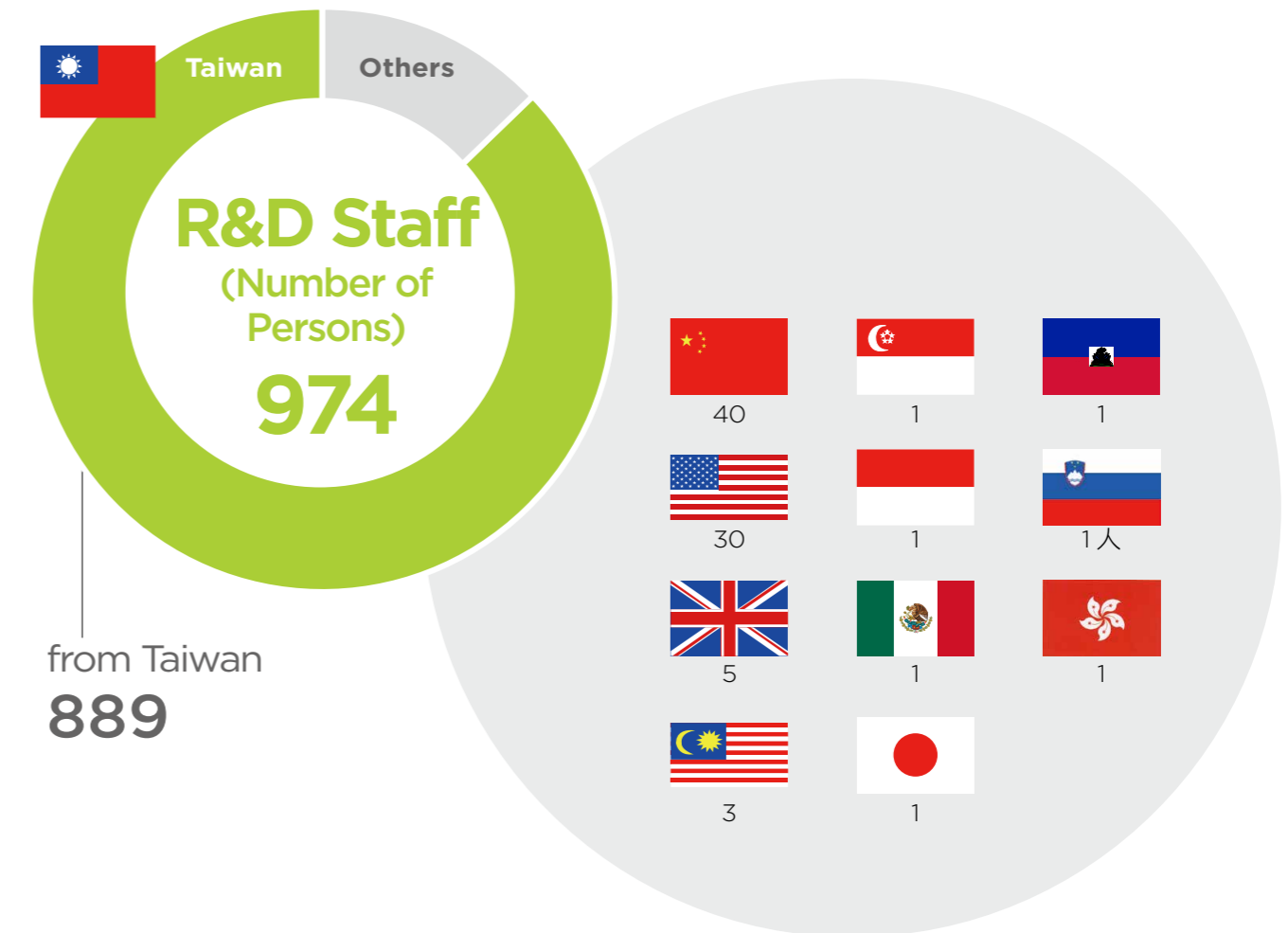
In 2022, a total of 974 R&D workers joined HTC globally. In addition to those in Taiwan, we have many R&D employees coming from, or based in, other countries, such as Europe, America, and Asia. We expect that the different cultural backgrounds of our diverse employees will fuse and fuel innovative thinking, so as to support HTC in the development and launch of products that meet consumer needs in different regions and with different cultural characteristics.

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 45% of all HTC's global employees, the investment of which is about 54% of the total operating revenue.

### Investment in Innovative R&D

	Unit	2020	2021	2022
Fixed R&D Investment	Million(NT)	3,585	2,256	2,356
Total Revenue	Million(NT)	5,806	5,253	4,409
Percentage	%	62	43	54

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



## Smart Innovative Products

### REIGN CORE - Portable 5G Enterprise Network Solution

REIGN CORE is a convenient and lightweight 5G private network solution that integrates all the necessary equipment for a 5G network into a compact mobile cabinet. Its appearance resembles a suitcase, allowing users to easily carry this powerful 5G network solution and quickly deploy a 5G network in limited spaces. Unlike traditional telecommunications networks that require time-consuming setup, users can empower their networks within just 30 minutes to save both time and space. REIGN CORE is suitable for various applications such as events and exhibitions, training and education, academic research, and concept validation.

REIGN CORE is a 5G network system that complies with the 3GPP and O-RAN specifications and architectures. It utilizes a general-purpose x86 server architecture to build the 5G network system. The baseband unit server software is developed in-house by G REIGNS and can be configured according to customer requirements. Whether it's for basic network setups or customized networks, REIGN CORE can introduce the seamless adoption of 5G enterprise networks to businesses.



### HTC VIVE Pro 2 won the CES® 2022 Innovation Awards

VIVE Pro 2 was named a CES® 2022 Innovation Awards Honoree in the Virtual & Augmented Reality category. A sharp, precise, and breathtakingly immersive device, VIVE Pro 2 pushes the boundaries of productivity, creation and play, delivering PCVR experiences like never before.

VIVE Pro 2 enhances the ergonomic design. In addition to the specially designed front and rear balanced weights, the adjustable headband and quick adjustment knobs provide users with a comfortable experience. VIVE Pro 2 features an adjustable inter pupillary distance (IPD) function, balanced frontrear weight distribution, an adjustable strap and a quickly-scaled knob that allows adjustment to wearing configurations for different users. Aside from supporting third-party earphones, VIVE Pro 2 also features a set of headphones that is certified by Hi-Res Audio and capable of delivering 3D spatial audio.

VIVE Pro 2 is compatible not only with the Steam VR system and peripheral accessories, including Tracker 1.0, Tracker 2.0, VIVE Controller, VIVE Wireless Module, or VIVE Tracker of whatever generation, and the new VIVE Facial Tracker, but also with other third-party Steam VR motion sensing accessories, e.g., Valve's Index knuckle controller.



### The Taiwan-originated XR works showcase HTC's innovative strength

The SXSW XR Experience section brings together representative XR immersive experiences from various countries, comparable to the VR section of the Venice Film Festival. Szuming Liu, General Manager of HTC VIVE ORIGINALS, expressed that the selection for this event demonstrates the international prowess of Taiwan's original content and heralds the advent of the metaverse era. "Variety" magazine further praised HTC VIVE ORIGINALS as the cornerstone of the Web3.0 era, creating works that pave the way for the new generation of entertainment. Last year, BEATDAY launched a music metaverse combining volumetric photography, blockchain, XR, and other cutting-edge technologies. Their VR holographic concert beta version was selected for this year's SXSW, offering a highly interactive experience. The VR stop-motion animation "The Sick Rose," a collaboration between HTC VIVE ORIGINALS and Turn Rhino Original Design Studio, is the world's first immersive animation that combines VR technology, stop-motion filming techniques, and traditional Taiwanese dough sculpture artistry. It has already been selected for multiple international film festivals and is further expanding its influence at SXSW.





## 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.

Our company takes proactive measures to defend against the infringement of intellectual property rights. In terms of patents, we actively defend against patent infringements while also acquiring patent licenses from international giants. At the same time, we proactively combat patent infringement to safeguard our company's rights and enhance our competitive advantage. Regarding trademarks, we file trademark registrations and collaborate with customs and law enforcement agencies worldwide to combat counterfeit products. Additionally, our employee hiring contracts clearly stipulate intellectual property ownership and related regulations, while restricting access to internal data to protect trade secrets.

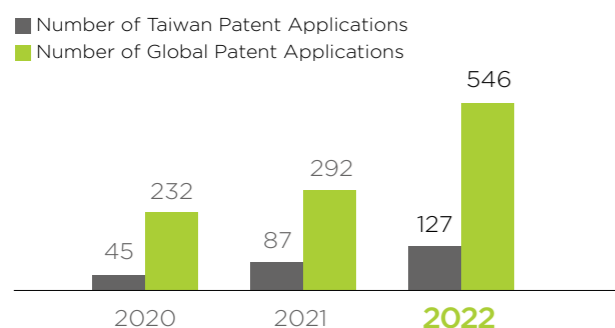
Internal

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

External

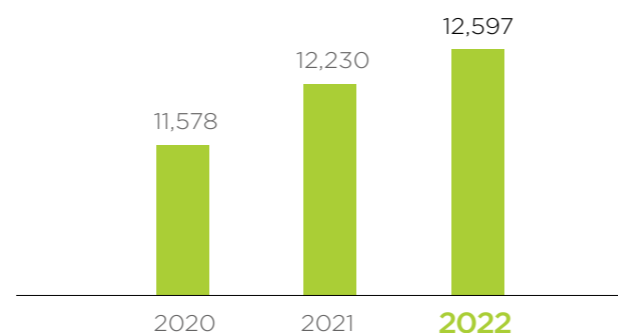
- Engaging in technical cooperation with leading domestic and foreign research institutions, providing top talents with the opportunity to receive practical training in HTC, thereby fueling our R&D with innovative thinking.
- Mergers and Acquisitions Company to obtain key technologies and patents to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

### Statistics on the number of patent applications in the past three years



Note: The number of patents includes inventions, utility models, and industrial designs.

### Cumulative Number of Global Patent Grants



## Overview of Patent Performance and Outcome

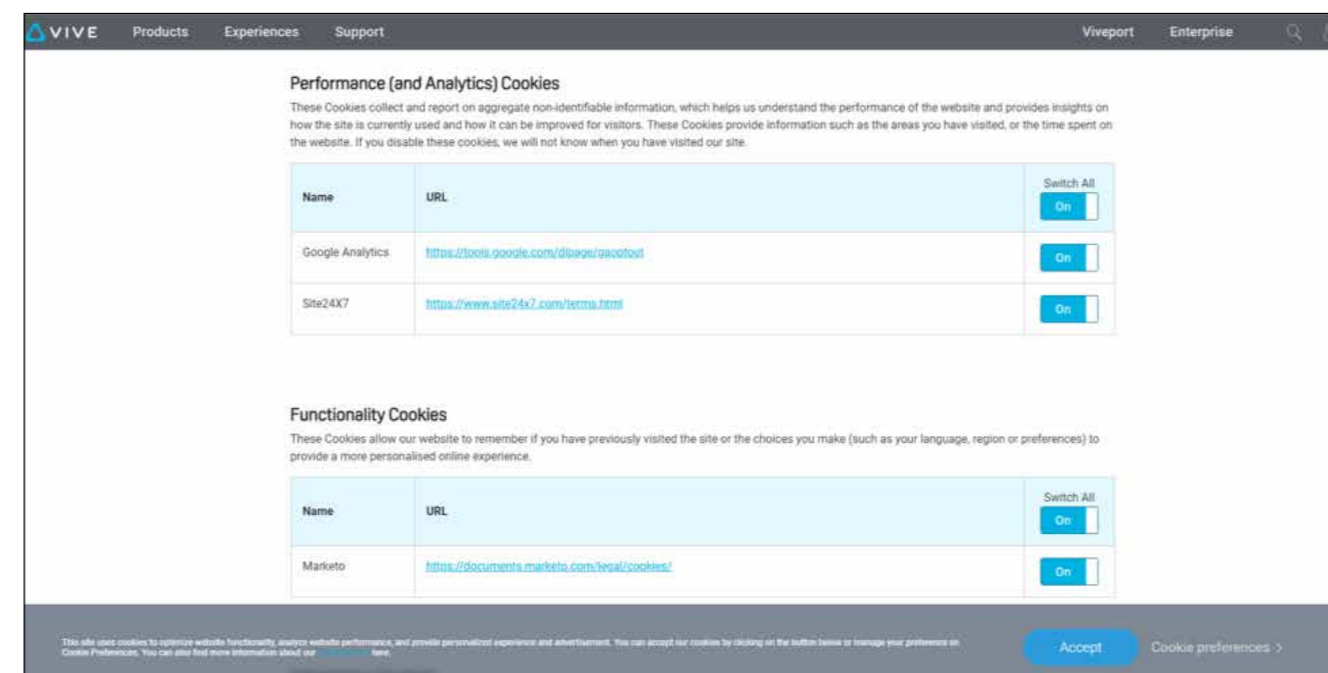
HTC regularly reviews its patent portfolio and makes adjustment to allocate patent budgets efficiently. As of the end of 2022, HTC holds 8,409 valid patents, with 210 patent families related to 5G technology. HTC plays a significant role in the research and development of 5G-related technologies and patents in Taiwan. Additionally, in the 2022 National Invention and Creation Award competition, HTC received one silver medal in the Invention category and two gold medals in the Creation category. The awards were given for an invention patent on traceable optical devices and design patents for wireless controllers and head-mounted displays.

## Customer Management

Customer experience is a core value that HTC has always emphasized. We believe that delivering exceptional products and services can only be achieved by understanding customer needs and expectations, and continuously optimizing the customer experience. Therefore, our team frequently interacts with customers, collects feedback, and improves our products and services to ensure that they consistently maintain the highest level of quality and competitiveness. We also prioritize customer health and safety. HTC's products undergo thorough assessments for consumer safety and health during the stage of product design. For example, the materials used in our products and packaging are free from toxic substances. For certain products like VR headsets, we provide guidelines indicating recommended usage time to minimize their impact on human body. In the year 2022, there were no product recalls due to safety issues, and no related complaints affecting customer health were reported.

## Protection of Customer Privacy

HTC is committed to strictly adhering to customer contracts and non-disclosure agreements. We have established policies and internal control mechanisms to rigorously safeguard the information provided by our customers, including confidential data related to customer patents, intellectual property, and personal privacy. HTC enters into non-disclosure agreements with customers and suppliers and incorporates customer information and personal privacy protection courses into new employee training to ensure that every employee understands the importance of confidentiality. HTC continuously monitors privacy protection laws and regulations in various countries and strives to enhance personal privacy protection. Since 2018, we have launched a privacy information management system and, in 2020, provided communication channels for users to exercise their rights and a user cookie management center to protect user privacy in compliance with the California Consumer Privacy Act (CCPA) (as shown in the figure below). In 2023, we adjusted internal procedures and privacy statements to comply with the updated CCPA, ensuring that HTC protects customer privacy in accordance with relevant laws and regulations. In the current year, there have been a total of 7,279 requests from individuals, out of which 291 requests have been confirmed by the Data Protection Office to initiate internal processing. The requests include deleting user accounts and usage data, deleting transaction data, understanding the personal information collected by HTC, and canceling subscription services. All requests from 2022 have been fully processed, and there have been no incidents of violating customer privacy rights or compromising customer data that would harm customer interests.



## Customer Satisfaction Management

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

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

#### Customer Service Center :

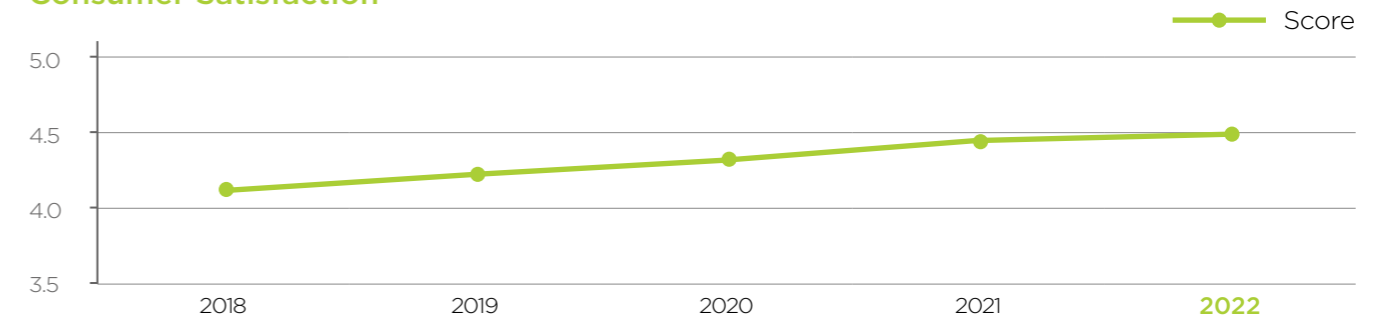
HTC has established customer service centers in key regions worldwide, including Taiwan, the Americas, Europe, the Middle East, Africa, China, North Asia, South Asia, and Australia and New Zealand. These centers provide customer support in multiple languages and employ diverse and region-specific communication methods to bridge the communication gap with customers. In response to climate change and the potential impact of natural disasters such as typhoons on local transportation and network disruptions, HTC's global customer service has the capability to work remotely through the customer service system using English as the common language for communication. In the event of an emergency, customers can be smoothly transferred to the service of partners in another region.



#### Satisfaction survey after receiving customer service

After each customer service, we extend an invitation for our customers to participate in our customer satisfaction survey and we take the initiative to contact unsatisfied customers and help them resolve their issues. This survey allows us to assess the level of satisfaction our customers have with their recent interactions with HTC. We strive to achieve a satisfaction key performance indicator of 4.0 or higher.

## Consumer Satisfaction



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

### Customer Warranty Maintenance Service Flow Chart

HTC has a total of 28 repair centers and 11 collection points worldwide, offering tailored services based on the specific requirements of different countries. The time required for repair varies depending on the country. In Taiwan, HTC provides an "on-site pickup and delivery" repair service, which accounted for 37% of the total repair volume in 2022. Customers can arrange logistics for product collection and delivery through the customer service hotline or online customer service. In the United States, HTC offers a replacement service, which accounted for 100% of the total repair volume in 2022. Customers can track the progress of their repairs through an online web page.

## Testimony

Hello, VIVE team, I must say that your customer service is the best I have ever encountered. I wish my daughter had contacted you before ordering the goggles.

This is fantastic, and I am extremely grateful! I want to emphasize once again that your customer service is the best I have ever experienced.

On December 8, 2022, a customer from the United States sought assistance through an online chat with the customer service center. The customer's 15-year-old daughter had purchased the VIVE Flow immersive goggles, but was unaware of the compatibility issues with her Apple phone prior to the purchase, making it impossible to operate the product. The online customer service representative promptly provided a list of compatible Android phones and suggested that the customer use the VIVE Flow controller for operation. The representative also explained in detail the differences in product experience between the two options. The customer expressed high praise and gratitude towards the HTC/VIVE customer service team!

# Climate Change Management



## Governance

With its advantage in mobile technology and our effort in product innovation, HTC includes the issue of climate change into our VIVERSE vision, providing a completed solution for corporations and the society, and creates a better life experiences. To strengthen the HTC climate change governance and mitigate the threats posed by climate change, HTC has implemented the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2022, in which designated members of the ESG committee participated in the project to identify relevant risk and opportunity factors, analyze the possible transition and physical risks/ opportunities, and actively respond to the impacts. We build a risk framework according to four core elements: governance, strategy, risk management, and metrics & targets.

HTC has also developed a Climate Change Management Policy and conducted a full-scoped carbon emissions analysis, calculation, and assessment based on SBTi methodology, and planned a net-zero carbon pathway, as well as formulated corresponding short-, medium-, and long-term decarbonization strategies and management indicators.

In addition, HTC officially became a supporter of the TCFD at the end of the year. To date, there are over 4,000 organizations globally supporting the TCFD, and over 110 companies or organizations in Taiwan have joined as TCFD supporters. HTC, together with many other well-known Taiwanese companies, supports the TCFD initiative with concrete actions to disclose climate-related financial information, and will publish its first independent TCFD report, which has been ranked as "Practitioner" by SGS's TCFD performance evaluation in 2023. ( For details of the TCFD independent report, please refer to the HTC ESG website: [www.esg.htc.com](http://www.esg.htc.com) )

The Board of Directors is responsible for the final decision-making and deliberation of HTC's climate change governance and management structure. An ESG Committee is established under the Board of Directors to implement relevant topics and resolutions regarding climate change management. Led by the Chief Sustainability Officer, the ESG Committee is responsible for implementing climate change management policies and major resolutions deliberated by the Board of Directors, integrating resources and progress of climate actions in different departments, and comprehensively evaluating climate change risks alongside other corporate risks. Several work groups have been set up under the committee to respond to ESG topics across multiple areas and collect sustainable development topics from each department to continually promote corporate social responsibility with the aim of implementing corporate sustainable management with equal consideration across the economy, environment, and society. Relying on clear organization and labor division, relevant departments are included in the management actions in cross-departmental meetings to drive the sustainable development and innovation of HTC as a whole, and to ensure the inclusion of relevant policies and measures in daily operations of the company. Designated members of the ESG Committee have established a TCFD risk management group to participate in the projects together. The ESG Office was set up under the committee to continually track and review the fulfillment status of each climate change related program, and to regularly review domestic and international climate governance policies and industry practices to adjust climate risk assessments accordingly. The ESG Officer reports these actions to the Board of Directors regularly, and the trends, impacts, and performance on relevant ESG topics to the ESG Committee.

The ESG Office is responsible for the company's overall "Greenhouse Gas Inventory and Verification Scheduling", and reported to the Board of Directors that "the parent company already completed greenhouse gas inventory" in April 2022. Since the first quarter of 2023, the ESG Office reported the scheduling of parent companies and subsidiaries, and submits the implementation progress to the Board of Directors for control on a quarterly basis.

“  
**HTC has established a Climate Change Management Policy which was submitted to the Board of Directors for deliberation and implementation in May 2023, with the objective of realizing the goal of corporate sustainable management**  
”

# Risk Management

## Risk Management Process

In order to strengthen corporate governance, promote stable operation and sustainable development, HTC has formulated relevant "risk management policies" as the criteria for risk management according to various types of risks, and has set up a full-time unit to be responsible for the company's related risk management and risk measurement execution operations. To establish a sound risk management mechanism. The ESG Office is responsible for the company's climate change and ESG-related risk management and coordinating the TCFD risk management team to carry out risk measurement and execution operations. The risk management organizational structure takes the board of directors as the highest decision-making unit for risk management, and has an ESG committee under it, which is responsible for reviewing risk management policies and reviewing Management report on major risk issues. When identifying risks, HTC conducts qualitative or quantitative management of various risks by analyzing its operating environment and covering various businesses and operating activities.

HTC lists different types of risk measurement methods as the basis for risk management, and uses various kinds of information to measure the possibility of risk events and degree of impact on HTC. Through risk analysis, the company evaluates the risk levels and provides necessary information as the basis for risk evaluation and response. After assessing and summarizing the risks, all responsible units formulate appropriate response measures to the risks they face and control the risks to an acceptable level. Each responsible unit monitors the risks of its business and proposes countermeasures, and provides the risk assessment form to the risk management team of the ESG committee, and the risk management team submits it to the ESG committee after compilation. The ESG committee measures and monitors the quality of overall risk management, and regularly submits risk assessment results and work progress to the board of directors.

HTC formulated the "Climate Change Management Policy" and "Climate Change Risk Management Procedures", and in 2022, according to the risk assessment mechanism recommended by TCFD, started the process of identifying climate change risk opportunities, completed the risk opportunity identification, and evaluated its financial impact, and then Establish response measures and key indicator targets. HTC defines the short, medium, and long-term time intervals of climate-related risks and opportunities, setting "2022-2025" as the short-term, "2026-2030" as the medium-term, and "2031-2050" as the long-term and based on this Carry out climate risk and opportunity assessment, in principle, re-identify and assess climate risk opportunities every two years. The types of climate risks include transition risks and physical risks, which are further divided into policies and regulations, technology, market, reputation, and immediate and long-term. Opportunities are grouped into categories such as resource efficiency, energy sources, products and services, markets, and organizational resilience. And formulate relevant response measures for the top three risks and opportunities with high probability of occurrence and high impact.

### Process for Identifying Risks and Opportunities of Climate Change

- 1 TCFD workshop**

The TCFD risk management group lists risk and opportunity factors of climate change in connection with the business using methods like scenario simulation analysis and with reference to internal and external information.
- 2 Summarize identification results.**

The ESG Office is responsible for summarizing the risks and opportunities of climate change in connection with each unit.
- 3 TCFD Risk/ Opportunity Matrix**

Calculate the possibility and impacts of TCFD risks/opportunities, and draw a matrix of the TCFD risks/opportunities accordingly.
- 4 Establish responsive measures**

Authorities and responsible units write major climate risk and opportunity response strategies, and calculate the cost of strategy implementation.
- 5 Calculate the financial impact**

Calculate the financial impact of risks/opportunities and response costs by the responsible units.
- 6 Establish metrics and targets**

The corresponding indicators and targets are recommended by the responsible units to evaluate the implementation of relevant response measures.
- 7 Policy Implementation**

The ESG Office tracks the implementation status periodically (every quarter), and ESG Committee periodically report to the Board of Directors as a reference for performance tracking

## Scenario Analysis

HTC follows the TCFD guidelines and uses climate scenario analyses to effectively identify and evaluate the potential impact of climate-related risks on business performance. HTC has also established steady responsive strategies based on analysis results to reinforce its resilience in the face of climate change.



Types	Scenarios for HTC to evaluate coping strategies	Contents of Scenario
Physical Risks Transition Risks	SBTi 1.5°C: Pathways to Net-Zero - Science Based Targets  NDC: Nationally Determined Contribution of the R.O.C.	Risks resulting from low-carbon transition faced by enterprises when the global warming is controlled within a temperature of 1.5°C
Opportunity	Global Warming Scenario RCP 8.5 (or SSP5 8.5) in the IPCC 6th Assessment Report	Under the scenario of the extremely high greenhouse gas emissions (SSP5-8.5), the climate will cause drastic changes in the future average temperatures, extreme high temperatures, annual total precipitation, annual maximum one-day rainfall intensity, annual maximum number of consecutive days without precipitation, and proportion of strong typhoons. These changes may have an operational impact on HTC and its value chain.

Note: For the detailed analysis of the scenario adopted, please refer to the TCFD Independent Report of the company for the current year.



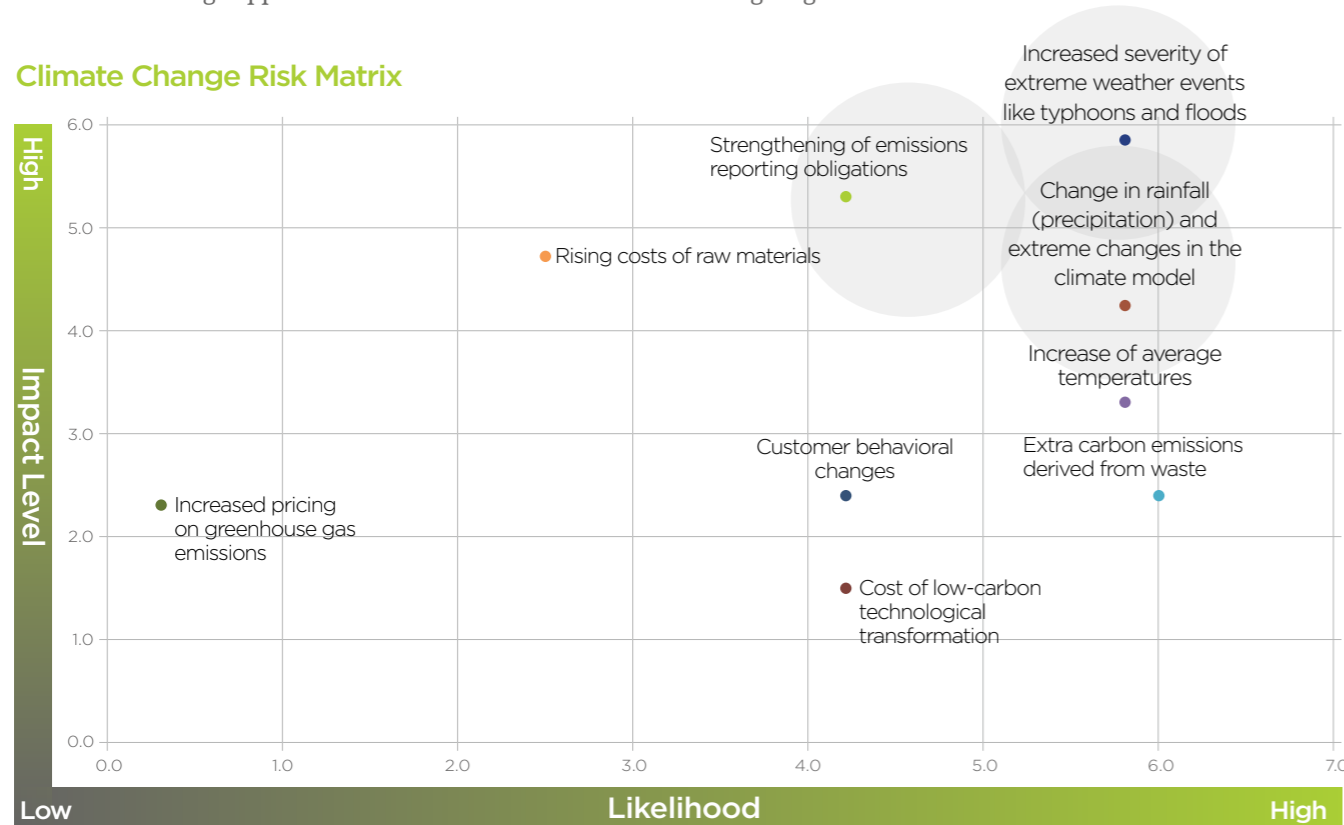
# Strategy

## Identifying Risks and Opportunities

Adhering to the corporate vision and sustainability responsibility, HTC includes climate change related risks in the scope of evaluation and tracking, and continues to pay attention to the climate risks that impact operations, including international regulatory norms and extreme weather conditions. Furthermore, based on the climate change risk and opportunity evaluation framework recommended by the TCFD, the setting of climate change scenarios, and the risks and opportunities derived therefrom, HTC evaluates the risks and opportunities of climate change in operations, and further discusses relevant responsive strategies as well as metrics and targets regarding high-impact risks and opportunities, and specific measures for climate management.

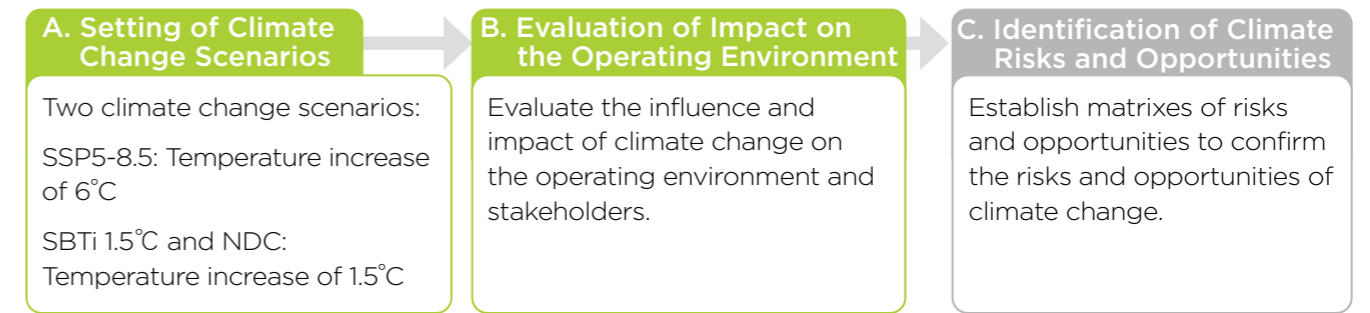
Three high-risk factors and three high-opportunity factors in HTC have been identified. The climate change risks matrix and climate change opportunities matrix are shown in the following diagram.

### Climate Change Risk Matrix

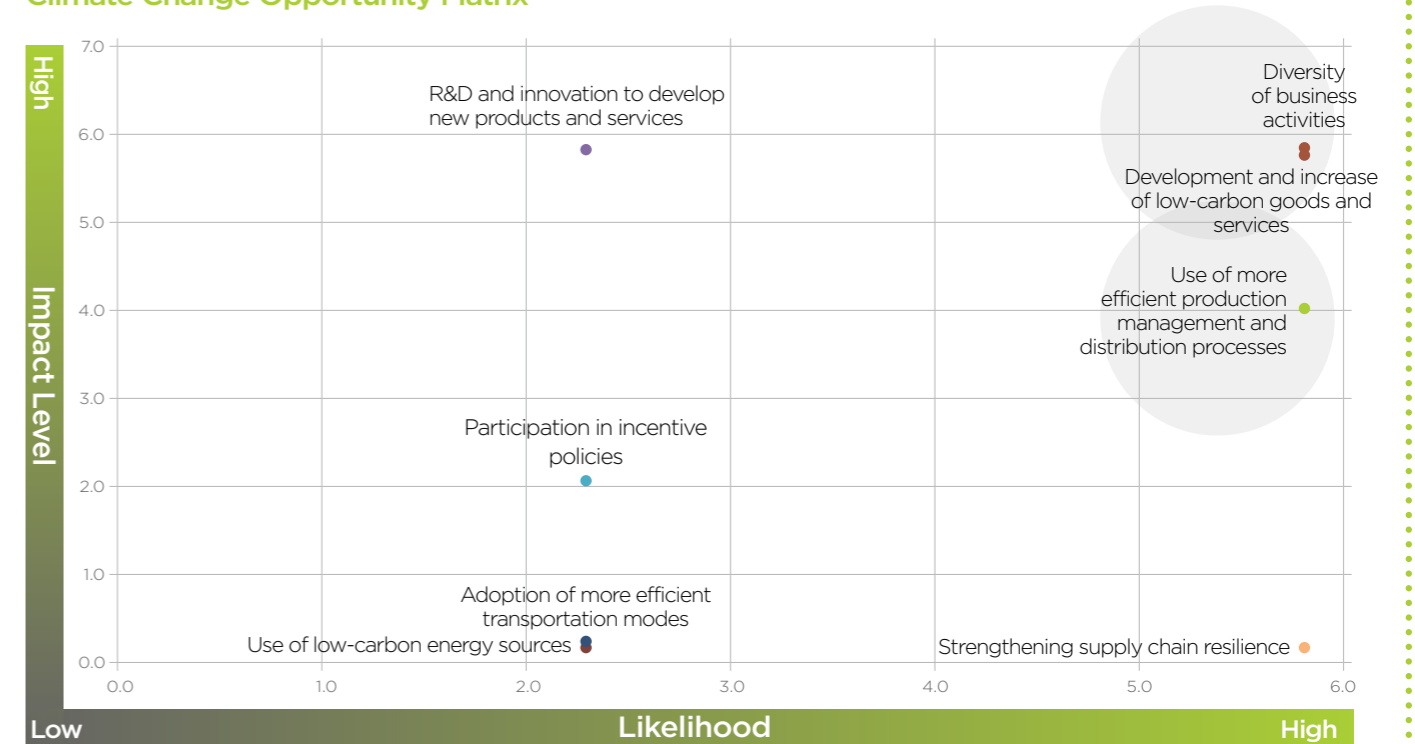


Physical Risks- Acute risk	Increased severity of extreme weather events like typhoons and floods	Short-Term
Physical Risks- Chronic risk	Extreme changes in the climate model	Long-Term
Transition Risks- Policies and Regulations	Strengthening of emissions reporting obligation	Long-Term

The specific process for identifying risks and opportunities related to climate change is shown as follows:



### Climate Change Opportunity Matrix



Opportunity - Resource Efficiency	Use of more efficient production management and distribution processes	Short-Term
Opportunity - Products and Services	Development and increase of low-carbon products and services	Middle-Term
Opportunity - Products and Services	Diversity of business activities	Middle-Term

## Climate Change Financial Impact

For each climate change risk and opportunity, HTC evaluates the impact from five aspects: product or service, supply chain or value chain, climate adaptation or mitigation activities, new R&D or investment, business operation type or location of business operation facilities. And carry out climate mitigation and climate adaptation strategies for possible shocks.

### HTC Climate-related Risks and Financial Impact

Physical Risks- Acute: Increased severity of extreme weather events like typhoon and flood				
Impact Type	Impact Content	Strategy	Period	Financial Impact
Products or Services	<ul style="list-style-type: none"> <li>Equipment damage in production bases</li> <li>Power interruption of IT facilities, including the information equipment room</li> <li>Power failure of cloud application software</li> </ul>	<ul style="list-style-type: none"> <li>Addition of automatic drainage system equipment and water level early-warning systems</li> <li>Nonlocal backup or partial outsourcing</li> </ul>	2023-2025	<ul style="list-style-type: none"> <li>Impact analysis</li> <li>1. Operating loss accounts for approximately 0.3% of consolidated operating revenue</li> <li>2. Inventory loss accounts for less than 3% of consolidated operating revenue</li> </ul>
	<ul style="list-style-type: none"> <li>Depreciation of inventory products</li> </ul>	<ul style="list-style-type: none"> <li>Contingency plans for production and supply</li> </ul>	2023-2025	
	<ul style="list-style-type: none"> <li>Reduction of employees' working efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Long-term preparations for responding to equipment demand generated due to working from home</li> <li>Addition of automated process equipment</li> </ul>	2023-2025	
Supply chain or Value chain	<ul style="list-style-type: none"> <li>Losses of assets in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate high-risk suppliers, and adopt strategies like insurance planning and decentralized procurement to lower impact</li> <li>Require suppliers to prepare safe inventory</li> <li>Decentralize supply chain areas</li> </ul>	2025-2050	<ul style="list-style-type: none"> <li>Cost analysis</li> <li>1. The one-off expenditure incurred including cost for purchasing of a water level early-warning system, automatic drainage system equipment, and emergency notification system, capital expenditure and expenses for purchasing and use of emergency generators, and cost of addition of equipment for employees to work from home, accounts for less than 0.1% of consolidated operating revenue.</li> <li>2. The annual expenditure of insurance expenses accounts for less than 0.1% of consolidated operating revenue.</li> </ul>
	<ul style="list-style-type: none"> <li>Delays in shipments</li> </ul>	<ul style="list-style-type: none"> <li>Monitor suppliers, warehousing sites, and logistics routes under potential impact, and respond accordingly</li> <li>Update transport status of raw materials in real-time and provide customers with the latest delivery progress</li> </ul>	2023-2025	
Climate Adaptation or Mitigation Activities	<ul style="list-style-type: none"> <li>Restrictions on carbon emissions in transportation</li> <li>Collection of carbon charges or tariffs</li> </ul>	<ul style="list-style-type: none"> <li>Find low-carbon transportation pipelines and optimize transportation routes</li> </ul>	2023-2050	
	<ul style="list-style-type: none"> <li>Road and equipment maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce and renovate flood prevention facilities annually</li> </ul>	2022-2023	
New R&D or Investment	<ul style="list-style-type: none"> <li>Delay in product development time</li> <li>Design and development activities involving extra equipment to facilitate working from home</li> </ul>	<ul style="list-style-type: none"> <li>Provide the hardware necessary for employees to work from home</li> <li>Plan two-week work from home twice every quarter</li> </ul>	2023-2025	
Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>Changes in marketing plans due to delays in delivery</li> </ul>	<ul style="list-style-type: none"> <li>Flexibly adjust new product promotion plans, or match with preferential accessories</li> <li>Plan alternative materials to benefit real-time material supplement in production lines</li> </ul>	2023-2025	

Physical Risks- Chronic: Change in rainfall (precipitation) and extreme changes in climate model				
Impact Type	Impact Content	Strategy	Period	Financial Impact
Products or Services	<ul style="list-style-type: none"> <li>Change in rainfall (precipitation) and extreme changes in climate model</li> </ul>	<ul style="list-style-type: none"> <li>Deduce corporate operation plans every year, and rely on these plans to understand the response measures taken to address the shortage of components, damages of transportation tools, and restriction of manpower resulting from heavy rainfall or long-term droughts</li> </ul>	2023-2025	<ul style="list-style-type: none"> <li>Impact analysis</li> <li>Evaluate electricity utilization in 2030 according to the industry status, and consider the number of days of high temperatures and severity. Expenditure increases will account for less than 0.1% of consolidated operating revenue.</li> </ul>
Supply chain or Value chain	<ul style="list-style-type: none"> <li>Shortage of water and electricity affects production, shipments, and daily factory operations</li> </ul>	<ul style="list-style-type: none"> <li>Introduce manufacturing procedures or low energy consumption techniques</li> <li>Increase alternative materials and decentralize supply chain areas based on contingency plans for production and supplier of suppliers (suppliers involved in nonlocal production)</li> </ul>	2023-2025	<ul style="list-style-type: none"> <li>Cost analysis</li> <li>1. Establish emergency response plans for water/electricity rationing; strengthen the resilience of suppliers and contractors; introduce an energy management system and practice energy-saving measures; formulate Net-Zero emission reduction pathways and strategies. The aforesaid one-off expenditure accounts for approximately 1% of consolidated operating revenue.</li> <li>2. Including a low-carbon design concept, or selecting materials with low-carbon emissions/recyclable materials were evaluated, and it was confirmed that purchasing costs, R&amp;D costs, and other derived expenses would increase by 4%-15%, accounting for approximately 11% of consolidated operating revenue. The cost of this response measure is also identified as a risk 3 financial impact and opportunity 2 realization cost.</li> </ul>
Climate Adaptation or Mitigation Activities	<ul style="list-style-type: none"> <li>Stakeholders gradually raise their requirements for climate adaptation or mitigation activities</li> </ul>	<ul style="list-style-type: none"> <li>Plan and execute the company's Net-Zero carbon emission pathways and strategies</li> <li>Integrate carbon reduction action to incorporate culture with employees' performance (green seed point gathering plan)</li> </ul>	2023-2050	
	<ul style="list-style-type: none"> <li>Water shortages lead to increased costs</li> </ul>	<ul style="list-style-type: none"> <li>Find new sellers and storage places of water sources.</li> </ul>	2023-2025	
New R&D or Investment	<ul style="list-style-type: none"> <li>Progress of new product R&amp;D is delayed</li> <li>Customer requirements cannot be satisfied, affecting brand image and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Select material suppliers in Taiwan offering the same material quality, and research and develop alternative materials</li> </ul>	2025-2050	
Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>High temperatures result in increased electricity utilization</li> <li>Overheating increases the probability of thermal hazards for employees</li> </ul>	<ul style="list-style-type: none"> <li>Include the work hazards resulting from climate change in the safety code and notify everyone of hazards</li> </ul>	2023-2025	

## HTC Climate-related Opportunities and Financial Impact

Transition Risks- Policies and Regulations Strengthening of emissions reporting obligations				
Impact Type	Impact Content	Strategy	Period	Financial Impact
Products or Services	<ul style="list-style-type: none"> <li>Develop green products and lower carbon emissions from production.</li> <li>Improve hardware facilities and strengthen carbon emissions performance.</li> <li>Establish a carbon management platform.</li> </ul>	<ul style="list-style-type: none"> <li>Emphasize the conformity of production and packaging of production to emissions</li> <li>Replace major energy-consuming equipment including air conditioning, air compressors, and lighting facilities with new ones</li> <li>Establish a complete greenhouse gas emission inventory of HTC manufacturing and global sites</li> </ul>	2023-2050	<ul style="list-style-type: none"> <li>Impact analysis</li> <li>Including low-carbon design concepts, or selecting materials with low-carbon emissions/recyclable materials were evaluated, and it was confirmed that purchasing costs, R&amp;D costs, and other derived expenses would increase by 4%-15%, accounting for approximately 11% of consolidated operating revenue. As a result, the cost of the current year will increase. The cost of this financial impact is also identified as a risk</li> <li>2 responsive cost and opportunity 2 realization cost.</li> </ul>
	<ul style="list-style-type: none"> <li>Collection of carbon tariffs carbon charges</li> </ul>	<ul style="list-style-type: none"> <li>Execute HTC's Net-Zero pathway and apply to join the SBTi.</li> </ul>	2022-2023	
Supply chain or Value chain	<ul style="list-style-type: none"> <li>Require upstream suppliers to reduce costs due to unnecessary packaging and transportation</li> <li>Replace equipment with high carbon emissions in the upstream supply chain to improve the prices of materials</li> <li>Increase the selling price of raw materials after carbon inventory verification</li> </ul>	<ul style="list-style-type: none"> <li>Negotiate with suppliers to promote removal of unnecessary packaging, and select suppliers with carbon reduction plans</li> <li>Plan transportation routes and effectively use container space</li> </ul>	2025-2050	<ul style="list-style-type: none"> <li>2. The establishment cost and annual maintenance expenses of the carbon management platform account for less than 0.2% of consolidated operating revenue. This financial impact is also identified as an opportunity 3 realization cost.</li> </ul>
	<ul style="list-style-type: none"> <li>Conduct product carbon footprint inventory and product energy-saving designs.</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emission inventory</li> <li>Promote the concepts of the life cycle and low-carbon products, and introduce them to design concepts</li> </ul>	2023-2025	
Climate Adaptation or Mitigation Activities	<ul style="list-style-type: none"> <li>Control the use of energy inside the company.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a sustainable management platform</li> <li>Increase the temperature of the air conditioning to 28°C , and shut down the system after working hours</li> </ul>	2023-2025	<ul style="list-style-type: none"> <li>Cost analysis</li> <li>1. The one-off expenditure incurred to introduce an energy management system, establish Net-Zero emission reduction pathways and strategies, and acquire renewable energy resources accounts for approximately 1% of consolidated operating revenue.</li> <li>2. The expenses incurred for purchasing of green power every year account for approximately 0.5% of consolidated operating revenue in the absence of adaptation and mitigation of impact.</li> <li>3. The expenses incurred for purchasing of carbon rights every year account for approximately 0.2% of consolidated operating revenue in the absence of adaptation and mitigation of impact and based on assumed greenhouse gas emissions in the current year.</li> </ul>
	<ul style="list-style-type: none"> <li>Monitor risk of failure to respond to regulatory uncertainty in real-time</li> </ul>	<ul style="list-style-type: none"> <li>Pay close attention to government regulation, international community, and industry trends, and establish a corresponding internal response and adjustment mechanism</li> </ul>	2023-2025	
New R&D or Investment	<ul style="list-style-type: none"> <li>Increase online R&amp;D and design &amp; development activities.</li> <li>Investment in extra R&amp;D and design manpower.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a remote access mechanism as well as online collaboration-related systems</li> <li>Select low-carbon or recyclable materials in the development stage to improve the recycling ratio of materials</li> </ul>	2025-2050	
	<ul style="list-style-type: none"> <li>Invest in low-carbon energy sources and actively use more low-carbon energy sources.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in the green energy industry and develop the value chain</li> </ul>	2023-2025	
Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>Carbon emission regulations impact operating revenue, and cause investing institutions to raise credit risks</li> </ul>	<ul style="list-style-type: none"> <li>Establish a carbon reduction R&amp;D plan and acquire a credit extension from banks for green energy technology</li> </ul>	2025-2030	
	<ul style="list-style-type: none"> <li>Satisfy stakeholders' commitments to Net-Zero</li> </ul>	<ul style="list-style-type: none"> <li>Plan and encourage new colleagues to take ESG actions during induction training in Taiwan</li> </ul>	2023-2025	
Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>Replace machines with high carbon emissions, which may affect the expansion of the production line</li> </ul>	<ul style="list-style-type: none"> <li>Increase video visits and product exhibitions</li> </ul>	2025-2050	
	<ul style="list-style-type: none"> <li>Increase of carbon emissions from employees' commuting and business travel</li> </ul>	<ul style="list-style-type: none"> <li>Plan and encourage new colleagues to take ESG action during induction training in Taiwan</li> </ul>		

Note: For more detailed information on each risk item, please refer to the TCFD Independent Report of the company for the current year.

Opportunity - Products and Services: Diversity of business activities				
Impact Type	Impact Content	Strategy	Period	Financial Impact
Products or Services	<ul style="list-style-type: none"> <li>Establish an overall virtual platform</li> <li>Highly efficient production management and distribution processes can lower carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>Introduce automatic equipment and a cloud platform to lower demand for manpower</li> </ul>	2023-2025	
		<ul style="list-style-type: none"> <li>Improve production processes in the factory through a combination of a 5G private network with AI automatic recognition and screening</li> </ul>	2025-2050	
Supply chain or Value chain	<ul style="list-style-type: none"> <li>Select suppliers with carbon reduction plans to assist the realization of Net-Zero emissions in the supply chain.</li> <li>Flexible allocation of material supply reduces the inventories of surplus materials.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen the carbon reduction and energy conservation of processes with the supply chain.</li> <li>Promote supplier sustainability projects and introduce 3R design of components.</li> <li>Reduce the time for shipment and material preparation in the supply chain.</li> </ul>	2023-2025	<ul style="list-style-type: none"> <li>Impact analysis</li> <li>The growth of new commercial applications contributes 20%-50% of operating revenue.</li> <li>Cost analysis</li> <li>1. Marketing expenses for promoting commercial applications of target products account for 0%-10% of operating revenue through evaluation.</li> <li>2. R&amp;D expenses increased to optimize and develop applications related to new businesses and was evaluated as 0%-5% of operating revenue.</li> </ul>
	<ul style="list-style-type: none"> <li>Adopt low-carbon transportation and green shipping to reduce carbon footprint</li> <li>Carbon reduction transformation of the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Optimize the packaging of goods, combine shipments as much as possible, change transportation modes (sea transportation), and conduct greenhouse gas inventory</li> </ul>	2023-2025	
Climate Adaptation or Mitigation Activities	<ul style="list-style-type: none"> <li>Rely on the internal energy control management platform to lower greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>Establish a sustainable management platform</li> <li>Transform the energy consumption structure to low-carbon</li> </ul>	2023-2025	
	<ul style="list-style-type: none"> <li>Adopt new technologies that improve production management efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Establish a carbon management platform to simulate the carbon emissions of low-carbon products.</li> </ul>	2023-2025	
New R&D or Investment	<ul style="list-style-type: none"> <li>Simplify product designs to improve production efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Determine the R&amp;D direction and coordinate the factory's automatic production</li> <li>Simplify product designs and reduce the number of parts used</li> </ul>	2025-2030	
	<ul style="list-style-type: none"> <li>Increase the ratio of renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>Introduce renewable energy sources and purchase renewable energy certificates</li> </ul>	2023-2025	
Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>Stakeholders to pay attention to information regarding carbon emissions of products and services</li> </ul>	<ul style="list-style-type: none"> <li>Promote the designs and advantages of low-carbon products and services</li> <li>Provide information concerning stakeholders through a sustainable management platform</li> </ul>	2023-2050	



**Opportunity - Products and Services: Development and increase of low-carbon products and services**

Impact Type	Impact Content	Strategy	Period	Financial Impact
Products or Services	<ul style="list-style-type: none"> <li>Develop low-carbon products and extend their service life.</li> <li>Reduce the use of paper, printing, and packaging.</li> </ul>	<ul style="list-style-type: none"> <li>Build an ecological chain of low-carbon products and services</li> <li>Provide electronic QR codes for user manuals</li> </ul>	2023-2025	<ul style="list-style-type: none"> <li>The percentage of premium that can be charged to customers due to the introduction of low-carbon design is estimated to be about 1.1%.</li> <li>Cost analysis</li> </ul> <ol style="list-style-type: none"> <li>The value chain is negotiated to reduce relevant carbon emissions, and the evaluation encourages suppliers to participate in renewable energy projects to increase procurement costs by 0.25%-0.5% and to promote the concept of sustainable and green consumption to customers and suppliers, accounting for about 0.2%-0.3% of consolidated operating revenue.</li> <li>Use low-carbon equipment to reduce carbon emissions in the manufacturing and operation process, and invest in one-time expenditures, accounting for about 0.2% of consolidated operating revenue.</li> <li>Incorporate low-carbon design concepts or choose low-carbon emission/recyclable materials. After evaluation, it is necessary to increase purchase costs, R&amp;D costs, and other derivative costs by 4%-15%, accounting for about 11% of consolidated operating revenue. This investment cost is also identified as the responsive cost of risk 2 and the financial impact of risk 3 at the same time.</li> </ol>
	<ul style="list-style-type: none"> <li>Replace old and high energy consuming equipment</li> </ul>	<ul style="list-style-type: none"> <li>Replace the old central air-conditioning equipment.</li> </ul>	2022-2025	
Supply chain or Value chain	<ul style="list-style-type: none"> <li>Encourage upstream manufacturers to incorporate green designs</li> <li>Build a green energy supply chain</li> <li>Execute R&amp;D and production of low-carbon products through cooperation with the overall value chain</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen carbon reduction and energy conservation with the supply chain</li> <li>Promote suppliers' sustainability projects</li> </ul>	2023-2025	
		<ul style="list-style-type: none"> <li>Encourage suppliers to participate in renewable energy plans.</li> </ul>	2025-2050	
Climate Adaptation or Mitigation Activities	<ul style="list-style-type: none"> <li>Improve the internal energy control efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Use green buildings and renewable energy sources, replace old equipment with energy-saving equipment, and introduce an energy management system</li> </ul>	2023-2030	
New R&D or Investment	<ul style="list-style-type: none"> <li>Principle for the integration of products into green design</li> <li>Develop products with low energy consumption and expand the low-carbon market</li> </ul>	<ul style="list-style-type: none"> <li>Establish ecological design guidelines in the product R&amp;D stage, including R&amp;D and selection of materials, product design, product development evaluation, process R&amp;D design, and packaging design following the principle of energy conservation and carbon reduction</li> </ul>	2022-2050	
	<ul style="list-style-type: none"> <li>Respond to the requirements of stakeholders for low-carbon products.</li> <li>Negotiate with customers and promote the concepts of sustainability and green consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the implementation of courses and training programs related to products and services.</li> </ul>	2025-2030	
Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>Electronic internal documents and forms</li> <li>Encourage employees to take public transportation and walk where possible</li> <li>Hold large meetings online</li> </ul>	<ul style="list-style-type: none"> <li>Encourage the use of public transportation and participating in sports</li> </ul>	2023-2025	
		<ul style="list-style-type: none"> <li>Continue to innovate/optimize VIVERSE related applications, and hold meetings/collaborative development online/through VR space.</li> </ul>	2023-2025	

**Opportunity - Resource Efficiency: Use of more efficient production management and distribution processes**

Impact Type	Impact Content	Strategy	Period	Financial Impact
Products or Services	<ul style="list-style-type: none"> <li>Expand the low-carbon market</li> <li>Continue to research and develop products that maintain nonlocal business operations</li> </ul>	<ul style="list-style-type: none"> <li>Use environmentally and ecologically friendly products that can reduce greenhouse gas emissions</li> <li>Comply with the demand for market changes through continual enhancement and improvement</li> </ul>	2023-2030	<ul style="list-style-type: none"> <li>Impact analysis</li> </ul> <ol style="list-style-type: none"> <li>Due to the increase in operating efficiency and cost reduction, it is estimated that the annual reduction in operating costs will account for approximately 5.5% of consolidated operating revenue.</li> <li>To reduce the impact of carbon tax and carbon fee on operations, according to the greenhouse gas emissions corresponding to production management and distribution, evaluate the annual reduction of operating expenses, accounting for less than 0.1% of consolidated operating revenue.</li> </ol> <ul style="list-style-type: none"> <li>Cost analysis</li> </ul> <ol style="list-style-type: none"> <li>The construction cost and annual maintenance cost of the carbon management platform account for less than 0.2% of the consolidated operating revenue. This responsive cost is also identified as the financial impact of risk 3.</li> <li>Using low-carbon transportation, assess the cost increase of 200% - 300% for air and sea transportation using low-carbon transportation, accounting for less than 6% of consolidated operating revenue.</li> </ol>
		<ul style="list-style-type: none"> <li>Simplify manufacturers' business contents and optimize manpower</li> <li>Continue to develop VIVE Sync remote work solutions.</li> <li>Use cloud services with zero carbon emissions.</li> </ul>	2023-2025	
Supply chain or Value chain	<ul style="list-style-type: none"> <li>Suppliers participate in the development of low-carbon products and diversified services</li> <li>Influence all upstream and downstream manufacturers' use of distance platforms for communication</li> <li>Simplify manufacturers' business and manpower</li> </ul>	<ul style="list-style-type: none"> <li>Simplify manufacturers' business contents and optimize manpower</li> <li>Continue to develop VIVE Sync remote work solutions.</li> <li>Use cloud services with zero carbon emissions.</li> </ul>	2022-2050	
			2023-2025	
Climate Adaptation or Mitigation Activities	<ul style="list-style-type: none"> <li>Actively look for green transportation modes</li> <li>Encourage employees to participate in energy-saving and carbon reduction activities</li> <li>Join external ESG and "Pure Green Foundation" initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Select carriers who have actively engaged in green energy transportation by land, sea, and air</li> <li>Adjust the ratios of sea and air transportation; lower the ratio of air transportation, and improve the ratio of sea transportation.</li> </ul>	2022-2050	
		<ul style="list-style-type: none"> <li>Public welfare leave feedback system</li> </ul>	2022-2050	
New R&D or Investment	<ul style="list-style-type: none"> <li>Diversity of products</li> <li>Research and draft working models for business and manpower optimization</li> <li>Expand commercial applications of related products</li> </ul>	<ul style="list-style-type: none"> <li>Expand market competitiveness through design and R&amp;D of innovative products.</li> </ul>	2023-2030	
	Business Operation Type or Location of Business Operation Facilities	<ul style="list-style-type: none"> <li>Adopt diversified operation modes to improve brand value</li> <li>Enhance the marketing of green products and overall solutions</li> <li>Adopt cloud solutions to lower the impact of regional disasters</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the publicity of green product design and promote MARS and VIVERSE products.</li> </ul>	

Note: For more detailed information regarding each opportunity, please refer to the TCFD Independent Report of the company for the current year.

# Metrics & Targets

HTC introduced SBT, established a net-zero pathway suitable for its own operations, submitted relevant materials for review, and passed the SBT commitment this year. It also established future reduction targets, linked the targets to the core business, and constructed a definite carbon reduction pathway from a global and quantified management perspective. This pathway covers five major carbon reduction strategies and integrates multiple aspects to march towards the goal of Net Zero by 2050. HTC has established reduction targets in scope 1 and scope 2 in accordance with the SBT Net-Zero goal, specifically, carbon emissions will be reduced by 42% in 2030 and 90% in 2050 compared with the base year (2021). For more details on carbon reduction metrics and targets, please refer to the TCFD Independent Report of the company for the current year.

In addition, the latest climate science of the United Nations IPCC indicates that restricting the increase of global temperatures by 1.5°C is still possible. Recently, HTC signed a commitment letter with SBTi, and established its targets for greenhouse emission reduction and net-zero carbon emissions in accordance with the carbon reduction guide tools and methodology published by SBTi, declaring its commitment to net-zero emissions by 2050.

## Overview of HTC's Energy and Climate Change Management

Carbon Information Disclosure	<b>2008</b>	HTC began to participate in CDP and regularly reported carbon risk and carbon management planning, systems, and results regarding climate change.
	<b>2018-2019</b>	HTC became a member of the CDP Supply Chain Program and invited suppliers to participate in and respond to a climate change questionnaire. In the first year, HTC invited key suppliers with an annual reply rate of 48%; in 2019, the suppliers' response rate reached 61%.
	<b>2022</b>	HTC acquired management grade (B) from CDP Climate Change, and leadership grade (A-) from CDP - SER.
	<b>2022</b>	HTC passed the SBTi commitment according to the SBTi methodology.
	<b>2023</b>	HTC planned to invite 128 key suppliers to participate in the CDP Climate Change Questionnaire through the CDP Supply Chain Program.
Greenhouse Gases and Energy Management	<b>2008</b>	HTC introduced the ISO 14064-1:2006 Greenhouse Gas Inventory Project, and obtained an ISO 14064-1:2006 certification to understand the status of energy use, respond to international greenhouse gases and global warmings, and establish and plan energy-saving strategies and actions.
	<b>2009</b>	HTC included all its plants in Taiwan in the organizational scope of inventory. From 2010 to 2015, HTC included its factories in mainland China to the scope of inventory, and executed external checks. Emissions mainly derived from the use of electrical power.
	<b>2011</b>	HTC began to import the ISO 50001 Energy Management System to promote energy management, and plan and realize corporate sustainable management goals.
	<b>2020</b>	HTC was engaged in the version change work of ISO 50001:2018 to establish energy-saving strategies and actions needed to manage climate change and extreme climate.
	<b>2022</b>	HTC introduced the version of ISO14064:2018 with the aim of reporting the scope of corporate organization, products, and carbon emissions and effectively understanding them.
	<b>2023</b>	HTC plans to establish a carbon management platform.

Low-carbon Operation	<b>2012</b>	HTC established a complete energy management system in its Taipei office. The total number of physical monitoring points exceeded 7,000, and the total number of software points exceeded 20,000.
	<b>2013</b>	The Taipei office obtained a Green Building Label from the Ministry of the Interior and LEED Gold certification from the U.S. Green Building Council.
	<b>2022</b>	The carbon reduction performance of the company reached 1,892 tCO <sub>2</sub> e, and the accumulated carbon reduction reached 19,706 tCO <sub>2</sub> e.
Low-carbon Products	<b>2010</b>	HTC began product environmental impact inventory and analysis using the life cycle evaluation method.  HTC participated in the product environmental information disclosure coaching program organized by the Industrial Development Bureau of the Ministry of Economic Affairs, and cooperated with 19 suppliers to complete the Environmental Product Declaration (EPD).
	<b>2011</b>	HTC participated in the product low-carbon design system coaching program organized by the Industrial Development Bureau of the Ministry of Economic Affairs, and completed coaching of carbon footprint analysis and low-carbon design for 15 major suppliers.
	<b>2013</b>	HTC cooperated with 11 suppliers to complete the first smartphone (HTC One) in the world with an ISO/TS14067 product carbon footprint inventory certificate.
	<b>2014</b>	HTC established carbon reduction targets and action programs by providing major suppliers with detailed life cycle inventory analysis data.
	<b>2015</b>	HTC cooperated with eight suppliers to complete carbon footprint checks for two products.
	<b>2016</b>	HTC completed the water footprint analysis and products checks.
	<b>2022</b>	HTC checked the carbon footprint (ISO 14067-1) of VIVE Flow, a VR product, to understand the carbon emissions of the product.

## Energy and Emissions

The power used by HTC is mainly electricity. To decrease the use of electricity, we persistently promote various energy efficiency management. We achieve energy savings through the improvement of the lighting and air conditioning systems, and the installation of renewable energy equipment. In 2022, the design on energy efficiency contributed to 164,884.440 kWh (593.584 GJ) of reduction, and the total amount of reduction in carbon emission was 83.926 t-CO<sub>2</sub>e which translates into a saving of NT\$494,653.

### The Electricity Usage in Taiwan

GJ	Year	2020	2021	2022
HQ & Plants	TY3 Building	31,992.480	29,789.280	25,469.280
	H Building	9,558.875	8,191.505	8,616.895
Taipei Office 1		21,295.040	18,732.683	15,791.128
Taipei Office 2		4,437.428	4,021.841	3,585.632
<b>Total</b>		<b>67,283.824</b>	<b>60,735.308</b>	<b>53,462.925</b>

Note: In consideration of the information re-compilation in 2020 and 2021, the power consumption of tenants in the HTC building was not deducted from the calculations in 2020. The original data was 75,610.74 GJ. This figure was corrected to 9,558.875 GJ in this year's report. Since the original calculation figure was wrongfully input in 2021, there was an error in calculations; this was corrected in this year's report.

## Electricity Consumption Analysis of HTC Sites in Taiwan

	2020	2021	2022
Total energy consumption (GJ)	64,064	56,936	53,463
Percentage of grid-connected electric quantity (%)	99.92	99.9	99.91
Percentage of renewable energy sources (%)	0.08	0.1	0.09

In 2022, the total emissions of greenhouse gases of HTC sites in Taiwan reached 9,360.162 tCO<sub>2</sub>e. Compared with the base year of 2021, the variation of greenhouse gases included in greenhouse gas inventory did not exceed the significance threshold of 3% in 2022. As a whole, CO<sub>2</sub> was the major greenhouse gas generated by HTC; CH<sub>4</sub>, N<sub>2</sub>O and HFC emissions accounted for a very minimal ratio. PFC, SF<sub>6</sub>, and NF<sub>3</sub> emissions were maintained at 0.

HTC expanded the scope of greenhouse emission inventory and external verification to scope 3 in 2014. Relying on the upstream / midstream / downstream greenhouse gas inventory in the complete value chain, HTC accurately identifies the categories and activities with most intensive greenhouse gas emissions to provide suggestions for carbon emission reduction and climate transition strategies. HTC does not emit Sox and other waste gas, nor use substances that may damage the ozone. Environmentally friendly refrigerants extensively applied in the market including R-134a and R-410a are adopted for the refrigerated air conditioning systems in the HTC building. HTC will also continue to plan the replacement of refrigerants of other models with relatively high global warming potential (GWP) value within a certain time limit to lower the sharp warming effect on the earth due to damage to the ozone.

## HTC Taiwan Greenhouse Gas Emissions in the Past Three Years

ISO 14064-1		Unit	2020	2021	2022
2006 version	2018 Version				
Scope 1	Category 1 - Indirect Emissions from imported energy	t-CO <sub>2</sub> e	372.055	199.458	153.623
Scope 2	Category 2 - Indirect Emissions from imported energy	t-CO <sub>2</sub> e	9,513.185	8,124.930	7,559.065
Scope 3	Category 3 - Indirect greenhouse gas emissions from transport (Shuttle bus, garbage trucks, overseas travel)	t-CO <sub>2</sub> e	375.796	115.685	288.399
	Category 4- Products used by the organization (Upstream emission from outsourced electricity, Waste disposal, and Procurement - tap water, Gasoline and diesel)	t-CO <sub>2</sub> e	N/A	1,613.693	1,359.075
<b>Total Emission</b>		<b>t-CO<sub>2</sub>e</b>	<b>10,261.036</b>	<b>10,013.514</b>	<b>9,360.162</b>
Emission: CO <sub>2</sub>		t-CO <sub>2</sub> e	9,602.066	9,920.909	9,281.582
Emission: CH <sub>4</sub>		t-CO <sub>2</sub> e	253.585	80.284	78.394
Emission: N <sub>2</sub> O		t-CO <sub>2</sub> e	29.245	0.239	0.186
Emission: HFCs		t-CO <sub>2</sub> e	29.245	52.333	0

Remark

1. Power Conversion CO<sub>2</sub> equivalent emissions are calculated in accordance with the power emission coefficient(0.509 kg/CO<sub>2</sub>e) of the year announced by the Bureau of Energy
2. GHG Emission Coefficient Table, version 6.0.4
3. The scope includes HTC HQ & Plant and Taipei Offices, which passed the ISO14064-1.
4. In 2022, greenhouse gas emissions from transportation and disposal of waste were calculated separately.
5. GWP: 2020-2022 based on IPCC 2014 5th Assessment Report.

In 2022, HTC promoted the Net-Zero project, and adopted GHG Protocol to implement simple carbon inventory of parent company and subsidiaries of HTC according to SBTi methodology. In 2021, the total greenhouse gas emissions of parent company and subsidiaries reached 40,303.614 tCO<sub>2</sub>e. Also, the company conducted carbon emission analysis, calculation and evaluation in all the scopes, planned a Net-Zero pathway and established relevant short-term, medium-term, and long-term carbon reduction strategies and management indicators with six strategies, i.e., “Carbon Management and Policy, Low-carbon Operation, Low-carbon Products, Low-carbon Transportation, Value Chain Engagement, and Carbon Offset”. In 2022, the total greenhouse gas emissions of parent company and subsidiaries reached 35,019.193 tCO<sub>2</sub>e, down by 13% compared with the carbon emissions in 2021.

## HTC Global Greenhouse Gas Emissions in the Past Two Years

GHG Protocol	Unit	2021	2022
Scope 1	t-CO <sub>2</sub> e	199.458	153.623
Scope 2	t-CO <sub>2</sub> e	8,124.930	7,559.065
Scope 3	t-CO <sub>2</sub> e	31,979.226	27,301.171
<b>Total Emission</b>	<b>t-CO<sub>2</sub>e</b>	<b>40,303.614</b>	<b>35,013.859</b>

Remark

1. The scope of inventory covers the main global operating sites of HTC below (since some subsidiaries belong to BVI, they are not included in the scope): Taiwan, mainland China, Japan, the United States, the UK, and Poland.
2. The carbon emission data of overseas subsidiaries is included in scope 3.
3. Power Conversion CO<sub>2</sub> equivalent emissions are calculated in accordance with the power emission coefficient (0.509 kg/CO<sub>2</sub>e) of the year announced by the Bureau of Energy
4. The carbon emissions of overseas subsidiaries were determined according to the power coefficient of each country.
5. Simple carbon inventory was conducted according to the GHG Protocol.
6. GWP: 2020-2022 based on IPCC 2014 5th Assessment Report.

## The Eco-efficiency Value of HTC

Environmental Indicators	Unit	2020	2021	2022
Electricity	kWh/ Year	18,689.95	16,870.92	14,850.82
GHG Emission [Category1 +Category 2]	tCO <sub>2</sub> e	9,885.24	8,324.388	7,712.688
Operatiog Revenue	Millions	5,806	5,253	4,409
Revenue generated from each electricity consumption unit	Millions/kWh	0.31	0.31	0.30
Revenue generated from each GHG emission unit	Millions/tCO <sub>2</sub> e	0.59	0.63	0.57

Note:  
 1.The eco-efficiency value (revenue generated from each electricity consumption unit) = Operating revenue (millions) / electricity consumption.  
 2.The electricity scope includes HTC HQ & Plant and Taipei Offices  
 3.The eco-efficiency value (revenue generated from each electricity consumption unit) = Operating revenue (millions) / electricity consumption

## Energy-saving and carbon reduction Actions




HTC Taoyuan's headquarters and the Taiyuan factory introduced the ISO 50001: 2018 Energy Management System in 2011, and implemented a version change of this system in 2020. The ISO 50001 framework was also adopted as the internal management mode of the Taipei office to learn about the status quo of internal use of energy sources, relevant regulatory requirements, and energy baseline as HTC's energy performance indicators and the foundation for setting short-term, medium-term, and long-term improvement targets. The company has also established and promoted energy-saving action programs aimed at saving electricity and reducing carbon emissions





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

HTC utilizes a real-time information monitoring system in its head office and factories to understand existing energy-consuming equipment in buildings to continually save energy. A building energy management system has also been introduced to the Taipei office to cover energy-saving and water-saving application systems involving total power resources, air-conditioning, lighting, solar panels, variable frequency control, tap water supply, and reclaimed water recovery. Furthermore, through big data analysis and comparison, HTC strives to optimize equipment operations, improve power consumption efficiency, and effectively lower scope 2 greenhouse gas emissions.

## 2022 Energy Saving and Carbon Reduction Results

Program	Energy Savings (kWh)	GJ	Amount of Money Saved (NT\$)	Carbon Emission Reduction (Kg-CO <sub>2</sub> e)
 Exhaust System Energy-saving Program	30,138.880	108.490	90,416.640	15,340.690
 Lighting Fixtures Energy-saving Program	95,864.960	345.100	287,594.880	48,795.264
 Air Conditioning Energy-saving Program	29,550.600	106.380	88,651.800	15,041.255

Taipei Office				
 Air Conditioning Energy-saving Program	2,100	7.56	6,300	1,068.900
 Equipment adjustment and energy-saving Program	7,230	26.03	21,690	3,680.070
<b>Total</b>	<b>164,884.440</b>	<b>593.560</b>	<b>494,653.320</b>	<b>83,926.179</b>

Note:  
 1.The money saved through energy conservation is calculated on a basis of the industrial electricity price announced by the Taiwan Power Company in 2020: NT\$3/kWh.  
 2.The CO<sub>2</sub> carbon emission coefficient is calculated on a basis of the 0.509 kg/kWh standard announced by the Bureau of Energy in 2021  
 3.Calculation method of estimated value: machine operating power \* operating time = actual value

## HTC's Taipei office, The Golden LEED Certified Green Building

HTC is committed to reducing its environmental impact. Therefore, when planning the headquarters in Taipei, the company considered sustainability and the use of low energy resources in the design, construction, and operations. Accumulated carbon emissions of the building were reduced by 19,706 tCO<sub>2</sub>e from beginning of use of the building to 2022. In 2022, carbon emissions were reduced by 1,892 tCO<sub>2</sub>e, and EUI was 106kWh/m<sup>2</sup>/year. Our efforts are shown in the "Sustainable Development" section on our official website. (<https://www.htc.com/tw/esg/sustainability-agenda/sustainable-environment/>)



^ HTC obtained a LEED Gold certification and Green Building Label certified from 2013 to 2016. In the future, HTC will operate the headquarters in Taipei according to the LEED certification.

## 2022 Earth Day - Turn off the lights for an hour

HTC is committed to promoting global sustainable development internally. To implement its ESG plan and celebrate 2022 Earth Day, HTC held a lights-off activity for one hour in all its core representative offices in Taiwan. At 12:15, all lights and unnecessary equipment in the offices were turned off to reduce approximately 150kgCO<sub>2</sub>e of carbon emissions.



Feedback and suggestions were received from colleagues after the light-off activity on Earth Day. HTC expected to make this a regular activity once every month. At the end of the week, all employees are reminded to save energy by turning off the computers, lights, and unnecessary equipment on their way out to help instill energy-saving habits in everyday life. In addition to the response to energy-saving initiatives, we can live a green life, and leave a beautiful and sustainable earth for future generations. It is expected that approximately 1,800kgCO<sub>2</sub>e' carbon emissions can be reduced annually.



## The Use of Green Energy

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

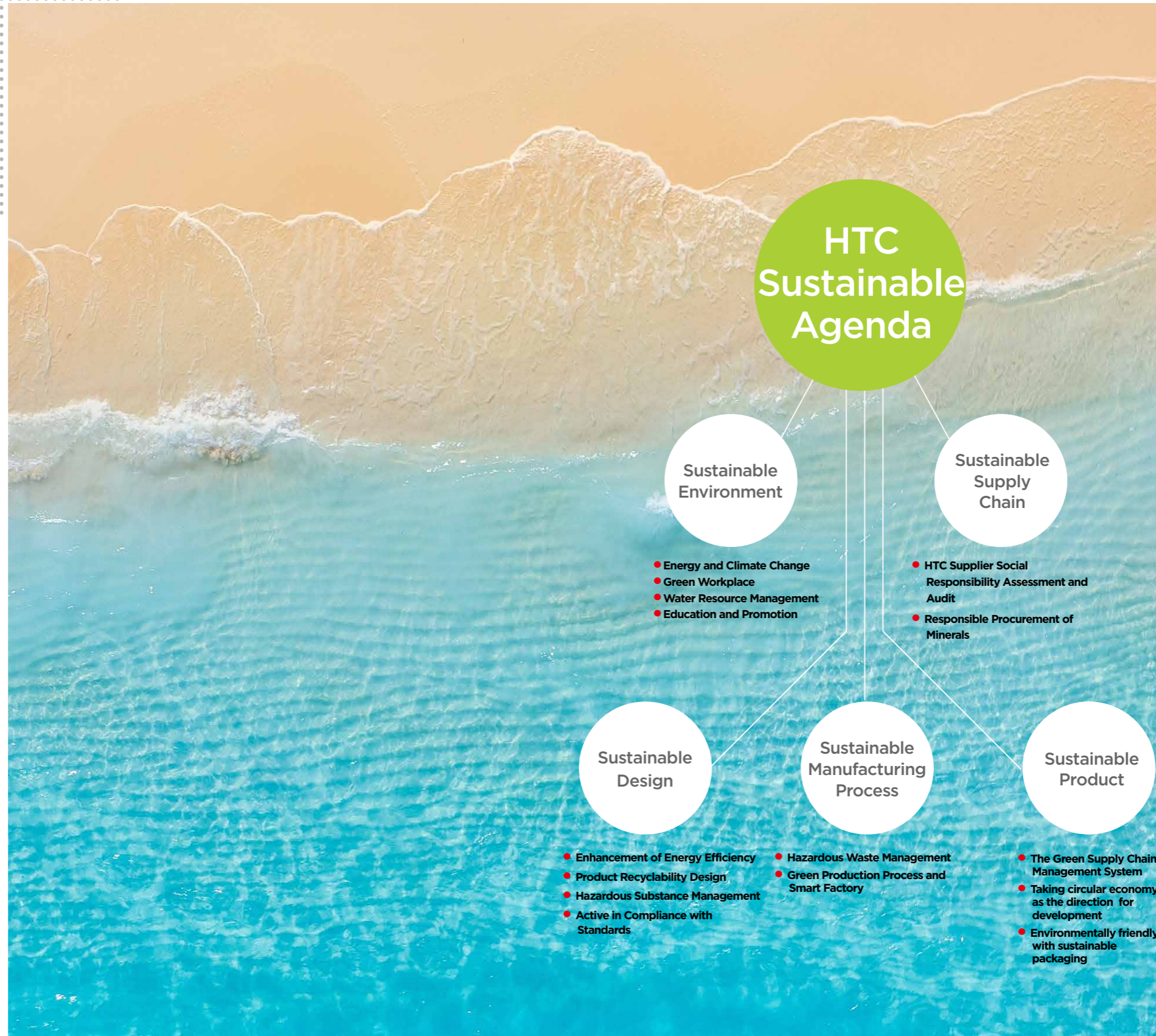
Energy-saving program	Descriptions
Solar panels	<p><b>Self-generated and self-used</b> : Self-generated and self-used : Taipei Office has solar panels that generate electricity used for lighting the staircases and basement in 2012; the total capacity is 13.8 kW. The cumulative total number of solar panels since it was built has reached 142,905 kWh, including 14,963 kWh in 2020, 15,156 kWh in 2021 and 12,670 in 2022.</p> <p><b>Bulk sale to Taipower</b> : Taoyuan plant has solar energy system on the roofs; the total capacity is 180kW. By means of internal line parallel series, the power was sold in bulk and included in Taipower supply system to solve the power shortage problem in Taiwan. The cumulative total number of solar panels since it was built has reached 655,600 kWh, including 164,584 kWh in 2020, 163,760 kWh in 2021 and 145,432 in 2022.</p> <div style="display: flex; justify-content: space-around;">   </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <span>△ Taoyuan-Solar Power Generation System</span> <span>△ Taipei-Solar Power Generation System</span> </div>
Heat pumps for air conditioning	<p>We installed a heat pump system in the Taipei offices to provide hot water for showering in the staff gymnasium and hot water for cleaning in the kitchen. Besides providing heat, it can also provide partial cooling energy. The iced water produced during the heat exchange can be used for air conditioning. This system provides hot water and cold air at the same time.</p>
Phase-out of air-conditioning refrigerant to R410A	<p>Traditional R22 refrigeration includes chlorofluorocarbons (CFCs), the culprit of ozone layer destruction. We gradually replaced the current R22 refrigeration split-system air conditioners with R5410A refrigeration to save the ozone layer that protects the earth against most ultraviolet (UV). We replaced two 10 kW one to one split-system air conditioners in 2022.</p>

Energy-saving program	Descriptions
Electric vehicles and bicycles	<p>Four Tesla superchargers were installed, and bicycle parking is provided in our Taipei offices. This encourages our staff to use transportation vehicles with low emissions and high energy efficiency. Plan to continually increase special charging piles for electric vehicles to improve the convenience of charging.</p> <div style="display: flex; flex-direction: column; align-items: center;">  <p>△ Electric vehicle charging area</p>  <p>△ Free bicycles for rides</p> </div>

# Sustainable Agenda



As a global leader in the innovative design of virtual reality, HTC is committed to controlling and reducing the impact of its operations on the natural environment. We recognize that reducing the environmental impact of the manufacturing process is an important part of achieving sustainable developments for the company. To this end, HTC has set up a "Sustainable Agenda" from five aspects: "a sustainable environment, design, processes, product and supply chain." HTC promotes the concept of environmental sustainability and integrates it into all aspects of corporate operations, demonstrating HTC's active pursuit of corporate responsibility for sustainable development.



# Sustainable Environment

Occupational Safety Department has been established as a legally compliant, dedicated unit responsible for the organization of occupational health and safety, and the execution of the energy management system. Every year, we also formulate an occupational safety and health management plan based on the state of safety and health management. The implementation focuses include: compliance with safety and health regulations; hazard identification to reduce risks; standardization of hazardous chemical labeling and general rules; the promotion of occupational safety and health information; and the establishment of a system to manage contractors. All these measures are aimed at reducing risks.

Currently, we are emphasizing various work priorities, such as occupational safety and health management, education and training, standard operating procedures, automated inspections, emergency response, health management, and safety and health activities. We encourage the participation of all our members to reduce safety and health-related risks.

Additionally, we have also developed a health service plan to prioritize the protection of safety, health, and well-being for all our members. This plan effectively prevents occupational and environmental hazards, avoiding the occurrence of various injuries and illnesses among colleagues, and ensuring that all HTC employees work in a safe environment.

In line with international standards such as ISO 45001, ISO 14001, ISO 14064-1, and ISO 50001, we establish comprehensive standards for occupational safety & health, environmental protection, greenhouse gas inventory, and energy management, all of which are validated and verified through external third-party audits. We develop relevant policies and objectives that mandate the execution of corresponding management practices and advocacy within the organization. We also systematize our management efforts and integrate them into daily operations, aiming to enhance our overall capacity for occupational safety & health management and environmental protection practices.

We have emergency response plans that will be implemented in the event of an emergency caused by human error or natural disasters. As identification of the nature of the emergency, taking the necessary measures and examination of standard operating procedures. In addition, personnel evacuation drills are held regularly. In 2022, the Taipei Office and Taoyuan Factory will hold self-defense fire-fighting group training and building evacuation drills in accordance with laws and regulations, in order to minimize the impact on the health and safety of relevant personnel and company property.

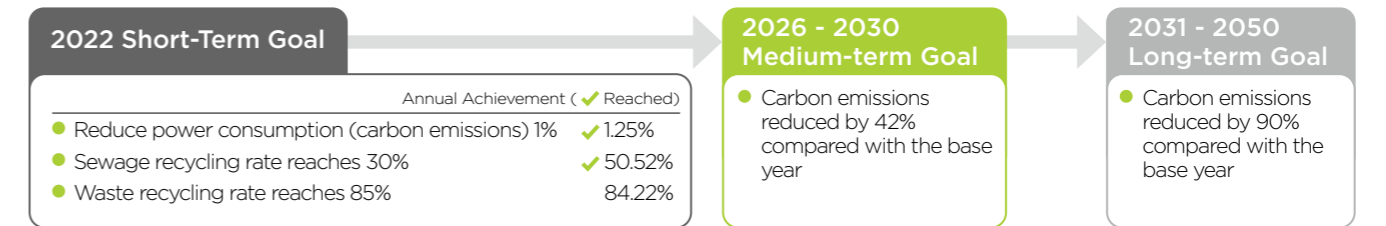
## HTC Environment Protection, Occupational Safety, Health, and Energy Policy

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

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

HTC is committed to protect environment, integrate the concept into our corporate culture, enhance employees' awareness of environmental protection and caring, improve energy, water and waste management, and reduce the impact to biodiversity. In addition, HTC organizes environmental protection activities for our employees and further improve their environmental awareness. We believe that only through working together can we create more value for the environment and the society. Energy and climate change related action, please refer "Climate Change Management" section.

### Sustainable Environmental Management Vision



### Resource consumption of recent 3 years

Environmental Indicator	Unit	2020		2021		2022	
		HQ & Plants	Taipei Office	HQ & Plants	Taipei Office	HQ & Plants	Taipei Office
City water consumption	degree	63,133	67,778	36,003	48,144	41,597	43,663
Wastewater	River	HQ & Plants- Dongmen Creek Taipei Office- City Dedicated Sewer					
Total city water discharge	Metric Tons	78,211	54,222.4	42,019	38,515.2	16,630.2	34,930.40
The amount of rainwater recycled	Metric Tons	N/A	2,673.68	N/A	2,965	N/A	3,863
Total amount of sewage recycled/reused	Metric Tons	23,741	N/A	8,843	N/A	8,401	N/A
The ratio of sewage recycled/ reused to total amount of sewage consumed	%	30.36	N/A	21.05	N/A	50.52	N/A
The ratio of water recycled/ reused to total amount of water consumed	%	37.6	3.94	24.56	6.16	20.2	8.85
Weight of end-of-life products and e-waste recovered	Metric Tons	3,5899		4,8543		2,5864	
Weight of end-of-life products and e-waste	Metric Tons	11,8717		7,8698		5,7046	
End-of-life products and e-waste percentage recycled	%	30.24%		61.68%		45.34%	
Total amount of waste incinerated - Information product	Kg	13,944		8,455		2,980	
Total amount of waste incinerated - General	Kg	504,306	N/A	426,202	N/A	311,108.9	N/A
Total amount of waste reused	Kg	N/A	N/A	N/A	N/A	N/A	N/A
Total amount of waste incinerated	Kg	135,700	48,320	65,550	52,400	58,280	49,600
Waste disposal expense	NT\$	828,240	302,400	619,448	308,700	664,860	377,700
Environmental management and recycling amount - Information product	NT\$	837,591		454,602		201,548	
Environmental management and recycling amount - General	NT\$	454,160	N/A	461,922	N/A	494,933	N/A

Note :  
 1. The total discharge of sewage in the Taipei office is estimated at 80% of the water consumption.  
 2. Domestic garbage at Taipei Office consists partly of recycled cartons that are unquantifiable. A recycling company has been commissioned for handling.  
 3. Waste materials, as put into statistical data, are divided into categories ranging from plastic, paper, scrap iron, scrap aluminum, scrap galvanized iron, waste edge board, scrap computer products, waste wood (pallets), miscellaneous types of plastic, scrap parts, disused desktop computers, disused screens, disused laptops, kitchen refuse, recycled domestic material and general rubbish.  
 4. Parts of the data for the years 2020 and 2021 have been recompiled.  
 5. In 2021, due to the impact of the pandemic, a longer time was taken for the operation of recycling logistics in Taiwan. As a result, the recycling percentage for 2021 was higher compared to previous years.

## Green Workplace

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

### Green Landscaping

Aligned with our commitment to sustainable environmental practices, we consider the impact and changes to the surrounding environmental landscape and ecosystems when constructing office spaces, factories, and other facilities. Consequently, we have incorporated indoor and outdoor green spaces in our Taipei office, headquarters, and factories, demonstrating our emphasis on environmental protection and biodiversity conservation. To minimize our impact on the surrounding environment, we have planted a total of 131 native Taiwanese tree species, such as Camphor trees and Taiwan Acacia, as well as a variety of green plants at our headquarters and factories. The Taipei Office building horticulture planning adhered to the concept of environmental protection and open parks. The planting area on the first floor reached 41% of the total base area. According to the topographic planning, large trees totaling 260 were planted, including camphor trees, Liquidambar, Podocarpus, Taxodium distichum, and cherry trees. Additionally, the plan designated eight shrub planting areas and one ecological pool area to plant about 3,200 plants. These tree species and diverse vegetation provide a wide range of ecosystem conservations, including mitigating soil erosion, regulating climate, providing habitats for various organisms, and contributing to better air quality. We carefully considered the growth conditions and characteristics of different tree species to maintain ecological balance and biodiversity while ensuring their successful integration within the local ecosystem.

To enhance the quality of the work environment for our employees and promote green ecology, we have incorporated potted plants within the office building that possess air-purifying qualities and help reduce carbon dioxide levels. These plants include species such as Dracaena, Dragon's Blood, Sansevieria, Peace Lily, Rubber Plant, and Phalaenopsis orchids. Additionally, we add different plants according to various festive occasions, aiming to create a vibrant atmosphere and provide a refreshing office environment for our employees.

In 2022, a total of approximately 1.579 million NTD was allocated towards the management, maintenance, and provision of a refreshing and green office environment for HTC employees. Regular pest control measures, including anti-dengue fever treatments and the control of other insects and rodents, are carried out on a quarterly basis. Additionally, environmental pesticides are sprayed in stagnant water areas near the factory premises to reduce the density of disease-carrying mosquitoes.

### Environmental Expenditures

Year	2020	2021	2022
Environmental expenses (NT\$ Thousand)	34,752	30,112	28,970



## Green Procurement

Our strategy is to buy environmentally friendly products to substantiate our environmental protection concept of "recyclable, low pollution, and resource-saving". We express the purchase of environmentally friendly products as a priority in our procurement specifications to firmly integrate the concept into our daily operations. We further integrate this principle into our corporate culture with the aim of reducing our environmental footprint and protecting the planet. In 2022, the amount of green procurement reached NT\$ 761 thousand. From 2012 to 2022, the accumulated expenditure for products with green-product stamp was about NT\$ 32.68 million. Through our green procurement initiatives, we aspire to contribute our part in environmental conservation and drive sustainable development within the industry. We aim to make a positive impact and play a role in safeguarding the environment for future generations.

## Water Resource Management

As global warming intensifies and climate change becomes a pressing issue, water resource management has become increasingly important. While our processes require minimal water usage and have low environmental impact on the surrounding areas, we still strive to reduce water consumption and promote water resource management and recycling. Our water supply comes from Taiwan Water Corporation, and our production processes are dry processes that do not generate wastewater. The wastewater generated is solely from the general office and daily activities of our employees. To ensure that we do not exert any adverse impacts on the water source areas, we refer to the World Resources Institute's "Aqueduct Water Risk Atlas," which indicates that Taiwan as a whole fall into the Low to Medium (1-2) category, posing no immediate threat to water resource. We also conduct wastewater testing to ensure that our discharged wastewater does not pose any negative impact on the water source and the environment.

### Sewage Treatment

To ensure the legal compliance of wastewater management at our headquarters and factories, 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 results of the discharged effluent and recycled water samples comply with the standards set forth in the Water Pollution Control Act. We also fulfill the reporting requirements as specified in the "Water Pollution Control Measures and Test Reporting Management Regulations" by submitting the necessary information online. In 2022, the total cost for wastewater treatment at our headquarters and factories amounted to approximately NT\$2,018,246. This includes expenses related to operations (including electricity usage and the addition of chemicals and agents), maintenance, water quality testing, and instrument calibration, among other items.

Domestic sewage is discharged into the sewage sewer. Based on the average concentration of effluent BOD and COD from 2016 to 2022, there will be no adverse effects on the nearby water bodies. Since 2017, we have been conducting independent sampling and testing of heavy metal levels in our discharged wastewater. The test results have consistently shown non-detectable levels or values below the detection thresholds, indicating that our operations do not pose a pollution risk to the environment. By optimizing the water quality of our wastewater discharge, we aim to contribute to the overall government-led restoration and ecological conservation efforts for Nankan River (an upstream tributary of Dongmen Creek) and its associated biodiversity. Starting January 2013, the average daily treatment capacity of the sewage treatment plant reached 604 metric tons, sufficient to replace the use of tap water for park landscape irrigation and for toilet water use.

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

Year	Amount of Water Discharge (Metric Tons)	Amount of Recycled Water (Metric Tons)	Average Concentration of BOD (mg/l)	Average Concentration of COD (mg/l)	The Suspended Solids (mg/l)	Test of Effluent Heavy Metals
2020	78,211	23,741	5.15	24.28	6.00	N/A
2021	42,019	8,843	7.9	36.9	7.18	N/A
2022	16,630	8,401	8.08	26.5	8.5	N/A

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

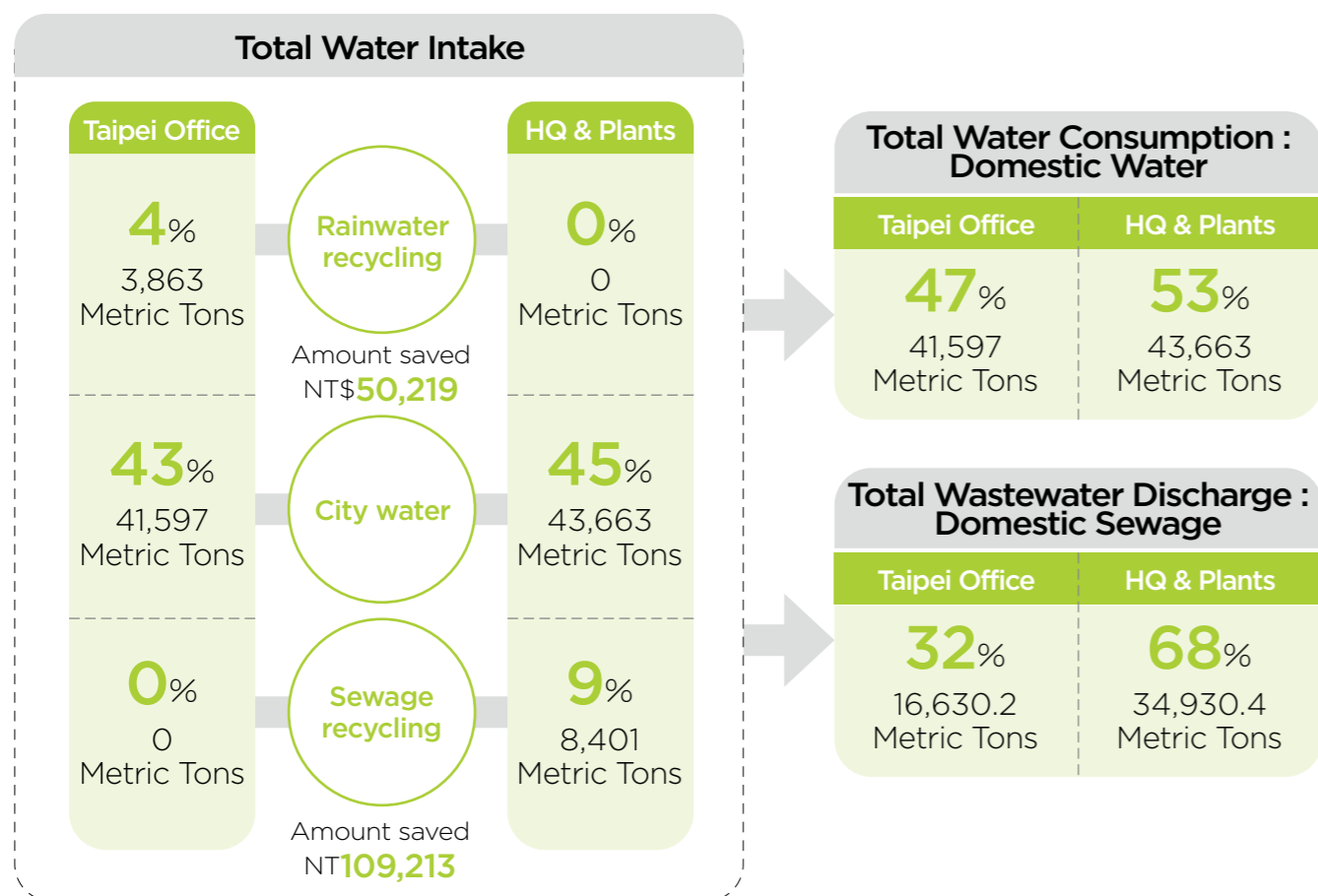


## Water Resource Recycling

In order to reduce our reliance on tap water, we direct our domestic wastewater to sewage treatment plants for proper treatment. After undergoing treatment, the treated wastewater is discharged into Dongmen Creek, which eventually flows into Nankan River. The green fields and planted areas inside the factories are irrigated with recycled sewage water without increasing the total amount of water consumed. The Taipei building selected water-saving water equipment. When making purchases, HTC prioritizes water-saving features or water conservation marks. We have installed faucets with sensors that dispense less water. In 2022, we successfully replaced 120 traditional faucets with sensor-activated faucets, resulting in a water-saving rate of 70% compared to the previous faucets. Additionally, we utilize recycled air conditioning condensate water and rainwater for toilet flushing and plant irrigation.

HTC Taipei office has established a rainwater storage and recycling system to collect rainwater for flushing toilets and watering plants. In 2022, total of 3,863 metric tons of rainwater was recycled from the Taipei office Building. Compared to 2021, we achieved a significant improvement of 30.3% in rainwater harvesting, indicating an effective water resource conservation.

### 2022 Water Resource Management Effectiveness



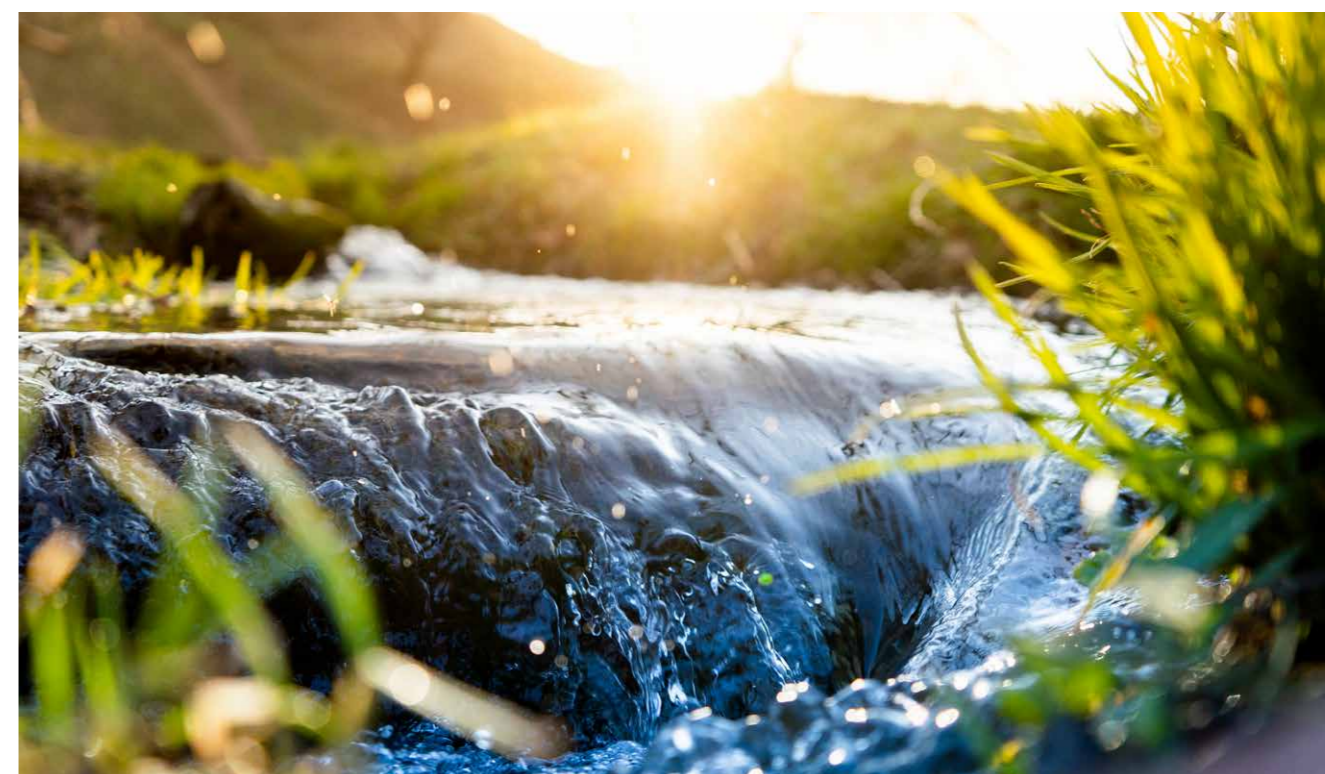
Note :  
 1. The estimated savings is estimated at NT\$13 per degree of water.  
 2. The denominator for the ratios is the total water intake, total water consumption, and total wastewater discharge, respectively.

## Drinking Water Quality Control

HTC has set up a comprehensive water fountain inspection plan to ensure the standard of purity of drinking water. Regular maintenance, water sample testing, and records disclosure are done according to the Drinking Water Management Act. A professional company carries out the maintenance and care of the drinking fountains and testing of water purity is carried out by an environmental testing agency that is authorized by the EPA to take regular samples and perform the tests every 3 months. The total bacteria count of drinking water and E. coli colonies have passed the test in 2022.

## Environmental Protection Education and Promotion

HTC continues to promote and enhance environmental protection consciousness and awareness in employees using a diversified interface. Through the new employee educational training and the provided training materials, the idea of environmental protection is promoted within the organization and allowing employees to feel HTC's efforts in environmental protection and give their full support through actions as well as everyday life habits.




# Sustainable Design

HTC's thinking on the development of sustainable products is to start from the product life cycle, and adopts different measures at various stages through innovative thinking. It uses the concept of The Precautionary Principle to carefully select the ones with lower environmental risks. It complies with the internationally Restriction of Hazardous Substances Directive, reduces the environmental impact of products, and develops sustainable products that are more environmentally friendly.

## Green Marks Obtained by HTC


Verified by a third-party verification company (UL) as meeting North American (US and Canada) PSU energy efficiency requirements.

**Applicable Area**  
VR Power Supply Units




Verified by a third-party verification company, through the US Department of Energy (DOE) and the Canadian Department of Natural Resources (NRCAN), the energy consumption requirements for battery products

**Applicable Area**  
VR device, including Accessories with rechargeable batteries, etc.



Working with Call2Recycle (RBRC) to properly recycle used batteries in North America.

**Applicable Area**  
Batteries



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

## Enhancement of Energy Efficiency

We concentrate on energy-saving from the early design and research and development phase. All power supplies used for HTC products must comply with the relevant international energy consumption specifications, including California Energy Commission (U.S.), EU Energy-related Products(ErP) Ecodesign Directive and are approved with energy efficiency verification by third-party verification companies. All of their energy efficiency meets the United States Department of Energy criteria of Level VI which is the highest and defines the standby power shall be less than 0.1W. The lowest consumption of currently use chargers is 0.027W, which is much lower than the standard by 73%. The power adapters that HTC uses are already compliant with the new version of the EU Regulation for External Power Supplies (EU 2019/1782), which requires the introduction of mandatory labeling and energy efficiency testing result documents.



**HTC Desire 22 pro**  
PSU Type A138A-120150U-US4  
115V Standby energy consumption 0.027W  
Compared with Level VI standby power ↓ **73%**

Level VI  
standby power  
standard  
**0.1 W**



**VIVE Focus 3**  
PSU Type TC NE30W  
115V Standby energy consumption 0.03W  
Compared with Level VI standby power ↓ **70%**

For the energy consumption during battery charging, we follow the regulations of the US Department of Energy (DOE) and Natural Resources Canada (NRCAN) as standards to try our best to improve the efficiency of charging and reduce the loss of energy consumption when the battery keeps fully charged to minimize the overall energy consumption. In the new VIVE products in 2022, the battery life of the wrist tracker can last up to 4 hours. Not only does it have a built-in LED indicator to show the battery status, but its performance in terms of unit energy consumption (UEC) also significantly outperforms regulatory standards.



VIVE Wrist Tracker	
UEC Regulatory limits (kWh/yr)	3.060
Represented value of UEC (kWh/yr)	0.746
Compared to regulatory standards	↓ 75.62%

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

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

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

Prior to this, the California Energy Commission (CEC) began implementing energy efficiency regulations for battery charging systems in February 2013. These requirements cover almost all electronic products that use rechargeable batteries, including mobile phones and notebook computers.

Currently, the Department of Energy (DOE) mandates that the unit energy consumption of charging products should not exceed the limit calculated based on battery capacity. This means that the additional electricity consumed during the charging process must be controlled within a certain range.

## Product Recyclability Design




HTC takes waste deduction and resource reuse into consideration from the first stages of product R&D. We evaluate the product design of recycling thoroughly through product breakdown and material simulation, and estimate the material composition and relative recycling rate of products. The third-party authorities verify the material recycling rate by disassembling and analyzing the products. And the recycling rate of all our products, including VR and smartphones, is largely exceeding to the standard of the product category set by the EU WEEE regulations (55%). In the future, as a principle, we will continue to design our new products in the direction of decreasing the weight and increasing the recycling rate.



Considering the circular economy as one of the important directions for sustainable development, we ensure that our products are properly handled when discarded and successfully enter the recycling system to achieve the recycling and reuse of waste electrical and electronic products. Our electronic products and packaging boxes are labeled with the EU WEEE symbol (as shown in the image), indicating that our products should not be disposed of arbitrarily after use. We also encourage consumers to contact local waste management centers or the stores where they purchased the products to take proper measures through sorting, recycling, and reuse. By doing so, we can reduce the environmental pollution caused by hazardous substances and increase the utilization of natural resources.

In our new product lineup in 2022, we have demonstrated remarkable commitment and progress towards the development of a circular economy. In the case of the VIVE wrist tracker, not only have we made improvements in specifications and functionality, but we have also achieved a significant reduction in weight, reducing it by 78.20% compared to the VIVE Focus 3 controller. This not only ensures convenient and flexible use for our customers but also embodies the concept of environmentally sustainable design, promoting lightweight product and enhancing recyclability.

### VR related Product

 <p><b>VIVE Wrist Tracker</b> Weight 62.2 g Recycling rate <b>75.5%</b> Compared to regulatory standards ↑ 20.5%</p>	 <p>EU WEEE Standard <b>55%</b></p>	 <p><b>VIVE Flow</b> Weight 188.62 g Recycling rate <b>79%</b> Compared to regulatory standards ↑ 24%</p>
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### Smartphone- Desire Series



**7,5**  
/10  
**INDICE DE RÉPARABILITÉ**



EU WEEE Standard  
**55%**



**Desire 22 Pro**  
Weight 167.7 g  
Recycling rate **75%**  
EU WEEE Standard **55%**

The new Desire 22 pro phone product still features a design with a high recycle rate. In relation to legal compliance, the product received a 7.5 green label in the most recent Repairability Index for France (2021 Desire 21 pro is 7.2). HTC smartphones scored high in the ratings of five criteria: manufacturing documentation, disassembly, availability of spare parts, price of spare parts, and repairs. The product has a longer life span and a highly rated repair service. All these efforts contribute to reducing product waste and promoting environmental protection, thereby mitigating the potential impact on the environment caused by the use of end products.

Note: 3R includes Reuse, Recycling and Recovery ratios, which are defined in the EU WEEE Directive (2012/19/EU).

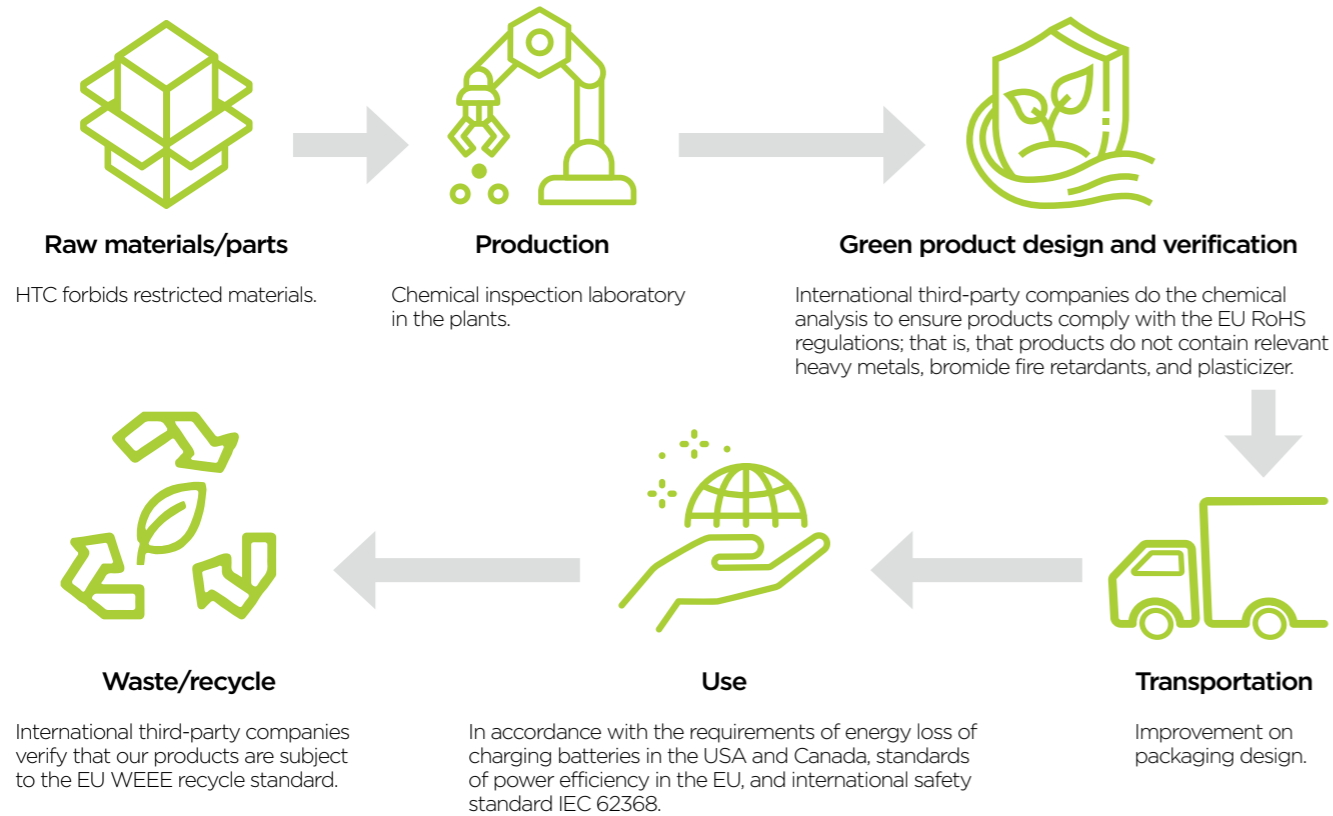
## Hazardous Substance Management

Always taking environmental protection and consumer health as integral factors of our consideration, we strictly adhere to the Restricted Substances List in all our product designs. This list encompasses international environmental regulations and customer requirements, which not only restricts the ten substances regulated by RoHS along with four additional plasticizers, but also prohibits the use of toxic substances such as polyvinyl chloride and brominated flame retardants. We require suppliers to submit testing reports and continuously monitor regulatory changes to ensure a pollution-free production that aligns with our environmental goals. We also demand that our suppliers comply with relevant regulations to safeguard consumer health and the environment.

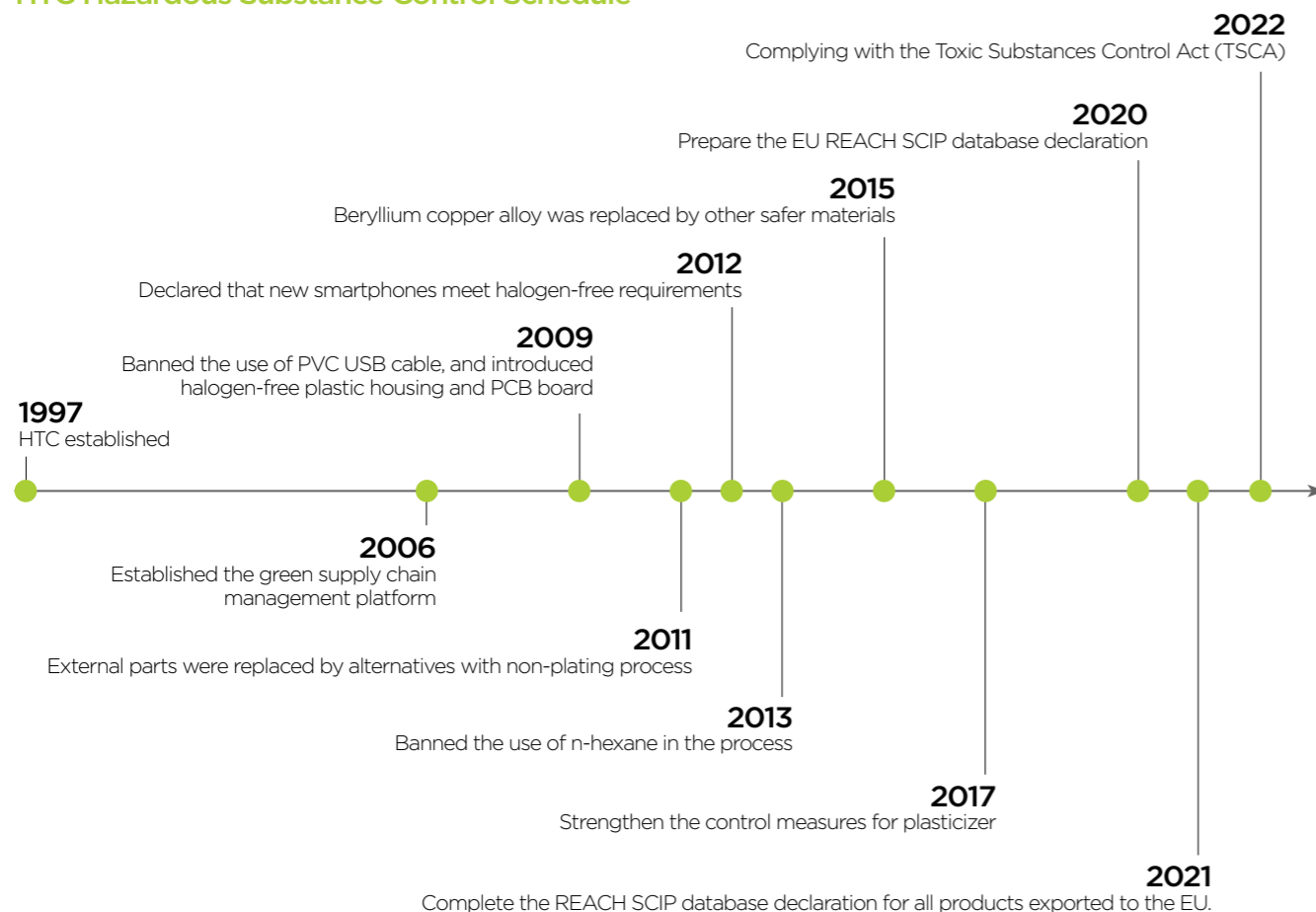
Furthermore, concerning the REACH regulation, we annually request our suppliers to provide the latest published list of Substances of Very High Concern (SVHC) and relevant information regarding components with SVHC concentrations exceeding 0.1%. We cross-reference the supplier survey results with our GSM system to assess the SVHC content of the components. By the end of 2022, a total of 101 suppliers participated in the REACH regulation SVHC survey, with a response rate and compliance rate of 92.8%. In the future, we will strive to achieve the goal of 100% compliance with regulatory requirements for SCIP reporting of all our products. This ensures that our products not only meet environmental requirements but also have no adverse effects on product users.

In accordance with the regulations issued by the Toxic Substances Control Act (TSCA) in 2021, which prohibit or restrict the use of five persistent, bio-accumulative, and toxic substances (PBTs) in raw materials, products, or finished goods, we have complied with the regulatory requirements and conducted surveys on our 26 major suppliers, with the response rate and compliance rate reaching 85%.

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



### HTC Hazardous Substance Control Schedule



### Phone and Battery Recycling

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

1. HTC began operating its own mail back device recycling program from 2020. Customers can contact HTC's customer care team and request a free mailing label to send their phone, tablet, or VR headset to our ISO 14001 certified recycling partner for proper disposal. For more details, see <https://www.htc.com/us/recycling/>

2. HTC also participates in the industrial management program Call2Recycle in the United States and Canada. The program provides for the collection and recycling of various types of batteries in electronic devices, including Li-Ion, Ni-Mh, Ni-Cd, and SSLA batteries. We pay a fee to Call2Recycle for every eligible battery in each device sold in the United States and Canada. As America's largest consumer battery stewardship and collection program, Call2Recycle collected nearly 3.6 million kg of batteries for recycling in the U.S. in 2022, including over 1.36 million kg of lithium-ion batteries, the highest number of lithium-ion batteries collected in the program's history. For more details, please see: <http://www.call2recycle.org/>



3. HTC participates in state-run e-waste programs in many states in the US, for responsible recycling of its Nexus-9 tablet computers. Due to successful lobbying by the cell phone industry, only three states (New Jersey, West Virginia, and Maryland) require cell phones to be recycled under their laws. Other state laws cover computers, televisions, and various other electronic devices. A few states have begun including VR headsets (with internal processor) in their definitions of Computer or Video Game Console. Thus far, we have submitted registrations in New York and Maine with VR hardware included. We are keeping an eye on other states as regulations continue to evolve and more and more states consider adding video gaming consoles to their programs.

Each state has a different setup for ensuring end-of-life electronics are recycled responsibly. The states use various mechanisms for determining how much manufacturers must recycle each year – many states determine a company's annual obligation of pounds of e-scrap to collect based on its market share. Some states simply bill manufacturers for the recycling of returned electronics on a per-pound basis. Other states allow HTC to simply operate a mail back program, and pay an annual registration fee, with no target of pounds to collect. For example, in Washington state, HTC pays fees based on our market share for tablet computers, with local governments operating collection locations throughout the state. Washington's Dept. of Ecology registers recyclers to manage Washington's e-scrap, and ensures these recyclers are using responsible practices. Over 206.5 million kg of e-scrap have been recycled from Washington residences since the program began in 2009. For more details, see <https://ecology.wa.gov/Waste-Toxics/Reducing-recycling-waste/Our-recycling-programs/Electronics-E-Cycle>



### Active in Compliance with Standards

All HTC mobile phones are verified by international public certification companies, such as SGS, TUV, and ITS. Chemical analysis is carried out to ensure compliance with the EU environmental directives. In addition, HTC has updated to the latest version of IEC62368 for all products in the market with CB certificates provided. By adhering to the concept of precautionary principle, we comprehensively regulate the known hazards of our products to provide a higher level of safety in their use.



## Sustainable Manufacturing Process

The VR devices by HTC combine new forms of operation, life, working, learning and traveling through green product design and help users to reach the goal of energy saving and carbon-reduction. For energy consumption during the production process, we have strengthened our management and introduced operation control center(OCC) to reduce energy consumption and implement waste management.

## Hazardous Waste Management

From a holistic value chain perspective, we manage waste by establishing a supplier management system to ensure proper handling of upstream waste. By incorporating the principles of waste reduction and circular economy starting from the stage of our product design, we adhere to our established "Waste Management Procedures" in our operational activities to ensure that all waste is properly classified, managed, and disposed of in accordance with procedures and regulatory requirements. We outsource the treatment of the waste generated from our operations by engaging authorized waste removal and treatment facilities approved by the Environmental Protection Administration for backend processing. Similarly, qualified vendors are entrusted with the treatment of our recyclable materials for internal recycling within the company. Our focus is on reducing the environmental impact of waste and improving waste recycling rates, thereby ensuring the effective resource recovery and proper waste management.

Our manufacturing processes minimize waste that has a negative impact on the environment. We strictly adhere to environmental, safety, and sanitation audit standards to ensure the legality of waste removal and disposal without causing any environmental impact. Overall, we uphold our commitment to the proper handling of waste and engage authorized waste removal and treatment facilities. We carefully select the most suitable methods for waste treatment based on its nature and utilize an online reporting system to ensure that waste removal vendors clear and transport waste properly under supervision. We also conduct regular audits of waste treatment facilities to ensure compliance with regulations. After the completion of waste treatment, the treatment facility logs into the "Industrial Waste Report and Management System" platform of the Environmental Protection Administration for reporting, thereby meeting regulatory requirements and fulfilling our self-expectations for environmental sustainability. For more information on the impact along the value chain, please refer to the "2022 Activity Flowchart of Significant Waste-Related Impacts."

Measures	Methods
Set up recycling bins and commission manual sorting of domestic waste.	Set up recycling bins and encourage and propagandize staff to sort domestic waste. The employees recycled 347164 Metric tons of domestic waste in 2022.
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

Note: recycling domestic waste includes non-hazardous waste recycling and kitchen waste recycling.

## HTC Waste Statistics

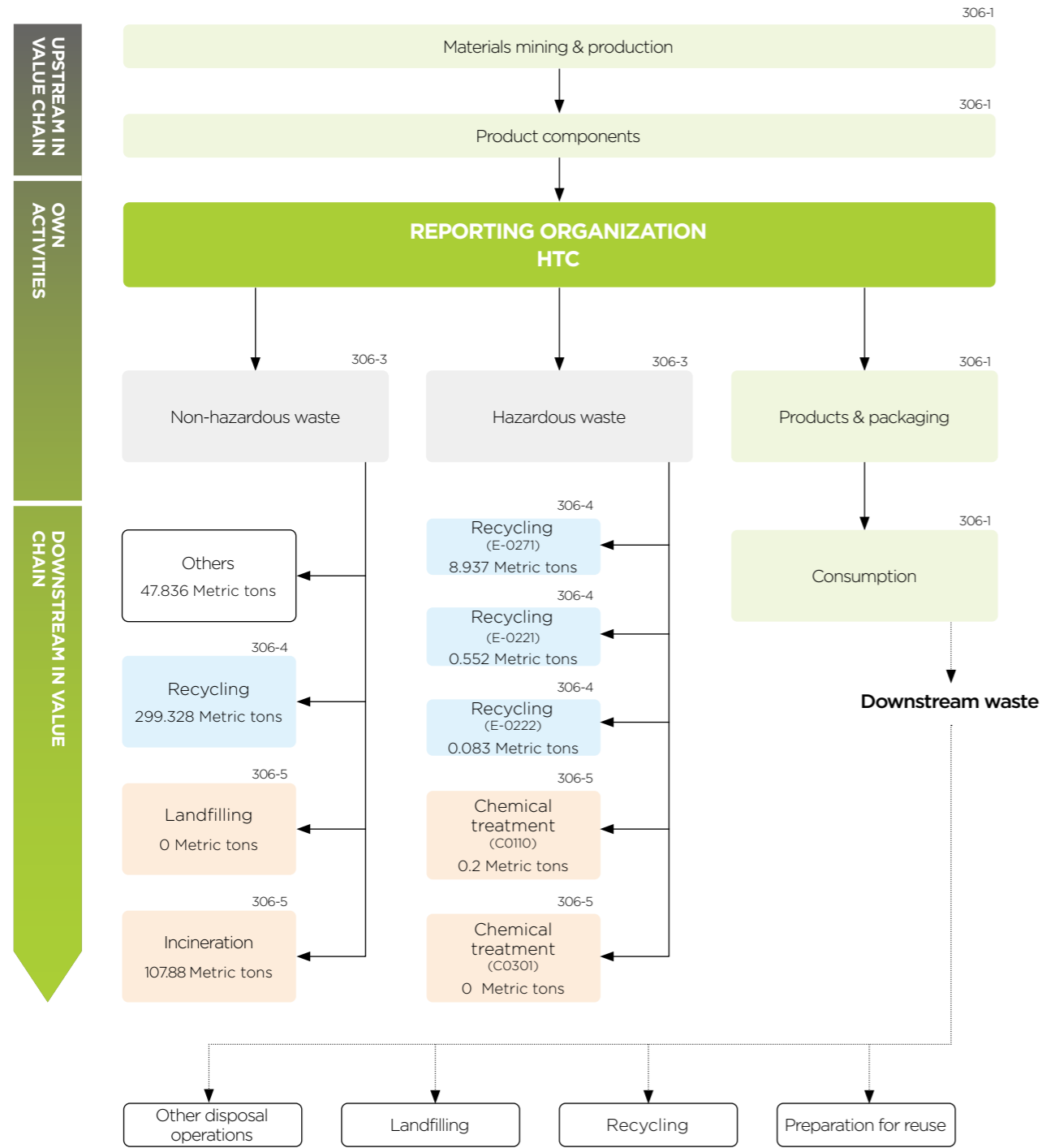
Unit: Metric tons

Type	Recovery Operations	Unit:	Offsite Weight (Outsourcing)			2022 Density	Description
			2020	2021	2022		
Non-hazardous waste	Preparation for reuse	Metric tons	0	0	0		
	Recycling	Metric tons	518.25	405.645	299.328		Including Tray plate, foam, miscellaneous plastic, waste wood pallets, Recycling of living resources and confidential documents ,Computer peripherals (host, screen, laptop, electronic waste)
	Other: Incineration	Metric tons	100.64	65.55	107.880		Including Domestic garbage
	Other: Landfilling	Metric tons	35.06	0	0		Waste Bakelite
	Other: Recycling	Metric tons	57.513	29.012	47.836		Kitchen leftover
<b>Subtotal</b>		<b>Metric tons</b>	<b>711.463</b>	<b>500.207</b>	<b>455.044</b>	<b>0.103</b>	
Hazardous waste	Preparation for reuse	Metric tons	0	0	0		
	Recycling: E-0217	Metric tons	13.752	7.606	8.937		Scrapped electronic parts and components, leftover scrap and defective goods.
	Recycling: E-0221	Metric tons	1.347	0.00001	0.552		Scrapped metal containing PCBs and scrapped powder
	Recycling: E-0222	Metric tons	0.123	0.055	0.083		Scrapped PCBs containing parts and components
	Chemical treatment: C-0110	Metric tons	0	0.215	0.2		C0110- Harmful waste liquid containing copper C0301- Harmful waste liquid
Chemical treatment: C-0301	Metric tons	2.17	0.31	0		The chemical treatment shall be conducted once every two years for the treatment according to "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste".	
<b>Subtotal</b>		<b>Metric tons</b>	<b>17.392</b>	<b>8.18601</b>	<b>9.772</b>	<b>0.002</b>	
<b>Total</b>			<b>728.855</b>	<b>508.393</b>	<b>464.816</b>	<b>0.105</b>	

Note:

1. The computer host and screen are estimated based on the weight information obtained from the official website.
2. Preparation for reuse: Checking, cleaning, or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived.
3. Recycling: Reprocessing of products or components of products that have become waste, to make new materials.
4. The method of estimating the weight of food waste: It is used as a feed additive by legal livestock farms, and it is calculated as 189 kg per barrel.
5. The formula for intensity is as follows: Waste Weight (in metric tons) / Annual Revenue (in millions of dollars). For the year 2022, the annual revenue is 4,409 million dollars.

Flow chart of activities for significant waste-related impacts in 2022

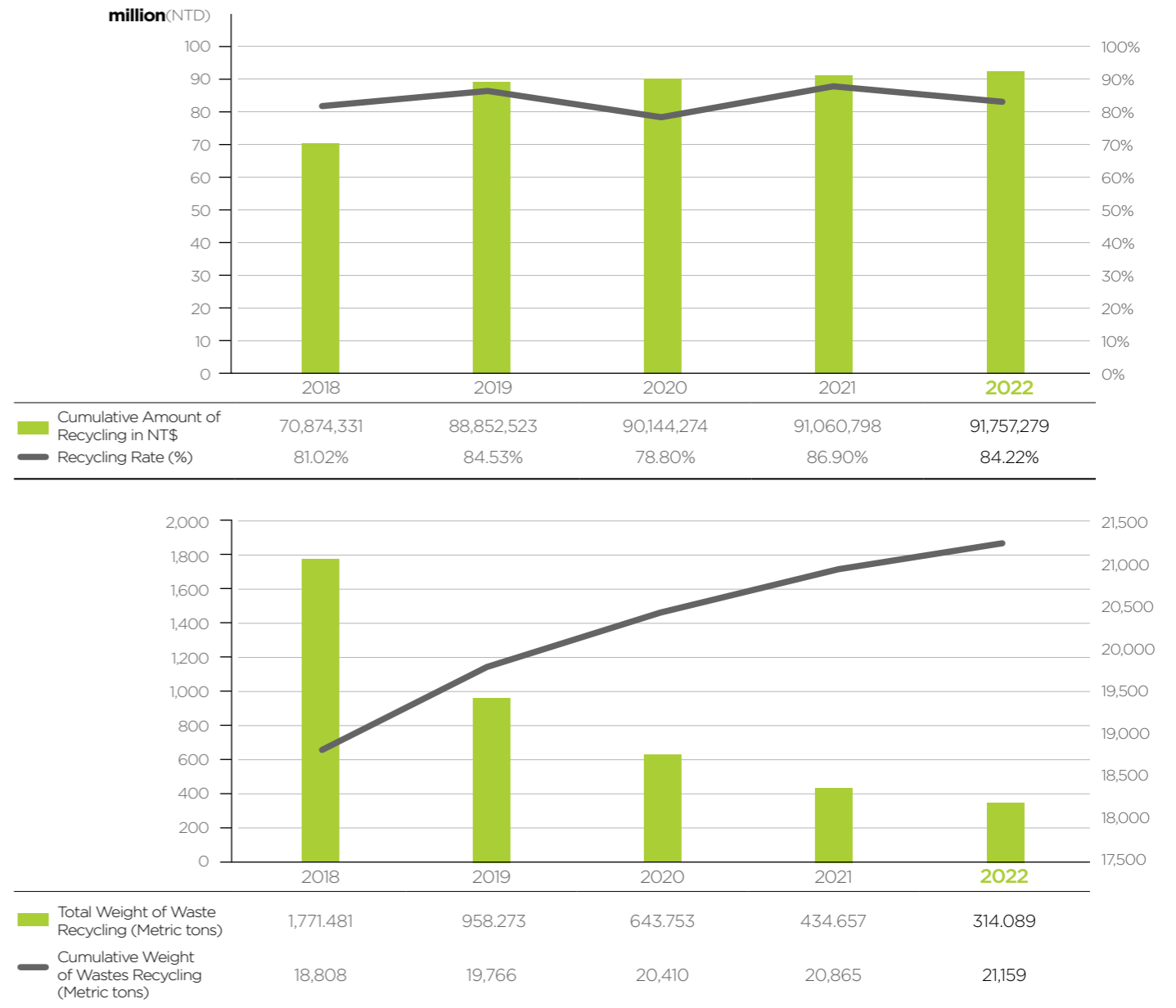


Waste Reduction, Recycling and Reuse

Committed to waste reduction strategies, such as sorting, advocacy, reducing waste at the source, and promoting resource reuse, we sort materials such as plastics, foam trays, plastic bags, containers, and plastic film rolls, which are commissioned to certified vendors for recycling with an aim to increase the efficiency of resource recovery and reuse. Usable foam trays and sponges are recycled and reused within our production line, while other waste undergoes physical sorting to increase reusability. Final disposal is only carried out when reuse is not possible, and we comply with legal requirements by reporting cases of waste disposal online.

From 2011 to 2022, a series of measures such as sorting and recycling, the money earned or saved by recycling waste rose year by year to reach NT\$ 494,933 in 2022. The recycling rate of non-hazardous waste increased from 56.89% in 2011 to 84.22%. By the end of 2022, the total amount of non-hazardous waste recycled is about 347,164 metric tons, the accumulated recycling income reached NT\$91,757,279.

Waste Recycling Effect and Rate



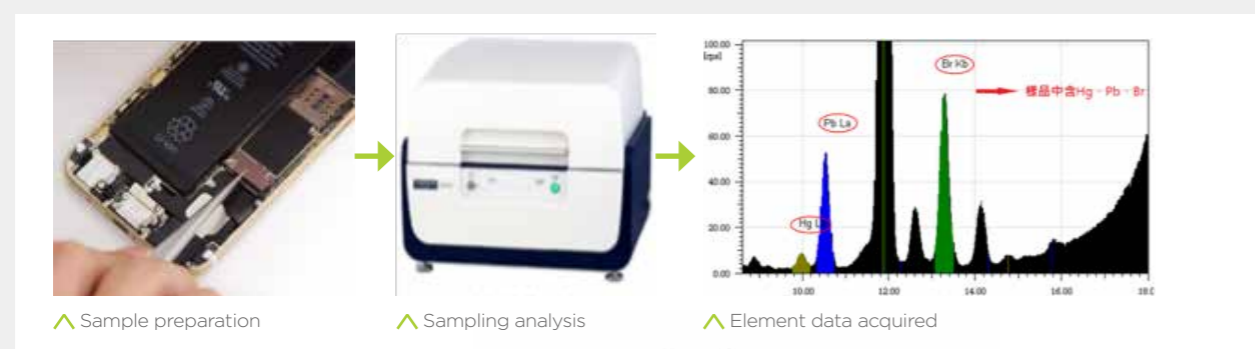
## Hazardous Substances and Chemical Control

### Reduction of Hazardous Substances - Raw Material Management Mechanism

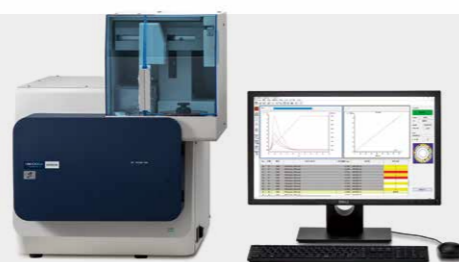
Always been dedicated to becoming an environmentally friendly enterprise, we place equal emphasis on the EP features of our products and the establishment of a green supply chain. We continuously strive to improve the environmental performance of our supply chain by regularly convening supplier conferences. During these conferences, we integrate our environmental protection policies with the concept of a green supply chain and collaborate with component suppliers to explore the use of non-toxic materials. We adhere to the principle of source management and exercise stringent control over the procurement of raw materials.

In the product development stage, the R&D department will deliver the relevant parts materials to the ISO 17025 qualified laboratories, such as SGS, TUV, to ensure that the materials used in the product comply with international environmental protection specifications. In terms of production management, factories regularly conduct hazardous substance tests on materials according to the "Incoming Toxic Substance Control Work Instructions". This is done to ensure that these materials comply with the RoHS 2.0 requirements, are all non-toxic, and are harmless green products.

#### X-ray fluorescence analyzer testing heavy metals and halogen elements



#### TD-GC/MS is used to check plasticizer



We are committed to actively managing hazardous substances and chemical use in the fiercely competitive global business environment to ensure compliance with national laws and customer specifications, thereby reducing the risk of product non-compliance. In order to comply with the stringent international regulations regarding chemical use, we have banned four chemicals: n-hexane, n-heptane, benzene, and toluene. Additionally, we have restricted the use of 527 other chemicals, including beryllium and dichlorobromomethane, to meet the requirements of our customers and relevant domestic and international regulations.

To ensure the safe management of chemicals, we have taken the following measures:

- We have dedicated personnel who regularly check, inspect, and verify the management of chemicals within the facility, including the types, quantities, storage conditions, completeness of labeling, and adequacy of documentation. Personnel are required to wear basic safety protective equipment when handling chemicals.
- Our gas fire suppression systems use halogenated fire suppression equipment instead of CO<sub>2</sub> systems. We have also replaced lead-acid batteries with environmentally friendly batteries. Any scrapped nickel-cadmium batteries are delivered to qualified Class E waste treatment facilities for proper disposal.
- We have established principles for managing chemicals used in cooling water towers. We select cooling tower cleaning agents that have relevant safety certifications or comply with specified regulations.
- We ensure that our suppliers/contractors manage chemicals properly. We conduct investigations, audits, and risk assessments on internal management system with a focus on environmental safety and health.

## Green Production Process and Smart Factory

### 2022 Smart Factory Programs

Our process optimization and energy improvement project in the year 2022 has made significant progress in enhancing production line efficiency. These improvement measures have not only increased efficiency but also resulted in cost savings. Additionally, they have contributed to reducing the environmental impact.

### Site Consolidation for Balancing Sustainability and Efficiency

In order to enhance production line efficiency, starting from March 3, 2022, we have introduced Mars IPC along with three Mars CamTrack systems for simultaneous testing, which not only allows us to increase output within the same testing timeframe but also significantly improves testing efficiency.

Furthermore, through site consolidation, we have significantly reduced the number of testing stations and the required space, which not only save cost but also decrease power consumption and reduce carbon emissions. Additionally, we have launched various projects such as the integration of the VIVE Focus 3 eye tracking kit with Vive XR Elite robotic arms, consolidation of battery tray stations, integration of Vive XR Elite infrared structured light testing stations with distance sensors, integration of Vive XR Elite Bluetooth radio and wireless network testing stations, as well as the integration of testing stations with chassis. These initiatives have collectively resulted in a carbon emissions reduction of 6,367 kgCO<sub>2</sub>e for the year 2022.



## Sustainable Product

### The Green Supply Chain Management System

In order to enhance the reliability of green products and comply with international regulations and customer requirements, we established a Green Supply Chain Management platform in 2006. This platform enables our R&D engineers to select environmentally friendly materials from the product database during the early stages of product design to reduce the subsequent verification time significantly. Furthermore, we require all new suppliers to meet the HSF rating criteria, with a 100% compliance rate achieved in 2022. To strengthen the ESG standards of our business partners, we have incorporated ESG performance assessments into our quarterly business review (QBR) starting from 2022 with an aim to foster a green and sustainable supply chain.

### Taking circular economy as the direction for development

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

- Maximal use of single plastic material helps make recycling easier. Exclusion of materials made with hazardous chemical substances and lightweight products are the future product design.
- Extended product lifecycle; use of modular designs for hardware upgradability and for changing spare parts.
- Product energy-saving design.
- Use recycled materials for manufacturing and packaging.
- Reduce the environmental impact of the manufacturing process, use recycled water and renewable energy



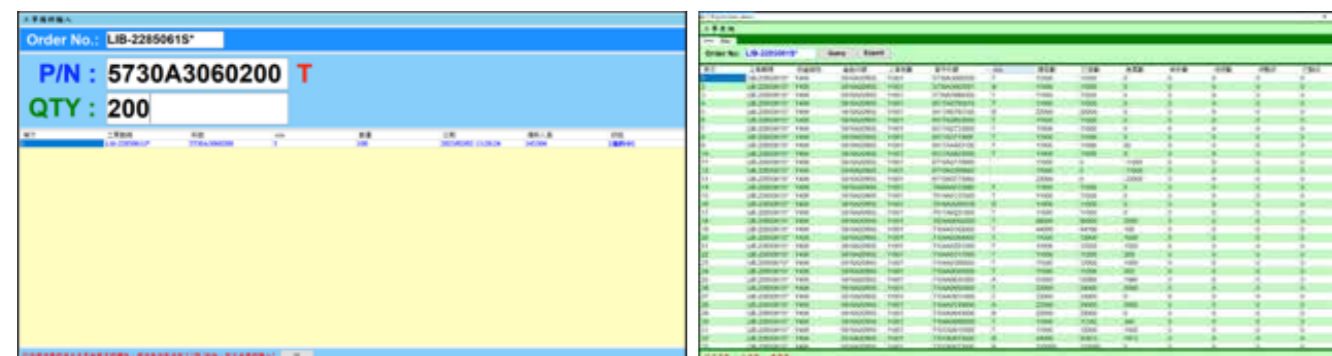
### Integration of Automated Shutdown Program for Computers at the Testing Station

To prevent situations where personnel may inadvertently make mistakes or forget to revert settings after experiments, approximately 250 computers at the testing stations of PCA Factory and System Factory have been installed with software programs. These programs automatically restart the computers on weekdays and automatically shut down the computers at the testing station before the end of the workday on Fridays, conserving energy and reducing carbon emissions.



### Improvement in Outsourced Material Issuance

Previously, during the production of customer work orders at our PCA Factory, it was necessary to perform material splitting individually for positive, negative, and double-sided shared materials in the PCA Material Management System. Nonetheless, after the engineering department modified and optimized the material management system, it is now possible to set material attributes for positive, negative, and double-sided shared materials during the material scanning process, which resulted in a 50% reduction in labor costs.



▲ Raw material part numbers and quantities are entered according to customer work orders, one at a time.

▲ Adjusting work orders, part numbers, quantities, and T/B/A sides according to customer requirements.

### Energy conservation, power saving, paper reduction, and material recycling.

In recent years, paperless operation has become a common goal for businesses, and we are no exception. Since the introduction of OQC in 2020, we have successfully saved approximately 15,000 pieces of papers, equivalent to 70 kilograms of A4 paper. In 2022, we anticipate a further reduction of approximately 60 kilograms of paper consumption with an aim to save cost, conserve energy, and reduce carbon emission.

Since 2021, we have adjusted the inspection frequency based on the quality risks of different materials. This adjustment has effectively reduced the utilization time of equipment and instruments, resulting in a 30% reduction in electricity consumption equivalent to approximately 1200 kWh. Additionally, we have reduced aluminum tray consumption by 30% and extended the lifespan of X-Ray tubes by 35%, leading to improved equipment efficiency. In 2022, we further extended the lifespan of X-Ray tubes by 45% with an expectation of bringing more benefits and profits to the company.

In the fiscal year 2022, we continued to consolidate the configuration of our SMT production lines for dual-line manufacturing, resulting in annual savings of NTD\$3,264,328. Additionally, we launched an ongoing recycling program, which allowed us to save NTD\$457,170 by reusing solder paste, solder dross, steel plates, and synthetic stone carriers.



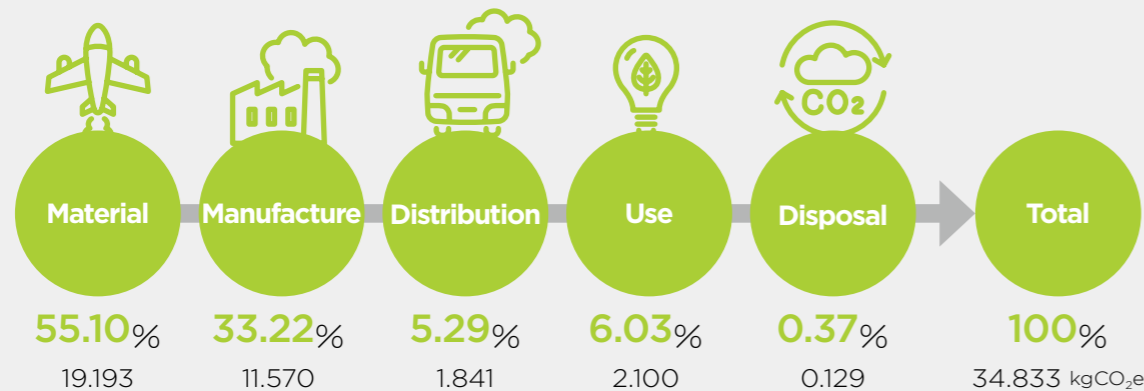
## VIVE Flow Product Carbon Footprint



As a leading brand in virtual reality industry, HTC has been committed to environmental protection and sustainability. To reduce the impact of products to the environment, HTC conducted a comprehensive carbon footprint assessment of each stage of VIVE Flow production in 2022, including raw material selection and packaging methods, and obtained ISO 14067: 2018 verification statement, covering from cradle to grave. Product carbon footprint is an analysis of greenhouse gas emissions throughout the product life cycle, including the acquisition of raw materials, manufacturing, distribution, use, disposal and other stages. The carbon footprint of each VIVE Flow (including packaging) is 34.83 kgCO<sub>2</sub>e, and the main carbon emission hotspots are concentrated in the raw material manufacturing and distribution and product manufacturing stage. When developing new products in the future, we will be committed to sustainable design and sustainable supply chain promotion. In addition, since the electricity consumption in the manufacturing process is the main carbon hotspot, we can also improve the efficiency of electricity consumption in the future. HTC is committed to improving carbon emissions in every process, and providing products to consumers that are more green, environmentally friendly, and healthy, and integrating the spirit of sustainability into the entire life cycle of each product.

Complete verification report: <https://www.htc.com/tw/esg/certificate-report/>

### VIVE Flow GHG emission of each life cycle stage



## Environmentally friendly with sustainable packaging

HTC taking environmentally friendly and sustainable development as the primary concern when designing lightweight packaging, ensuring the protection and of the product and aesthetic while at the same time reducing impact of the packaging to the environment.

All packaging materials HTC uses for its products fully comply with EC directive on packaging (EU 94/62/EC) and the US requirement on packaging (Model Toxics in Packaging Legislation of USA), and all printing ink used on HTC product packaging are low-volatility ink or soy ink certified by the American Soybean Association. We put a lot of effort into packaging design to ensure all the packaging materials are in line with the principle of environmentally friendly and sustainable development, minimizing impact of the product packaging to the environment.

### HTC's Four Major Directions for Sustainable Packaging

Reduction of the amount of material used.

The use of biodegradable raw material.

Printing with environmentally friendly ink (soy ink).

The facilitation of shipment.

Our latest product, VIVE XR Elite, showcases our continued commitment to corporate social responsibility. All packaging materials used for VIVE XR Elite are made from 100% recyclable materials, with 99.99% being paper-based. One of the most sustainable features is that 99% of the packaging is made from recycled materials, which is a result of our active enforcement of a circular economy.



### History of HTC "Sustainable Packaging"

**Weight**

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

**Transportation**

One pallet can carry more packs and help reduce freight

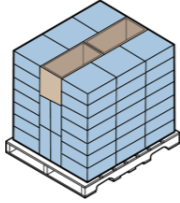
**Increased Proportion of Recyclable Materials**

Enhancing the Package Recycling Ratio for Mobile Phones and VR Products

## 2022 Product Packaging Material Analysis

 <p><b>VIVE XR Elite</b> Weight 777.5 g Recycled Content Weight 772.5 g Recycled Content Rate <b>99%</b></p>	 <p><b>HTC Desire 22 pro</b> Weight 141 g Recycled Content Weight 108 g Recycled Content Rate <b>76.5%</b></p>
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### The material of VR packaging- Utilize recyclable packaging materials and lightweight design

	Dimensions	Weight(g)	The number of pallets	ECO Features
<b>2021</b> Pizza Box (FOCUS 3)	 375x338x126.5mm	820	 54pcs	<ul style="list-style-type: none"> <li>● Use higher recycled materials on the outer box.</li> <li>● Use of corrugated board that is lighter yet sturdier.</li> <li>● Best pallet pattern to reduce carbon footprint.</li> </ul>
<b>2021</b> Rigid Box (VIVE Flow)	 184x91x123mm	240	 420pcs	<ul style="list-style-type: none"> <li>● Monotone color print for a minimalist, sophisticated design.</li> <li>● Optimized space allocation, light and compact outer design to change perceptions of a heavy VIVE series.</li> </ul>
<b>2022</b> Pizza Box (VIVE XR Elite)	 288x278x130mm	777.5	 84pcs	<ul style="list-style-type: none"> <li>● We employ a minimalist monochromatic style in our printing, utilizing simple ink printing techniques to convey the product's refined and elegant texture.</li> <li>● We have replaced certain plastic bag packaging with paper-based packaging to maximize the use of paper materials. Additionally, the main device is now protected by a fiber bag with superior quality.</li> </ul>

## Sustainable Supply Chain

Suppliers are vital to the continued success of HTC and are also important partners in supporting our sustainable development. HTC was founded in Taiwan and is a Taiwanese company whose operations and procurement drives developments of related sectors. Except for certain key parts and components, our general procurement policy is to use raw materials and equipment originating in Taiwan to the greatest extent possible. The amount of local procurement of raw materials account for 53.84%. We not only require our suppliers to provide quality services and products, but also measure our supply chain against stringent ethical and environmental standards.

Since 2018, the CDC (Component Data Collection) subsystem has been added to the Supplier Portal System to address the issues required by the Supplier Code of Conduct, such as conflict minerals, banned and restricted substances, and greenhouse gases Emissions, SVHC etc., set the annual supplier targets, tracked and summarized through the system. Joint effort with supply chain members in increasing our ESG performance in the 2022 supplier inclusion and performance rating.

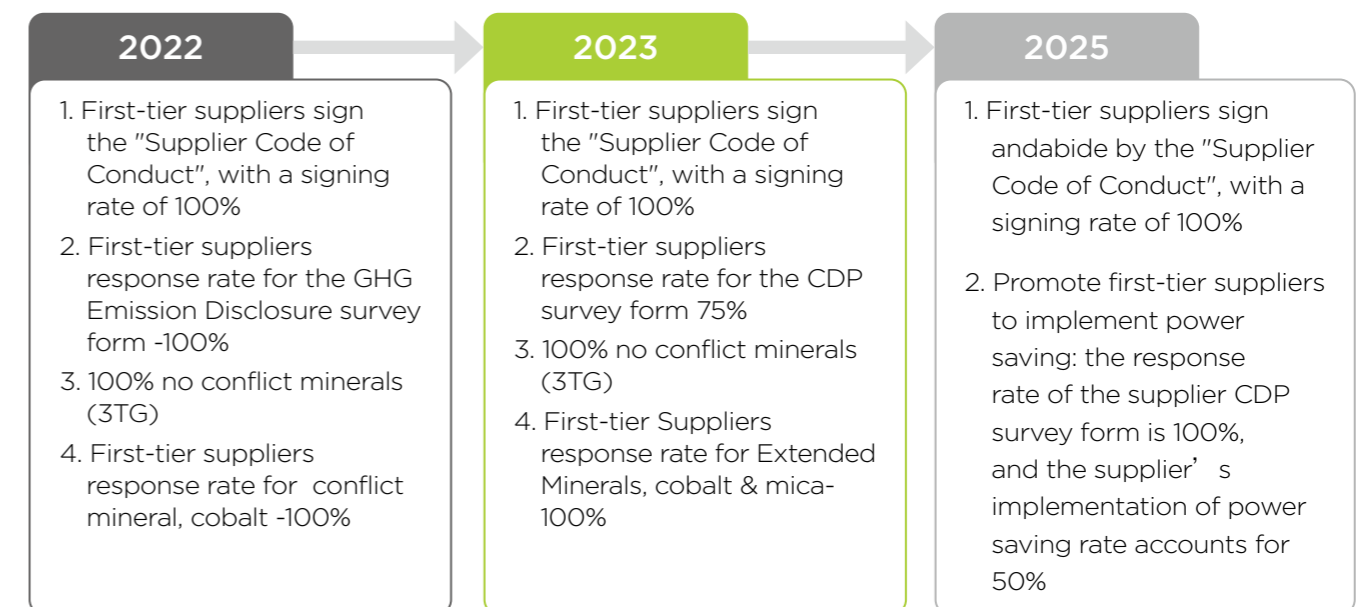
As a member of Responsible Business Alliance Code of Conduct, HTC formulated an "HTC Supplier Code of Conduct", which aims to protect the environment with our supply chain partners, safeguard the human rights of our workers, their ethics, safety and health, and extend this social responsibility to the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

### HTC Supplier Code of Conduct HTC

The HTC Supplier Code of Conduct details the responsibilities and regulations that have to be followed by all suppliers doing business with HTC. In addition, HTC also conducts a regular assessment of the implementation of the Code as the basis for our further selection of business partners. At the end of 2021, there were a total of 101 suppliers signed the Supplier Code of Conduct, with the rate of signing reached 100%.

The provisions about labor issues, health and safety, and ethics were framed with reference to Responsible Business Alliance Code of Conduct and the related documents issued by the United Nations Universal Declaration of Human Rights. For more information about the "HTC Supplier Code of Conduct", please visit [ESG Website](#).

### HTC Supplier Code of Conduct HTC



## The HTC Supplier Social Responsibility Assessment and Audit

In addition to implementing corporate social responsibility of our own brand, HTC also delivers the concept and requirements of ESG to the supply chain. This was not only to verify their compliance of the HTC Supplier Code of Conduct, but also to provide supplier consulting and coaching functions to build and enhance ESG concepts and actions.

### Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent facilities

Year	2020	2021	2022
Number of suppliers audited by third party/Total Critical Suppliers count	5%	8%	22%
Number of high-risk suppliers audited by third party/ Total high-risk Suppliers count	29%	35%	46%
Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent	-	-	-
Priority non-conformances count/ Number of suppliers audited by third party	1.89	0.44	0.09
Other non-conformances count/ Number of suppliers audited by third party	19.44	12.78	3.55
Associated corrective action rate for priority non-conformances	18%	75%	100%
Associated corrective action rate for others non-conformances	57%	50%	100%

Note:  
 1. Total Critical Suppliers count: Direct suppliers accounting for top 80% of the total purchasing expenses.  
 2. In the current year, the determination of high-risk suppliers is based on factors such as geographical location, product manufacturing processes, news reports, and past audit performance, instead of the RBA SAQ survey.  
 3. Our third-party audits include HTC, outsourced third parties, VAP, VAP CMA, and SMETA, and they are assessed according to HTC's internal standards.  
 4. In the year 2022, four audits were delayed until April 2023 due to the COVID-19 pandemic, and efforts for continuous improvement are currently underway.  
 5. In response to the above findings, besides requesting the suppliers to respond with improvement measures, HTC also provided management system and implementation experience to suppliers for reference and put them in the priority list for on-site audit in next year in order to prevent similar incidents from happening.

### A Quick Look at the HTC Supply Chain Management

#### Definition of HTC Critical Supplier

Owing to differences of industry characteristics and supplier category, HTC identifies critical supplier and major audit for reference by following two principles:

1. Direct suppliers accounting for top 80% of the total purchasing expenses.
2. According to the mechanical components which vary based on technology, markets and purchase annually, ESG Office and sourcing departments define critical suppliers of current year based on different situations every year.

#### Management Mechanism

##### New Supplier Management

- All supplier candidates are required to fill in a self-assessment questionnaire, and the contents of the questionnaire are designed based on HTC's five major supplier behavior criteria of labor, environment, health and safety, ethics, and management systems. For high-risk suppliers, actual audits are also conducted. Since 2016, the weight of social responsibility-related issues in the new supplier self-assessment questionnaire has been increased. In 2022, a total of 4 new suppliers have passed the self-assessment, accounting for 100% of all new suppliers.

##### Quarterly Evaluations

- In the quarterly supplier business review meetings, the performance of key suppliers on ESG-related issues is confirmed and included in the screening considerations.

#### Annual On-site Audit

- Supply Chain Social Responsibility Compliance Audit<sup>1</sup> has been implemented since 2011. Every year, HTC will based on initial risk determination (including geographic, location, products, news etc.) to execute Audit.
- In 2017, an addition was made in the manufacturing process. According to the RoHS and REACH directives, hazardous substances subject to control are required to be audited.
- In 2022, a total of 101 suppliers were assessed for risks, and 9 suppliers with a risk score of over 30% were selected for on-site audits. Five of them were exempted from the audits for providing the RBA VAP report for the current year. The remaining four audits were postponed to Q2 2023 due to the COVID-19 pandemic. As of the end of April, all on-site audits have been completed.
- In 2023, we plan to introduce the RBA risk assessment tool to further improve the risk assessment of our suppliers and effectively reduce risks.

#### On-site Audit Results (Total of 67 Noncompliance Items in 2022)

##### Labor Rights

**16** cases, mainly about wages and benefits and overtime issue.

##### Health and Safety

**31** cases, mainly on insufficient occupational safety measures in the operating environment.

##### Environment

**13** cases, mainly about Inadequate hazardous waste management measures.

##### Ethics

**7** cases, mainly for the failing of establishing management procedures for employees to accept inappropriate payments and gifts.

##### Treatment and Response

In response to the above findings, besides requesting the suppliers to respond with improvement measures, HTC also provided management system and implementation experience to suppliers for reference and put them in the priority list for on-site audit in next year in order to prevent similar incidents from happening. There were no suppliers whose audit results failed to meet the standards in the current year.



## Responsible Procurement of Minerals

Since 2012, HTC has included conflict minerals issues in its procurement contracts, supplier code of conduct, purchase order terms, supplier social responsibility management procedures, and supplier social responsibility audits, requiring suppliers to comply with the "HTC Conflict Free Mineral Statement" to ensure that conflict minerals are not used. Each year, we use the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) to investigate the sources of metal mines of our suppliers, effectively managing the supply chain and reducing default risks. In 2022, all minerals used in HTC products were sourced from qualified smelters. HTC has also included "cobalt" and "mica" in its metal mine source investigations since 2020 and 2022, using the Responsible Minerals Initiative's Extended Minerals Reporting Template (EMRT). The response rate for this year's survey was 100%.

### The intended use of conflict minerals



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



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



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



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

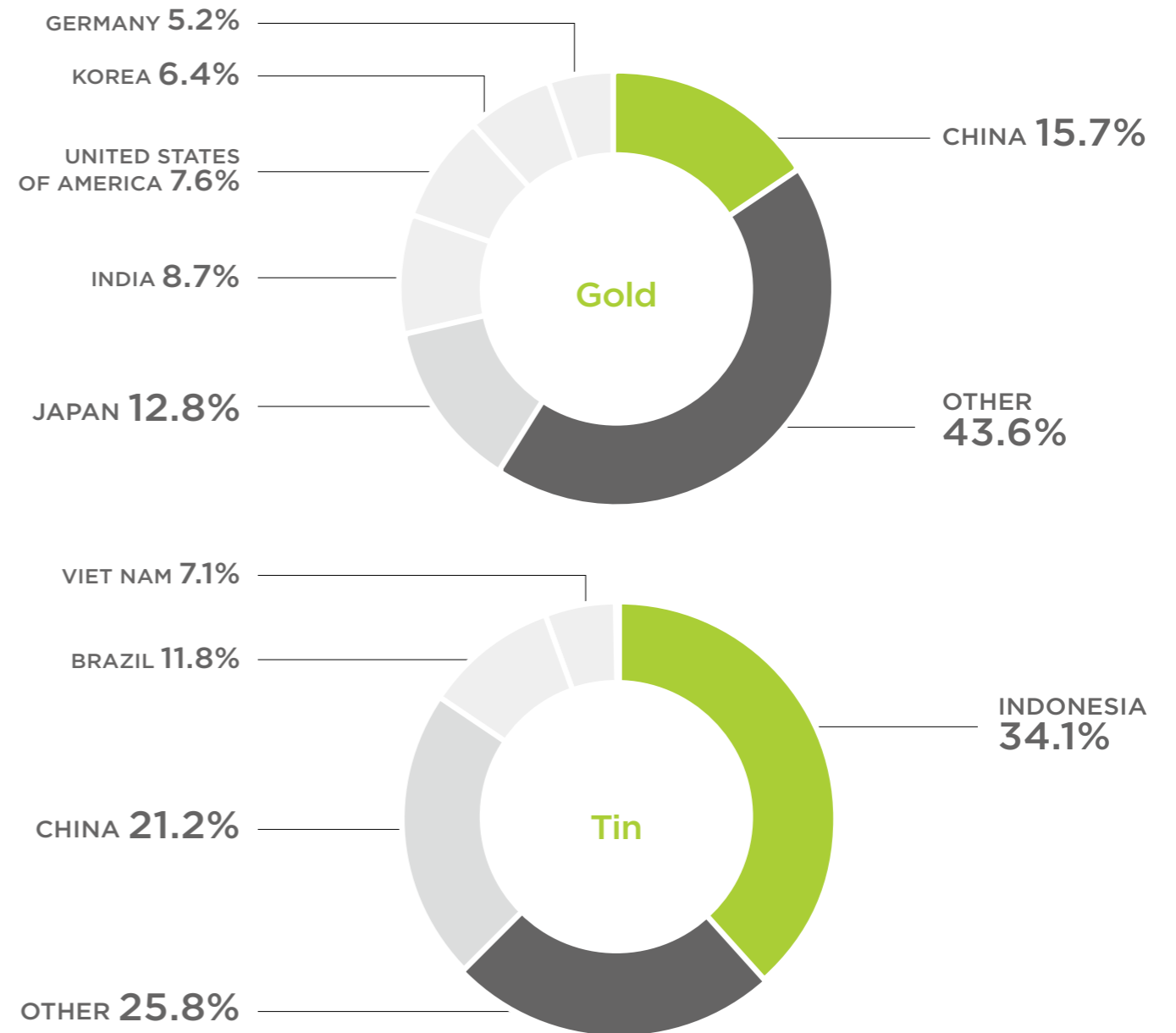


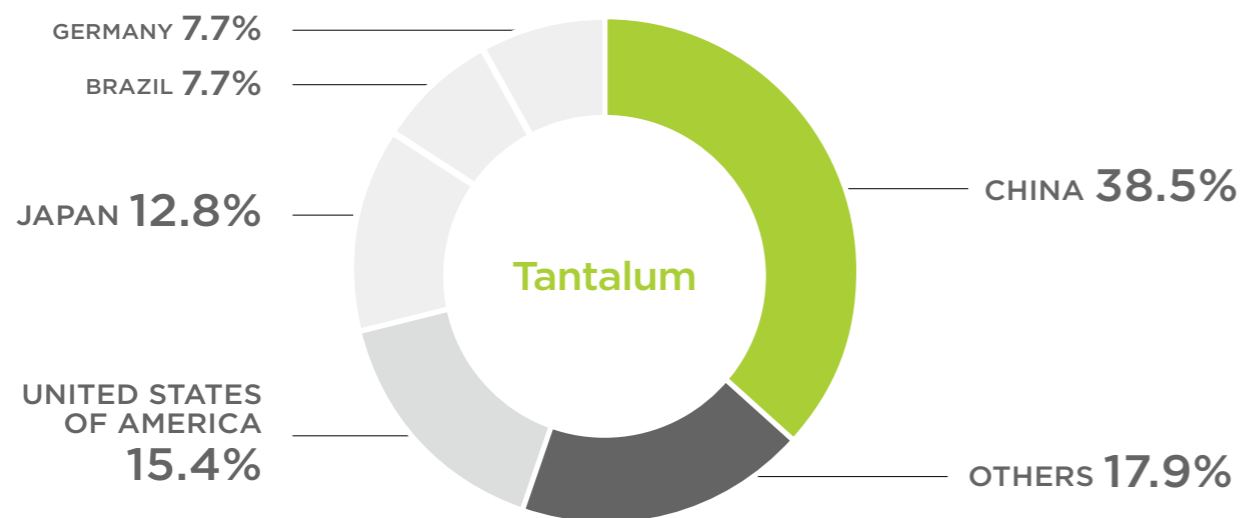
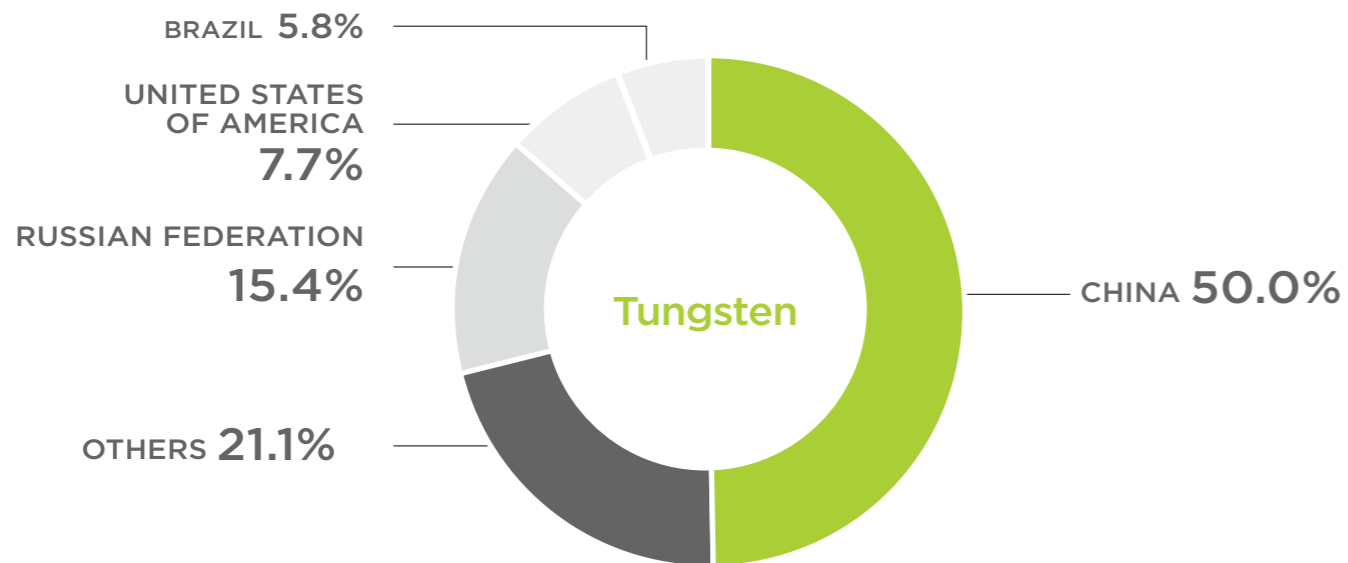
**Point of use:**  
Used on lithium batteries  
**Intended use:**  
As electrode material for lithium battery



**Point of use:**  
Used in connectors and memory modules  
**Intended use:**  
Assist in electrical insulation and thermal insulation

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





Note:  
 In the smelter country display graph, the others category is countries with a percentage value of less than 5%. The countries of conflict mineral smelters in this category are as follows:  
 1. Smelter countries of Gold include: Russian Federation, Switzerland, United Arab Emirates, Italy, Brazil, Canada, Kazakhstan, South Africa, Turkey, Belgium, Colombia, Mexico, Taiwan, Uzbekistan, Uganda, Zimbabwe, Andorra, Australia, Austria, Chile, Czechia, Indonesia, Kyrgyzstan, Lithuania, Malaysia, Mauritania, Netherlands, New Zealand, Norway, France, Ghana, Philippines, Poland, Saudi Arabia, Singapore, Spain, Sudan, Sweden, Thailand  
 2. Smelter countries of Tantalum include: Estonia, India, Kazakhstan, Mexico, North Macedonia, Russian Federation, Thailand  
 3. Smelter countries of Tin include: United States Of America, Bolivia, Japan, Malaysia, Spain, Thailand, Belgium, India, Myanmar, Peru, Philippines, Poland, Russian Federation, Rwanda, Taiwan  
 4. Smelter countries of Tungsten include: Germany, Japan, Korea, Austria, Viet Nam, Philippines, Taiwan



# Friendly Workplace



# Human Rights Management and Commitment

Promoting respect for human rights is a core focus of HTC. We support the objectives disclosed in international human rights conventions such as the “Universal Declaration of Human Rights”, the “ILO Declaration”, the “Responsible Business Alliance”, and other international standards and guidelines to ensure human rights protection.

In HTC’s commitment, special attention is paid to interested parties in vulnerable groups, such as children, women, indigenous peoples, people with disabilities, and other vulnerable groups. We promise not to participate in any form of human rights violations, including forced labor, child labor, discrimination, harassment, and infringement of the right to freedom of association and assembly. We also regularly review and update our policy to ensure effective implementation, including identifying and addressing potential human rights issues through due diligence by applying early warning principles.

With regard to the protection of human rights and other related policies, HTC has posted on its official website its declaration and policy [commitments](#).

We promise to integrate policies into daily economic activities and business relations, striving to protect and respect human rights, for example, we require all suppliers to fulfill their corporate responsibilities to the same standard, and publicly announce compliance with the latest version of the Modern Slavery Act together with suppliers to demonstrate protection of labor rights. We believe that through our commitments and actions, we can make positive contributions to global human rights and sustainable development.

## Human Rights Topics

HTC places great importance on human rights issues and is committed to ensuring that our business activities do not negatively impact the human rights of any interested party. We believe that identifying and developing annual human rights issues is an important step to ensuring the fulfillment of our commitment. Therefore, we use the following methods to identify and develop annual human rights issues:

1. Identifying human rights risks: We clarify and identify potential human rights risks and hazards through parties interested in our business, and list potential risk items.
2. Conduct due diligence: Internal departments conduct investigations on potential human rights risks to determine whether our policies and practices comply with relevant laws, guidelines, and standards.
3. External participation: We regularly publish risks and performance as part of our annual EGS report, sharing our progress and performance with interested parties.

Based on these methods, we identified and formulated human rights issues for the current year: labor relations, diversity and equality, a good working environment, conflict minerals, and personal information security and privacy, etc.

## Due diligence on human rights-related risks

Human Rights Topics/ Impacts	Annual performance
<b>Employees</b>	
<b>Labor-capital Relation</b>	
Labor consultations and appeals	HTC holds labor meetings to discuss employees’ work rights and benefits on a quarterly basis, and produces meeting minutes to continuously track and improve issues. We also provide various channels for employees to express their opinions, including an appeal hotline, appeal opinion box, email, etc. In 2022, the company did not have any cases violating the Labor Standards Act.
Salaries comply with relevant regulations	HTC strictly adheres to the labor laws and regulations of each location, prohibiting discrimination against employees based on gender, race, nationality, age, religion, or party affiliation. It is committed to creating a fair and equal work environment, allowing employees to enjoy fair wages and benefits. The company also adopts a systematic performance evaluation system, taking into account factors such as employee performance, market level, and future development potential to adjust salaries, motivate employees, retain outstanding talent, and continuously promote innovative development to improve the company’s competitiveness.
<b>Diversified equal rights</b>	
Anti-discrimination	At HTC, we uphold the principle of equal opportunity and ensure that there is no discriminatory behavior in the recruitment, hiring, promotion, and management of employees. We have always been committed to creating an open, diverse, and inclusive work environment to unleash the maximum potential of the company. We also provide education, training, and other measures to protect employees while performing their duties. In addition, our EAP program provides professional psychological counseling and life assistance resources to take care of employees’ physical and mental health, increase job satisfaction, and strengthen self-esteem.
Respect for women	HTC values the importance of female employees in the workplace and believes that gender equality is very important. Therefore, in addition to strictly complying with relevant labor laws, it also considers adjusting service items and environmental equipment for female employees to diverse needs, and is committed to establishing a true corporate culture of gender equality. Since 2016, HTC has implemented a comprehensive Protecting and Managing Maternal Health policy, to include female employees who are pregnant, are breastfeeding for the first year after giving birth, or are still breastfeeding, to ensure that they receive the necessary protection and support. Through the above measures, we believe that we can improve the work efficiency and morale of our employees, while also attracting outstanding female talent.
<b>Good Workplace</b>	
Provide a safe working environment and training for workers	We inspect the workplace, vehicles, equipment, facilities, and fire-fighting equipment on a regular and ad-hoc basis to ensure the safety of the working environment. We also conduct audits of safety requirements such as protective measures, personnel safety, and health education records, and pre-, during, and post-use inspections of machinery and equipment, including organic solvents, ionizing radiation, and infrared detection. To enhance employees’ awareness of health and safety and regulatory requirements, we provide basic training on general health and safety and use of hazardous and harmful materials, and education and training for employees engaged in hazardous or special operations.
Employee healthcare	To provide a comfortable and healthy working environment for all employees, we are committed to providing healthcare services across three major areas: “health management”, “health promotion”, and “healthcare”, to ensure the physical and mental health of employees and to ensure a work-life balance.
No forced labor	HTC strictly prohibits any form of forced labor and ensures that employees have the freedom to terminate their labor contracts. As of 2022, no operating site has experienced any form of forced labor.
Unemployed child labor and illegal labor	HTC strictly prohibits all operating sites and global suppliers from illegally hiring children and engaging in illegal labor. We require employees to provide age certificates when hiring them, and ensure that students in cooperative education also comply with the law. We also ensure that all operating sites comply with local labor laws and regulations to protect labor rights.
Free association	HTC respects employees’ right of free association and is committed to providing channels and an environment for free expression of opinions. We encourage employees to effectively express their opinions and ideas through diverse labor negotiation and appeal channels, such as unions, labor meetings, and appeal procedures.
Provide accessible facilities for individuals with physical and mental disabilities	The accessibility facilities of the building include ramps, escalators, and elevators. We have set up blind spot signs on the disabled elevators in our Taipei office so that people with limited vision can use these facilities.

## Suppliers

### Conflict Minerals

No use of conflict minerals We conduct responsible investigations and management of conflict minerals, conduct annual investigations on the sources of raw materials from suppliers, and incorporate them into the supplier's social responsibility management program. No products were found to have used conflict minerals in 2022. See the 'EGS Supply Chains' section for further details.

### Labour human rights

Free choice of profession  
 Unemployed child labor and illegal labor  
 No Forced Labor  
 Salary and Benefits  
 Human Treatment  
 Anti-discrimination  
 Freedom of Association

HTC places great importance on suppliers' protection of human rights, and followed the Code of Conduct of the Responsible Business Alliance and the United Nations Declaration of Human Rights to develop the HTC Supplier Code of Conduct, which clearly outlines the responsibilities and norms related to labor, health and safety, ethics, and other key areas. It is implemented through multiple measures, including on-site audits, confirmation of improvement actions for faults found, training on human rights issues for colleagues working in procurement, and participation in the Responsible Business Alliance (RBA) so we can understand the trends of international enterprises and member experience and practice. We hold supplier meetings every year to promote and demand human rights issues such as prohibitions on child labor, forced labor, and conflict minerals to expand the social responsibility of the supply chain system. We expect any supplier who has business dealings with HTC to comply with and implement this standard. As of the end of 2022, a total of 101 suppliers signed the code of conduct; a 100% return signing rate. See the 'EGS Supply Chains' section for more details.

## Corporate Customers

### Personal Information Security and Privacy

No personal information or other information leaks HTC has imported a personal data management system and an information security management system, and has taken various management measures to ensure the security of personal data and other information. There have been no incidents of personal data or other information leaks to date.

## A Workplace that values Human Rights

As an international enterprise, HTC values labor human rights and upholds the basic principles of equality, inclusiveness, and anti-discrimination. We adhere to providing fair and open employment opportunities for every candidate, and respect the human rights and workplace equality of every employee. We are committed to the highest environmental, social, and moral integrity standards to create a healthy, just, and fair work environment.

### No Child Labor

HTC strictly prohibits all operating sites and global suppliers from employing children. We require that an age certificate be provided when hiring employees, and that students in cooperative education meet the age threshold of 16 or above as stipulated by local laws to ensure that the welfare of children and adolescents is fully protected. We also ensure that all operating sites comply with the requirements of local labor laws to safeguard the labor rights of workers.

## Valuing Female Employees

HTC places great emphasis on the value of female employees in the workplace, and has established a corporate culture of gender equality by adjusting our service offerings and improving environmental equipment. We also promote physical and mental healthcare measures for female employees, including the following:

1. A female free cancer-screening program is part of the annual health check. This includes the choice of a Pap smear, a breast ultrasound exam, or a mammogram.
2. 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.
3. Car/scooter parking spaces near the parking lot entrance/exit for pregnant women.
4. Seven breastfeeding rooms in the offices in Taiwan, each equipped with ultraviolet milk bottle boxes, a microcomputer water boiler, comfortable couch, refrigerator to store breast milk, and relaxing music. These facilities were used 7,814 times in 2022.
5. The Mother Health Protection Plan kicked off in 2016 and covers pregnant women, mothers within the first year of giving birth, and mothers who are breastfeeding. The Plan made an inventory, underwent risk identification, and offers individual medical consultations, work adjustments and a reinstatement program following pregnancy. In 2022, a total of 19 female employees completed risk classification and protection measures, all of which are currently considered a low risk level and are being monitored.



Accessible parking spaces for pregnant women and people with a disability.

## Work-life Balance Support

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

### Employees applying for Family care leave

Year	Male	Female	Total
2020	26	54	80
2021	15	31	46
<b>2022</b>	18	59	77



## Employees Applying for Unpaid Parental Leave and Resuming Duty after Leave in 2022

	Male	Female	Total
The Number of Qualified for UPL for Raising Children in 2022 (Note1)	104	65	169
The Number of Person Actual Applied UPL in 2022	3	11	14
UPL Application Rate in 2022 (Note 2)	2.88%	16.92%	8.28%
The Number of Reinstatement-to-be in 2022	2	14	16
The Number of Application for Reinstatement in (Note 4)	1	9	10
Reinstatement Rate in 2022 (Note 5)	50.0%	64.29%	62.50%
The number of application for reinstatement in 2021 (Note 3)	2	26	28
The Number of Retention Over 1 Year After Reinstatement in 2021	0	9	9
Retention Rate in 2022 (Note 6)	0.0%	34.62%	32.15%

### Note:

1. The number of employees eligible to apply for maternity leave and paternity leave in 2022 is calculated based on the number of employees who have taken maternity leave and paternity leave in the past three years (2020-2022)
2. The 2022 application rate for parental leave = the actual number of people applying for parental leave in 2022/the number of people eligible for parental leave application × 100%
3. The number of people who have been reinstated in 2021 includes those who applied in 2019, 2020 and 2021, and were reinstated in 2021.
4. The number of people who have been reinstated in 2022 includes those who applied in 2020, 2021 and 2022, and were reinstated in 2022
5. The 2022 Reinstated Rate = Number of reinstated people in 2022 / Number of reinstated people expected in 2022 × 100%
6. The 2022 retention rate = Number of people who continued working for one year after resuming employment in 2021 / Number of people who resumed employment in 2021 × 100%

## Listening to the Voice of the Employee

HTC has over 2,000 employees worldwide, and the improvement of internal communication mechanisms has a significant impact on the company's operational growth. Therefore, HTC places great emphasis on internal communication and is committed to establishing a harmonious atmosphere of mutual trust between labor and management.

To achieve this goal, HTC holds quarterly labor meetings consisting of seven representatives selected by employees and seven representatives designated by the company. At least four regular meetings are held every year and minutes are recording to track issues and improve results. Before each meeting, we discuss previously unresolved and newly added issues. In addition to inviting relevant responsible unit supervisors to participate, the meeting minutes are also posted on the company's internal website for employees to review. According to internal statistics, the most commonly discussed topics in labor meetings include "the work environment", "employee welfare", and "catering management".

HTC conducted an employee engagement survey to promote smooth communication channels with colleagues and gauge job satisfaction. The survey included a total of 429 manufacturing colleagues, of which 86 were sampled (accounting for 20% of the total). The questionnaire response rate was 98.84%, and the target score for 2022 was 3.8 out of 5. The actual survey scored 3.90.

To ensure the rights and freedom of expression of employees, HTC has established a fair system for handling employee complaints, and provides instant access to colleagues' opinions, such as via the appeal hotline, the appeal opinion box, appeal email, and a sexual harassment appeal email. We also regularly hold labor meetings and employee opinion surveys as important references for improving various practical aspects.

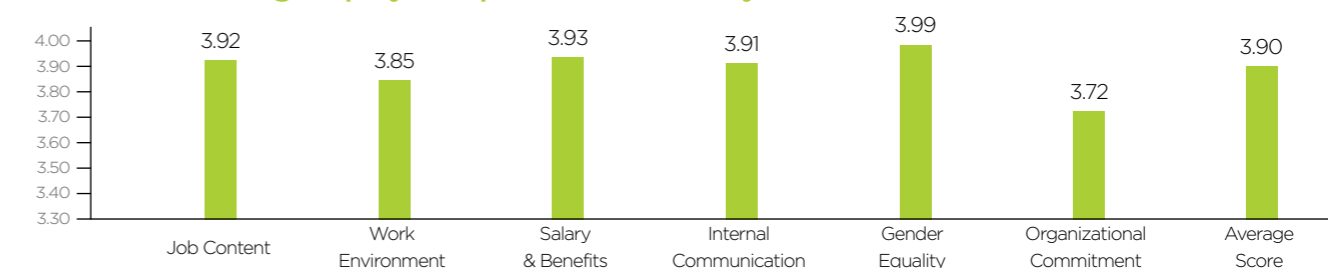
HTC places great importance on labor management harmony. If there are any labor disputes, we conduct labor management negotiations in accordance with the law, and handle the dispute promptly and properly. When there are significant operational changes, we also comply with the norms of the Labor Standards Act. No cases of violations of the Labor Standards Act occurred in HTC in 2022.

Note: HTC has established the corporate labor union since 2015. We keep communication with members of the labor union and respect their opinions, and discuss employee feedbacks at labor-management meetings every quarter. As of the end of 2022, the corporate labor union has not proposed any demand for collective agreement.

## Employee Satisfaction Survey

HTC values employee satisfaction as an important indicator of job performance and turnover rate. An annual survey of employee satisfaction is conducted through a questionnaire to understand their feelings towards the company's services so we can strengthen and improve specific measures accordingly. In 2022, HTC conducted a satisfaction survey for manufacturing colleagues, sampling 86 people, with a response rate of 98.84%. The actual survey scored 3.9, which is 3.8 points higher than the target. The satisfaction survey mainly covers six aspects: job content, the work environment, salary and benefits, internal communication, gender equality, and company identity. Among them, our colleagues highly recognized HTC's performance in good and desirable job content, the implementation of gender equality laws, and consider the salary and benefits good. However, projects with low company identification were still worth paying attention to. HTC will evaluate refined practices and communicate the analysis results and improvement plans to Senior Supervisor for review.

### The manufacturing employee's questionnaire survey conducted in 2022



## HTC Employee Code of Conduct

We place great importance on the professional ethics of each employee, and have therefore formulated the HTC Employee Code of Conduct as the highest guideline for all employees in the execution of operational business. All positions, ranks, and locations of employees must comply with the code. Unless it violates the legal orders of the local government, the priority of this code of conduct must be higher than any local regulations. If there are any violations of the code, HTC will require the relevant human resources unit to refer to the local government's legal provisions for review and confirmation. Otherwise, any employee who violates the HTC Employee Code of Conduct will be dealt with accordingly, and in severe cases, their employment contract may be terminated.

In 2018, we specifically used third-party compliance verification to ensure the implementation and degree of compliance of the code. We passed the verification and obtained certificates to motivate all employees to continue to work hard and improve. To ensure that new employees fully understand and comply with the code, we start relevant training on the day new employees start with the company, explaining HTC's corporate policies, employee code of conduct, environmental and health policies, and ESG concepts. We also include anti-corruption, sexual harassment, and human rights related illegal infringement issues in the training scope, and provide specific examples through e-courses to improve the effectiveness of the training sessions.

Items	Hours	Period	Unit	2020		2021		2022	
				Person	Total hours	Person	Total hours	Person	Total hours
Preventing illegal infringement in the execution of duties	0.5	Annual/in-service	MFG	973	486.5	494	247	640	362.5

Note: The number of participants in the course on preventing illegal infringement in the execution of duties accounts for 19.79% of the total number of employees in Taiwan.

## Overview of Human Resource Structure

At the end of 2022, HTC global employee workforce totaled 2,173. Of these, 29.14% were foreign supervisors, accounting for the total number of global executives above manager level; foreign supervisors and professionals accounted for 17.97% of the total number of global executives and professionals, and 25.48% of the supervisors were women.

HTC's turnover rate of direct workers in 2022 was 12.35\*, with the statistical frontier encompassing the Taiwan region (including manufacturing employees and contracted personnel). The indirect workers turnover rate was 16.65%, with the statistical frontier covering the world (including General Employees, interns, and contracted personnel).

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

### 2022 HTC Human Resource Structure Overview

	Male		Female		Total		
	Person	%	Person	%	Person	%	
Employee category	Manufacturing Employees	147	6.76%	325	14.96%	472	21.72%
	General Employees	290	13.35%	210	9.66%	500	23.01%
	Middle Supervisor	808	37.18%	336	15.46%	1,144	52.65%
	Senior Supervisor	45	2.07%	12	0.55%	57	2.62%
Type of employment	Full-time employees	1,276	58.72%	866	39.85%	2,142	98.57%
	Part-time employee	14	0.64%	17	0.78%	31	1.43%
	Employees without set hours	0	0.00%	0	0.00%	0	0.00%
	Dispatched employees	0	0.00%	0	0.00%	0	0.00%
Employment contract	Indefinite contract/ Permanent employees	1,264	58.17%	862	39.67%	2,126	97.84%
	Fixed-term contracts/ Temporary employees	26	1.20%	21	0.97%	47	2.16%
Employees with physical and mental disabilities	5	0.23%	4	0.18%	9	0.41%	
<b>Total number of employees</b>	<b>Global employees</b>	<b>1,290</b>	<b>59.36%</b>	<b>883</b>	<b>40.64%</b>	<b>2,173</b>	<b>100%</b>

Note:

1. Manufacturing Employees: foremen, team leaders, operators, technicians, etc.
2. General Employees: engineers, team leaders, foremen, specialists, etc.
3. Middle Supervisor: Director, Managers, Assistant Manager, Supervisor and Special Assistant etc.
4. Senior Supervisor: CEO, CMO, CFO and other executive positions above Vice GM.
5. The job nature of dispatched personnel is as support assistant; there were no dispatched employees in 2022.
6. Fixed-term contracts includes 47 contracted personnel.
7. The definition of employment type is as follows:
  - Permanent employees: full-time or part-time employees who sign open-ended (i.e. indefinite) contracts.
  - Temporary employees: employees who sign fixed-term (i.e. with fixed term) contracts. The contract expires at a specified time, or ends when a specific task or event with an evaluation schedule is completed (such as the end of a project or upon the return of an employee to whom the role belongs).
  - Employees without set hours: employees who are not guaranteed a minimum amount or fixed working hours per day, week, or month, but may be required to be ready to work according to requirements.
  - Full-time employees: the number of working hours per week, month, or year as defined by national laws and practices regarding working hours.
  - Part-time employees: employees who work fewer hours per week, month, or year than full-time employees.

### 2022 HTC Employee Rank Distribution by Age

Age	Male									
	Manufacturing Employee		General Employee		Middle Supervisor		Senior Supervisor		Total	
	Person	%	Person	%	Person	%	Person	%	Person	%
≤ 29	11	0.51	161	7.41	27	1.24	0	0.00	199	9.16
30-50	120	5.52	126	5.80	691	31.80	28	1.29	965	44.41
≥ 51	16	0.74	3	0.14	90	4.14	17	0.78	126	5.80
<b>Total</b>	<b>147</b>	<b>6.76</b>	<b>290</b>	<b>13.35</b>	<b>808</b>	<b>37.18</b>	<b>45</b>	<b>2.07</b>	<b>1,290</b>	<b>59.36</b>

Age	Female									
	Manufacturing Employee		General Employee		Middle Supervisor		Senior Supervisor		Total	
	Person	%	Person	%	Person	Age	Person	%	Person	%
≤ 29	11	0.51	96	4.42	13	0.60	0	0.00	120	5.52
30-50	235	10.81	107	4.92	299	13.76	6	0.28	647	29.77
≥ 51	79	3.64	7	0.32	24	1.10	6	0.28	116	5.34
<b>Total</b>	<b>325</b>	<b>14.96</b>	<b>210</b>	<b>9.66</b>	<b>336</b>	<b>15.46</b>	<b>12</b>	<b>0.55</b>	<b>883</b>	<b>40.64</b>

Note: The calculation method of the proportion is the number of persons in this category / the total number of employees at the end of the period

### HTC's total employees by job title in the past 3 years

Year		Manufacturing Employee		General Employee		Middle Supervisor		Senior Supervisor		Total	
		Person	%	Person	%	Person	%	Person	%	Person	%
2020	Male	209	8.02	401	15.39	901	34.59	46	1.77	1,557	59.77
	Female	417	16.01	256	9.83	362	13.90	13	0.50	1,048	40.23
	Subtotal	626	24.03	657	25.22	1,263	48.48	59	2.26	2,605	100.00
2021	Male	169	7.76	294	13.50	784	36.00	43	1.97	1,290	59.23
	Female	346	15.89	198	9.09	332	15.24	12	0.55	888	40.77
	Subtotal	515	23.65	492	22.59	1,116	51.24	55	2.53	2,178	100.00
2022	Male	147	6.76	290	13.35	808	37.18	45	2.07	1,290	59.36
	Female	325	14.96	210	9.66	336	15.46	12	0.55	883	40.64
	<b>Subtotal</b>	<b>472</b>	<b>21.72</b>	<b>500</b>	<b>23.01</b>	<b>1,144</b>	<b>52.65</b>	<b>57</b>	<b>2.62</b>	<b>2,173</b>	<b>100.00</b>

## HTC Global Site Employee Structure Distribution

### Percentage of gender group representation of global employees in HTC 2022 (%)

	Female	Male
Senior Supervisor	21	79
Middle Supervisor	29	71
Technical staff	32	68
Others	67	33
<b>Total</b>	<b>41</b>	<b>59</b>

Note:

1. Technical staff includes employees categorized in the 15-0000 group (Computer and Mathematical Occupations) or 17-0000 group (Architecture and Engineering Occupations) of the U.S. Bureau of Labor Statistics' 2018 Standard Occupational Classification System.

2. More than 90% of HTC's employees are in the operating headquarters and Asian operating strongholds, with Asians being the main ethnic group.

3. HTC's US operating base has a total of 94 employees, with approximately 20% of employees being Asian and 80% being non-Asian.

### Total number of employees in HTC by region

		Permanent employees	Full-time employee	Part-time employee	Temporary employees	Employees without set hours
APAC	Taiwan	1,812	1,830	22	40	0
	Others	143	143	2	2	0
America		90	92	2	4	0
EMEA		81	77	5	1	0

### The total number of employees in HTC by country in the past three years

Year	Domestic Employees				Foreign Employees			
	Male		Female		Male		Female	
	Person	%	Person	%	Person	%	Person	%
2020	1,312	50.4	888	34.1	245	9.4	160	6.1
2021	1,097	50.4	756	34.7	193	8.8	132	6.1
<b>2022</b>	1,087	50.0	752	34.6	203	9.3	131	6.0

### The total number of employees in HTC by region in the past three years

Year	APAC				America		EMEA		Total
	Taiwan	Others	Subtotal		Person	%	Person	%	
2020	2,205	213	2,418	92.8%	103	4.0%	84	3.2%	2,605
2021	1,862	143	2,005	92.1%	94	4.3%	79	3.6%	2,178
<b>2022</b>	1,852	145	1,997	91.9%	94	4.3%	82	3.8%	2,173

### 2022 HTC global new and resigned employee statistics

	APAC				America		EMEA	
	Taiwan		Others		Person	%	Person	%
<b>New Recruits of Employees</b>								
Age	Male	Female	Male	Female	Male	Female	Male	Female
	Person	%	Person	%	Person	%	Person	%
≤ 29	92	4.61	67	3.36	3	0.15	5	0.25
30-50	86	4.31	47	2.35	11	0.55	3	0.15
≥ 51	1	0.05	2	0.10	1	0.05	0	0.00
Subtotal	179	8.96	116	5.81	15	0.75	8	0.40
<b>Total</b>					<b>318</b>		<b>27</b>	
<b>%</b>					<b>15.92</b>		<b>28.72</b>	
<b>Turnover of Employees</b>								
Age	Male	Female	Male	Female	Male	Female	Male	Female
	Person	%	Person	%	Person	%	Person	%
≤ 29	61	3.05	38	1.90	1	0.05	4	0.20
30-50	128	6.41	85	4.26	12	0.60	4	0.20
≥ 51	2	0.10	4	0.20	0	0.00	1	0.05
Subtotal	191	9.56	127	6.36	13	0.65	9	0.45
<b>Total</b>					<b>340</b>		<b>27</b>	
<b>%</b>					<b>17.03</b>		<b>28.72</b>	

Note:

1. Proportion calculation method = Number of new or resigned employees / total number of employees in the region at the end of the period

2. Total number of employees at the period end of each region: 1,997 from Asia; 94 people from the Americas; and 82 people from Europe and the Middle East

## Talent Attraction and Retention

HTC understands that the driving force of enterprise innovation comes from talent. Therefore, in addition to encouraging employees to explore unknown fields and bring innovative design into their lives, it is also committed to building a diverse, dynamic, and enthusiastic work environment, adhering to an open and inclusive policy, and giving employees sufficient authorization and room to grow to attract outstanding talent from around the world. In addition to jointly focusing on environmental protection, social welfare, and other issues with general enterprises, HTC has a deeper understanding that investment in talent is the primary responsibility of enterprises, and continues to expand the influence of HTC's employer brand through diverse recruitment channels, such as social media, and participating in external talent sustainable alliances. To this end, we continuously strive to build a diverse and motivating work environment where employees can unleash their strength and creativity, and achieve common growth of personal values and corporate goals.

### Attracting Talent - Frontline Supervisors are the Best Brand Ambassadors

Faced with the challenges of attracting talent due to dynamic market changes, we believe that frontline supervisors are the best spokespersons for our brands. When recruiting, we invite business, R&D, and other department supervisors to participate, not only allowing potential employees to better understand HTC's transformation direction and innovation momentum through personal experience, but also enabling supervisors to become effective promoters when recruiting talent. In 2022, we invited our supervisors to do magazine interviews. In addition to introducing HTC's VIVERSE Metaverse ecosystem, we also promoted our talent needs to the outside world through with the aim of encouraging jobseekers potential candidates to understand the advantages, characteristics, and values of HTC Metaverse talent. HTC's employees are frequent visitors to international information digital, mobile communication, and creative content exhibitions, and our business scope and partners are global. We also offer cross-border and cross-regional job opportunities. Global collaborations and cross regional work experiences can help HTC employees have a broader and forward-looking, international perspective, and such opportunities can also attract more talent to join HTC.

We recruit partners to observe interviews held with supervisors and provide one-on-one exclusive feedback after to improve the talent selection skills of supervisors. The choice of supervisor has a significant impact on talent density and corporate competitiveness. In addition, embracing members with diverse backgrounds and expertise can stimulate more creativity and generate innovation momentum. We believe that such innovation can shape the corporate charm of "bringing people together".

### Youth Empowerment Around the Globe

To recruit the best talent worldwide, HTC adheres to the concept of "all talent is useful", and actively recruit local elites in the fields of AR/VR, 5G, blockchain, artificial intelligence, and others. We release recruitment information on our official website and social media, regularly participate in campus recruitment activities, symposiums, and technical seminars so students can have deeper communication and interaction with us. We also use remote video tools for online interviews, helping our recruitment efforts break through geographical limitations so we can expand our talent pool to global level and attract talent from new fields.

In addition, HTC provides fixed internship opportunities every year, allowing students to apply their knowledge and technology to industrial practice, gain a deeper learning experience, and adapt to the workplace culture more quickly so they can establish their competitiveness in the workplace. HTC also uses this opportunity to explore potential future talent, prioritize training and provide job opportunities, and directly recruit regular employees for HTC.

### Diverse Recruitment Approaches to Put the Spotlight on Brand Value

In recent years, HTC has adopted a themed business approach combined with technological trends to plan meaningful and developmental job responsibilities, and provide comprehensive employee care, emphasizing a work-life balance for colleagues. HTC also actively promotes and broadcasts through internet platforms such as IG, LinkedIn, and YouTube, focusing on its own advantages, expanding its reach, strengthening its brand image, and laying the foundation for recruitment. In 2022, HTC was nominated for the LinkedIn 2022 Best Talent Acquisition Team Award.

In addition to actively participating in campus recruitment activities, HTC also extends the recruitment activities to various innovative and technological talent matchmaking events organized by the government and the public. For example, in 2022, HTC went to the Kaohsiung City Government to participate in the "5G AIoT Talent Matchmaking Conference", and cooperated with the Kaohsiung Municipal Government to build an XR professional talent training center to actively cultivate soft power talent related to development and creativity of application services, content production, and digital platforms, etc.



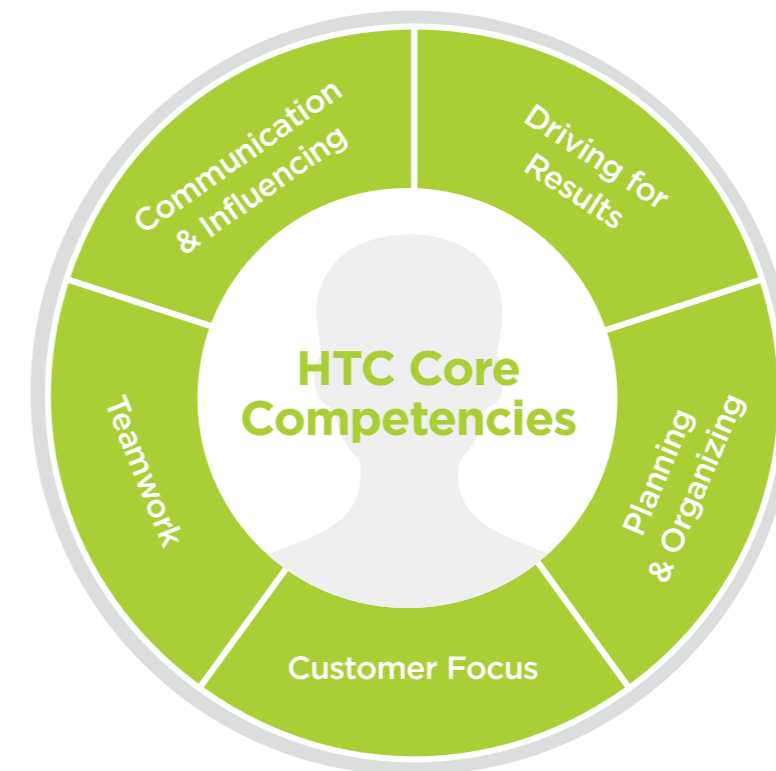
## Talent Cultivation and Development

HTC not only pursues self-improvement and profitability, but also places great importance on the personal growth of each employee. We are committed to establishing a high-quality learning environment and culture, and actively integrate industry needs with employee career development to encourage them to strengthen their professional abilities. In addition, talent development is listed as an important management indicator, and it is expected that employees and enterprises complement each other.



### Five Core Competencies

To assist our employees in coping with ever-changing challenges and understand the pulse of the industry, five core functions serve as the main axis, and a systematic learning development blueprint is constructed with integrated internal and external training resources and a diverse learning platform to improve employee training plans and expand learning benefits so employees are provided with sufficient professional knowledge and skills to meet future challenges.



Talent is HTC's most precious asset and key to achieving outstanding innovation and sustainable operations. According to the company's business development strategy, we have established a complete talent development system, formulated learning priorities for different levels, and provide corresponding training courses to expand human capital, create competitive advantages, and assist employees in continuous learning and improvement.

### Supporting Taiwan's talent through practical actions

As the world enters the era of restructuring post-pandemic, faced with the challenge of a new generation of values and a skill reshuffle in the digital wave, how to recruit, retain, and cultivate outstanding talent has become the focus of global businesses. With technological progress, the demand for highly-skilled labor continues to increase, and foreign businesses and technology companies are competing for talent, leading to an imbalance in the supply and demand of high-level talent in Taiwan's industries. HTC supported the "TALENT, In Taiwan, Talent EGS Action Alliance" through actions in 2022, collaborating with "Commonwealth Learning", "Cheers Happy Workers", and more than 100 companies in Taiwan to promote and advocate for this plan. HTC also shared in the first Taiwan Talent White Paper on how to promote internal transformation from manufacturing hardware to providing software, content, platforms, and services, and worked with global partners to create a strategic approach to open the metaverse ecosystem. HTC also disclosed the international perspectives and cross-border mobility opportunities that diverse talent can gain after joining the company, hoping to attract people to join us as we explore and continuously innovate together.





- 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.
- We work closely with various R&D business teams to assist them in effectively utilizing external professional training institution resources and allocating training budgets appropriately.



- All orientation and new employee training are finished within one month, during which new hires receive a weekly newsletter introducing them to HTC's culture, Company vision, and products of different business groups. Various resources are available to support employees and help them work on their professional development.
- Newly hired executives receive a customized one-on-one orientation program to onboard them quickly.

## Cultivating Key Leaders

Faced with rapid changes in the global industry and the new state of competition, HTC is committed to cultivating management talent who can quickly adapt to highly changing environments and have an international perspective. Such talent is expected to become the main driving force for enterprise development, and continue to promote HTC's growth and development even when faced with difficulties and challenges.

To this end, we customized a series of leadership courses tailored to different levels of supervisors, focusing on strengthening the three major functional aspects of HTC leadership management:

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

### Meticulous talent cultivation and development system



## Individual Contributors

Classroom training & On-line learning

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美國 CLS Situational Leadership® 全球認證講師  
陳俊銘 (James) 老師

**情境領導**  
*Situational Leadership*

10/24 (一) 10:00 - 18:00

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*Situational Leadership*® 是組織領導者強而有力的影響力工具 · 協助您突破困境 ·

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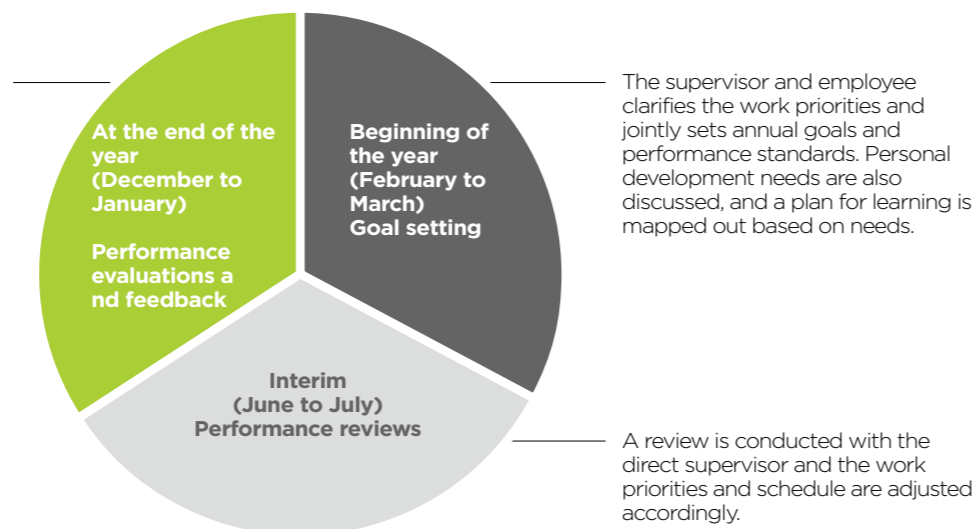


### Training and Performance Integration

As the HTC organization continues to grow, we are committed to accelerating innovation and development, and expect every employee to maintain consistent consensus and goals with the organization. This is also the core purpose of HTC's performance management system: to help employees clarify their job objectives and performance standards through a systematic performance management system, and help them think and plan annual work priorities through relevant indicators. HTC's performance management system is closely related to its training and development system, where employees can review their progress at any time by implementing the personal performance goals set at the beginning of the year, while clarifying which skills they should improve upon, and participate in planned company courses or external training when needed.

In HTC's Performance Development Program, supervisors and employees hold in-depth meetings from February to March at the beginning of the year to jointly set personal annual goals and performance standards, clarify the abilities that employees should strengthen and learn in their personal development, and participate in planned company courses or external training as needed annually. During the period from June to July each year, supervisors and employees jointly review the achievement of goals and adjust work priorities and schedule based on the company's development needs. At the end of the year from December to January, employees conduct self-assessments to review achievements of annual goals, and incorporate feedback from cross-unit supervisors and peers, allowing supervisors to comprehensively evaluate employees' overall performance and team achievements, making performance management a core tool for connecting employee development, compensation design, and training plans. In 2022, the overall employee performance evaluation rate reached 100%.

Our employees conduct self-assessments to reflect on their goal achievement, incorporate feedback from cross-unit supervisors and peers, and then have an in-depth meeting with their supervisor to comprehensively evaluate the employee's performance and team achievements.



The supervisor and employee clarifies the work priorities and jointly sets annual goals and performance standards. Personal development needs are also discussed, and a plan for learning is mapped out based on needs.

A review is conducted with the direct supervisor and the work priorities and schedule are adjusted accordingly.

### External Training Subsidy and English Leadership Resource

As an international enterprise, HTC encourages its employees to continuously enrich their professional knowledge and showcase their personal growth potential. To facilitate employees' effective enhancement of professional knowledge and skills required for business, we encourage team members to continuously improve their professional skills through external professional training institutions or academic institutions, and combine them with work practice to achieve continuous growth. Our training course fees are based on a complete reimbursement system to pay for the fees at the end of the course. In 2022, our subsidies for training costs reached approximately NT\$ 2.08 million. Due to HTC's presence in the global market, we also encourage employees to continuously improve their English proficiency according to their job needs, including for writing business emails, business negotiations, customer complaint handling, and business meetings, etc..

### Training Result

In today's ever-changing world, continuous learning is compulsory for everyone. Even though HTC employees were still affected by the pandemic in 2022, resulting in a decrease in the average number of training hours per person, it was even more important over the pandemic to consider how to continue improving their professional abilities while ensuring health. The company will continue to develop more courses to enable employees to continue learning and growing.

#### HTC Taiwan Employees Training Hours in the Past 3 Years

Year	Course (Hours)		Average Training Hours		Maximum completion rate of a single course (%)
2020	39,054		17.71		
2021	21,269		11.42		
2022	General Courses		Professional Courses		100%
	Course (Hours)	Average Training Hours	Course (Hours)	Average Training Hours	
	4,012.38	2.17	15,768.26	8.51	

Note:  
 1. Total number of training hours of the year/total number of Taiwan employees of the year end of period = average number of training hours per person of the year  
 2. From 2020 to 2021, only the total number of training hours were recorded, without separating general courses and professional courses

#### Employees Training Hours and Sex Ratios at Taiwan All Levels in 2022

Level/ Gender	Total Course (Hours)		Average Training Hours	
	Male	Female	Male	Female
Manufacturing Employees	3,406.58	9,258.68	23.82	28.93
General Employees	1,462.8	1,236.6	5.46	6.68
Middle Supervisor	2,386.3	1,825.9	3.67	7.55
Senior Supervisor	155.2	48.5	4.56	5.39

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

## Salary and Benefits

HTC is grateful for the hard work of all employees so we provide excellent salary and benefits, and comprehensive welfare policies to share profits with our employees. In terms of salary and welfare policies, we strictly comply with local labor laws and regulations, and do not discriminate based on gender, race, nationality, age, religion, or political position. We also implement a systematic performance evaluation system that considers market level and future development prospects, adjust salaries, and provide bonuses to align employee salaries with organizational performance, effectively retain and motivate talent, and promote continuous innovation.

### Competitive Compensation

HTC is committed to creating a high-talent density environment and has therefore developed a comprehensive salary system. It participates in international salary surveys every year to understand market standards and provide employees with salaries higher than the market average guaranteed. At present, the average base salary of employees is higher than the median of international salary surveys, and colleagues of many units have a guaranteed base salary that is higher than the market average.

To retain outstanding talent, we also consider the annual performance of employees and market salary adjustment forecasts, and provide appropriate salary adjustments. In addition, key technology colleagues working on key products are provided with retention bonuses and long-term incentives ranging from 1 to 3 years. Non-managerial employees are offered share subscriptions so they can partake in the substantial benefits of team performance on the company's economic growth, stimulating the potential of employees and uniting them in a common goal.

#### The average and median salaries of full-time employees not holding executive positions, and employee salaries and benefits

Item	2020	2021	2022	2022 v.s. 2021
Full-time employees	2,481	1,786	1,093	61%
Average salary (NT\$)	1,125,000	1,175,000	1,139,000	97%
Median salary (NT\$)	886,000	949,000	897,000	95%
Total employee salary and benefits expenses (NT\$)	3,485,698,000	2,518,708,000	1,575,030,000	63%

Note: The data in this table is audited by accountants, and the total employee salary and welfare expenses refer to individual financial reports.

#### 2022 HTC Regular Earnings Ratio for Men and Women in Taiwan

	New Recruits Basic Pay / Taiwan Minimum Wage Rate
Five-day workweek scheme	100%
Monthly rotating shift scheme	100%

Note:  
1. Regular earnings include a base salary with additional benefits.  
2. The 2022 Taiwan minimum wage is NT\$25,250.

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

Employee Type	Average Compensation Ratio (Male : Female)			
	Manufacturing Employee	General Employee	Middle Supervisor	Senior Supervisor
2020	1.01 : 1	1.18 : 1	1.24 : 1	1.44 : 1
2021	1 : 1	1.24 : 1	1.24 : 1	1.26 : 1
<b>2022</b>	<b>1 : 1</b>	<b>1.12 : 1</b>	<b>1.2 : 1</b>	<b>1.46 : 1</b>

Note:  
1. The base average salary includes recurring salary (including basic salary and food allowance) and non-recurring salary (such as year-end bonus, performance bonus, overtime pay, and allotment gains).  
2. The data in this table is calculated based on the monthly salary of employees still in service as of December 2022.  
3. In 2020, the data for general employees changed from 1.15:1 to 1.18:1, Middle Supervisor from 1.17:1 to 1.24:1, and Senior Supervisor from 1.06:1 to 1.44:1, so the information requires revision.

### Diversified Employee Welfare

To protect the rights and interests of employees and enhance the company's cohesiveness, we provide a sound welfare system to all principal employees. In addition to the basic rights and interests of statutory labor insurance, health insurance, special leave, maternity leave, and parental leave, we also provide annual leave, flexible leave, and birthday leave that is superior to the regulations, as well as travel subsidies, meal subsidies, birthday and other gifts for the three important traditional festivals, weddings, funerals, celebrations, and hospitalization subsidies, as well as family emergency subsidies. We are committed to improving employee wellbeing and creating a happy workplace environment.

Basic benefits	Insurance	<ul style="list-style-type: none"> <li>Since the date of commencement of employment, group insurance is purchased for employees, providing substantial financial support in case of injury, illness, or hospitalization during employment.</li> <li>As Covid-19 continued to impact Taiwan, HTC provided additional personal epidemic prevention insurance for each colleague from 2021, and provided additional insurance for new employees until epidemic prevention insurance products were taken off the shelves in the second quarter of 2022.</li> </ul>
	Emergency assistance funds	<ul style="list-style-type: none"> <li>When employees suffer from illness, injury, disability, or death due to occupational disasters, HTC will compensate them in accordance with the Labor Insurance Regulations or other laws and regulations</li> </ul>
	Pension systems	<ul style="list-style-type: none"> <li>For those to whom the old system of the Labor Standards Act apply: a monthly pension of 2% of the total wages of workers shall be allocated, and shall be deposited and disbursed in a special account of the Labor Retirement Reserve Supervision Committee.</li> <li>For those to whom the new pension system of the Labor Pension Act applies: a labor pension contribution rate of 6% of the monthly salary of the worker and the monthly salary classification table approved by the Executive Yuan shall be the contributed and deposited in the individual labor pension account.</li> </ul>
Rewards and benefits	Encouragement from senior employees	<ul style="list-style-type: none"> <li>HTC places great importance on employees who have made long-term contributions, and presents long-term service commemorative prizes and thank-you cards to employees who have been in service for 5, 10, 15, 20, and 25 years to thank their long-term contributions to HTC.</li> </ul>
	Employee Association	<ul style="list-style-type: none"> <li>We offer a variety of clubs, such as the badminton club, childcare club, senior club, and basketball club, encouraging employees to enjoy a healthy, balanced lifestyle, and have the opportunity to interact and communicate with colleagues from different units, building a healthy and extensive interpersonal network.</li> </ul>
Improve facilities	Stadium	<ul style="list-style-type: none"> <li>The 17th floor of the Taipei office is a sports floor with a height of 10 meters, and can be used as an indoor basketball or badminton court; employees can register for free to use the facilities.</li> </ul>
	Gym	<ul style="list-style-type: none"> <li>HTC has set up a professional fitness space, including free weight training equipment and a heavy training mat area. It also cooperates with professional fitness management consultants and entrusts professional brands to manage facilities. Six coaches with first aid certificates or sports injury protection certificates are stationed to provide on-site fitness guidance, course planning, sports injury protection, and other services. In 2022, a total of 13,204 users availed of the facility.</li> </ul>
Benefits and subsidies	Healthy Catering	<ul style="list-style-type: none"> <li>HTC collaborates with professional catering suppliers to set up diverse food supply cabinets based on overall dietary habits, and selects seasonal dishes that meet the needs of a balanced diet and nutritional intake. Catering suppliers also need to pass CAS, TQF, ISO, HACCP, and other standards certification. Pork products are strongly required not to contain ractopamine to ensure the dietary and health needs of employees.</li> <li>In response to environmental protection laws and regulations, the canteen provides reusable and recyclable environmentally-friendly tableware, and counter and convenience store drinks also encourage employees to bring their own cups and offer discount to those who do.</li> </ul>



Meal allowance	<ul style="list-style-type: none"> <li>General employees receive a full day subsidy of NT\$ 130 for meals on weekdays, and a maximum subsidy of 100 yuan for lunch and dinner on holidays. Clock-in-and-out employees and manufacturing employees who work during regular working hours receive subsidies ranging from NT\$ 35-50 per shift schedule, as well as daily afternoon tea.</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>HTC provides transportation shuttle services; the waiting area for the shuttle bus is equipped with a GPS monitoring system, allowing employees to keep track of vehicles at all times so they can conveniently plan their schedule. Starting from 2022, vehicles are equipped with card-swiping machines to record the number of passengers at each time slot so we can optimize the number of vehicles required at given times of day and reduce carbon emissions.</li> </ul>
Employee travel subsidies	<ul style="list-style-type: none"> <li>HTC's travel subsidy increases with annual salary, not only rewarding employees for their long-term contributions to HTC, but also hoping that employees can enhance interpersonal relationships and physical and mental health through tourism.</li> </ul>
Children's Scholarship	<ul style="list-style-type: none"> <li>The HTC Welfare Commission provides scholarships of different amounts for employees' children from primary school through to junior college. Those who meet the standards can apply for scholarships, which are NT\$ 800 for elementary school, NT\$ 1,600 for junior high school, NT\$ 2,000 for high school (including first grade, second grade, and third grade in a five-year junior college), and NT\$ 3,000 for junior college (including fourth grade and fifth grade in a five-year junior college). The total number of applicants in the first semester of 2022 was 338, and 318 in the second semester.</li> </ul>
Epidemic care	<ul style="list-style-type: none"> <li>In early 2022, as the pandemic escalated, HTC provided free rapid screening reagents and a well-ventilated and disinfected screening area at the health center to ensure that employees entering the office were not at risk of infection.</li> <li>The company welfare committee quickly purchased and sent 9,500 doses of fast screening reagents (five doses per person) to all employees during the nationwide rush to purchase fast screening reagents in May, providing the most efficient and timely care to employees during the most severe period of the epidemic, comprehensively ensuring their health.</li> </ul>

## Happy Workplace

The most important asset of the HTC brand is the creativity of its employees. To stimulate innovative thinking, we place great importance on frequent communication across departments and incorporate multiple employee interaction areas in the spatial design of the Taipei office, such as staggered sky bridges, channels connecting departmental offices, and transparent communication spaces. We hope that these areas can enhance cooperation between departments and allow creativity to be unleashed.

HTC emphasizes that sharing is the best way of interaction so we have set up the HTC Gallery in our Taipei office to provide an art exhibition venue, not only helping young local artists showcase their creativity and work, but also provide space for local schools and the public to visit, promoting interaction and exchange between HTC and the local community.

## A Working Environment Incorporating Brand Spirit

### HTC Gallery

In March 2022, HTC Gallery exhibited Hong Teh-chung's solo creation exhibition "One Flower, One World". Through microscopic flowers, the audience could see the strong tension of life inside, and the purest vitality through the use of materials, lines, and colors in a concise and powerful manner. In June, Fung Kwan-lan, a clergy member of the Church of Christ and a creator of video art, and metal weaving artist Lin Sham-pin jointly exhibited "He who is in me, I am in Him", a life documentary exhibition of nature images and hand weaving. In the severe environment of the epidemic in Taiwan, HTC Gallery insisted on providing a diverse and creative workplace environment for employees. In September, artist Hsu Ming-fung's creation, "Wire Memory", reflected the clever interplay between technological advances in human video recording and memory. While the gallery continued its display, the pandemic started to ease. In December, we collaborated again with AN INA Gallery in South Korea to hold a joint exhibition of four Korean artists' work, including LED digital images, modern Korean landscape painting creations, photography combined with weaving art, and unique glass lens image book artwork. With all of these efforts, employees can wander around and enjoy themselves in an innovative, artistic, and joyful office environment after returning to the workplace.

2022 Solo Exhibition of Mr. Hung Tak Chung's [One Flower, One World]



2022 Rev. Fung Kwan-lan of the Church of Christ and metal weaving artist Lin Sham-pin jointly exhibited "He who is in me, I am in Him"



Artist Hsu Ming-fung's creation, "Wire Memory"



In 2022, AN INA Gallery in South Korea showcased a joint exhibition of four Korean artists' work, including LED digital images, modern Korean landscape painting creations, photography combined with weaving art, and unique glass lens image book artwork.



## 2022 Online HTC Town Hall

To protect the health of all employees and their families and avoid large-scale gatherings, the 2022 HTC Thanksgiving Yearend Gala was held online. During the event, the chair shared the company's vision and future plans, and awarded commemorative medals to senior employees with 20 and 25 years of service. In addition, in recognition of our colleagues' hard work and contributions throughout the year, we allocated over NT\$ 2 million in cash prizes, 400 mobile phones, and VIVE FLOW products as rewards, as well as an additional eight newly launched VIVE XR Elite units, hoping that employees could celebrate the New Year in style while staying safe.

## Employee activities in 2022

To celebrate Mother's Day in May, we presented all our employees with a renowned German brand fragrant shower gel and cards. We also specially arranged an online stress relief course called "Beautiful Noontime, Healing Yourself" to help employees alleviate work stress and enjoy a beautiful afternoon.

**Participation** 99 people registered, 91 actual participants (92% participation rate), satisfaction score of 4.63

Mother's Day

With the gradual easing of the epidemic in Taiwan, many colleagues with children experienced a new normal of working from home while taking care of their children. On Father's Day in August, HR specially invited Dr. Huang Yining to hold a lecture on the theme of "Being a Parent with Peace of Mind, and Fearless Love", sharing coping strategies and cases from the perspective of pediatricians, helping everyone take better care of their children even under exceptional circumstances such as the pandemic and working from home. We hope to assist our colleagues in building happier family relationships through events such as this.

**Participation** 103 people registered, 99 actual participants (96% participation rate), satisfaction score of 4.8

Father's Day

Engineers' Day

Thanksgiving

The core spirit of the Engineer's Day is to face difficulties and solve problems, which has always been HTC's core values. To celebrate the Engineer's Day in June, we held a special online event featuring handmade cold light neon lights. The event not only helped engineers relieve work stress, but also cultivated creativity and manual skills.

**Participation** 206 people registered, 141 actual participants (participation rate 68%), satisfaction rate of 4.67

November is a time of harvest celebrations around the world, and also marked the first festive event for HTC staff since returning to work. To show our gratitude to our staff, we expanded our Thanksgiving Day by giving each staff member a custom-made Kobayashi pancake and teriyaki gift box, so that they can share their blessings with their family members. A Thanksgiving wall was also set up on the ground floor for staff to express their gratitude to their families, colleagues, and friends. We invited Dr. Ng York Kuen to hold an online seminar on the theme of "Love Every Moment, Make Yourself Happier" to help colleagues face and manage emotional stress and enhance their sense of wellbeing. We believe that these three activities will bring our colleagues a lot of happiness this Thanksgiving!

**Participation** 121 people registered for the lecture and 152 people participated

In 2022, we innovated and broke through barriers. We got through the year and supported each other. We were grateful for the encouragement and support of every colleague and your family. We want to pass on our love and share it with more people this Christmas season.

On the day of the Christmas Concert, we invited performers, including the creative talent Chen Weiquan, rocker Huang Mei Zhen, innovative rapper Jin Yang, and new generation street dance group 94D, to perform, bringing more warmth and joy this Christmas.

**Participation** The Christmas Love Without Borders Event has a seating area and surrounding viewing area, with approximately 230 participants.

Christmas Love Without Borders

End of year celebration

**Participation** Chairman Wang purchased over 1,200 tickets in advance for six PLG basketball matches at his own expense as a gift to our colleagues.

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# Occupational Health and Safety

## Valuing Employee Health

HTC promotes various health programs with the three main directions of "Health Management", "Health Promotion", "Healthcare" to help employees achieve a balance between work and life. Maintaining physical and mental health and ensuring the health of every employee.

<b>Health Management</b>	<ul style="list-style-type: none"> <li>● Four major plans for labor health protection</li> <li>● Health checks for general employees and senior supervisors</li> <li>● Health checks for special operation employees</li> <li>● Analyses and evaluations of labor physical (health) examination results, health management, and data preservation</li> <li>● Health examination anomaly tracking management and health guidance</li> <li>● Prevention and treatment of occupational injuries and diseases, and management of labor allocation and resumption of work</li> <li>● Epidemic prevention work matters</li> <li>● Health webpages and communications</li> </ul>
<b>Health Promotion</b>	<ul style="list-style-type: none"> <li>● Handle various health lectures and related health education activities based on health examination analysis and seasons</li> <li>● Influenza vaccine injections, cancer screening, blood drives, infectious disease prevention and control</li> <li>● Ophthalmic instrument setup and testing</li> <li>● Provide health webpages and communications</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>● Set up a health center to coordinate and plan employees' physical and mental health related affairs</li> <li>● Evaluation and case management of occupational injury and illness and high-risk work related to occupational health</li> <li>● Employee Assistance Program</li> <li>● Breastfeeding room</li> <li>● General and emergency injury treatment</li> <li>● Physician on-site health services</li> <li>● Emergency response plan and training of emergency personnel</li> </ul>

### Health Management and Promotion

The HTC Health Center subsidizes employee health examinations in accordance with company regulations, provides health protection services for all workers, and offers comprehensive healthcare for employees through cooperation with Linkou Chang Gung Hospital's resident physician health services, including employee dependents in the preferential range. In 2022, the number of people who should undergo physical examinations was 868, and the number of people who completed physical examinations was 618; a completion rate of 71.2%. In 2022, a total of 82 manufacturing employees completed physical examinations, of which 14 also completed special homework physical examinations; a completion rate of 100%. There were no incidents of injury caused by overwork in 2022.

## Annual Health Check Subsidies and abnormal tracking

After the employee undergoes a health examination, the caregiver and appointed on-site health service physician at the health center classifies the employee into high-, medium-, and low-risk levels based on the examination results, and provides on-site health service hours that are better than those specified by laws and regulations. Physicians provide health guidance and education tailored to the individual needs of each employee, while caregivers are responsible for individual health management and monitoring to understand health status. In addition, employees can also access relevant resources and referrals to receive comprehensive and appropriate healthcare.

### HTC's General Health Examination Regulations and Implementation Status in 2022

	Manufacturing Employees	General employees
Regulations	Article 20 and 46 of the "Occupational Safety and Health Act" (OSHA) and Articles 13-15 of the "Labor Health Protection Regulations"	
Way	The health center will contact the hospital to offer health check service	Staff can have a health check in numerous hospitals cooperated with HTC
Frequency	Once every two years after arrival	With one-year seniority and once every two years
% of people with abnormal health check	The total number of people is 82, with 36 people with abnormal results, accounting for 43.9%	The total number of people is 618, with 247 people with abnormal results, accounting for 40%
Top 3 abnormal items	High triglycerides, high liver function index, and high blood pressure	Excessive total sterols, overweight, and high-density cholesterol
Follow-up	Based on health diagnosis and hierarchical management, it provides consulting services, health education, etc., to help employees manage health-related matters.	

### Specific Health Check

In 2022, the work environment at the HTC Taoyuan Plant was carefully tested and monitored. Special health hazardous operations, such as those involving ionizing radiation, dust and MDI, must receive a thorough health sweep. Employees engaged in night work must undergo relevant special health examinations with an inspection rate of 100%.

Subsequently, seven employees with abnormal special health results in second-level management were arranged to go to the health center for a consultation. Physicians provided personal health guidance for employees, and strengthened disease-related health education and promotion. Currently, all environmental testing and cause analyses and monitoring have been completed, confirming that the examination results are normal, and regular tracking and management of employees' physical health will continue.

### 2022 HTC Specific Health Check Implementation

	No. of people requiring a Specific Health Check	Inspection completion rate
Employees engaged in special health hazardous operations	14	100%

### 2022 HTC Specific Health Check Results

Employees under Grade 1 Control: all categories normal, or no abnormal results as declared by a physician	7 people	Continue with regular examinations
Employees under Grade 2 Control: part or all categories declared abnormal and not related to work	7 people	Arrange a professional consultation with a physician according to Labor Health Protection Rules so employees receive specific health instructions and reinforced their health education.

## Four major plans for labor health protection

Topic	Description	Annual performance
1. Abnormal Workload-triggered Disorders	To ensure the physical and mental health of employees, measures have been established to prevent diseases caused by abnormal workloads, including identification and evaluation of high-risk work such as shifts, night work, and long hours, as well as physician interviews and health guidance, such as measures to adjust or shorten work hours, and adjust work content. Regular health checks, management, and promotion have also been conducted, and the effectiveness evaluated and improved. In addition, other relevant health and safety matters are also being noted.	In 2022, 28 medium- to high-risk employees were screened and notified, and interviews with physicians were conducted to confirm that there were no injuries caused by abnormal work conditions.
2. Maternal Health Protection Plan	Female employees subject to maternal health protection, i.e., from the date of pregnancy to one year after delivery, and when breastfeeding, are included in the scope of protection. The health center developed a "Protecting and Managing Maternal Health" plan for such employees, and implemented measures such as hazard assessment and control, physician interview guidance, risk grading management, and work suitability arrangements to ensure the physical and mental health of female employees.	As of the end of 2022, a total of 23 employees completed risk classification and protection measures, and the results show that the working environment and job responsibilities of female employees are deemed to be at a safe level.
3. Preventing and Managing Musculoskeletal Health	To maintain the physical and mental health of employees engaged in repetitive operations, we have formulated a "Prevent Musculoskeletal Disorders Triggered by Repeated Operations" plan to ensure the safety and physical and mental health of employees, including taking the following measures: 1. During the biennial physical examination of manufacturing department employees, a musculoskeletal symptom questionnaire is distributed. 2. General employees conduct musculoskeletal symptom surveys via email every two years.	Evaluate employees with abnormal pain symptoms to prevent and promote musculoskeletal diseases, and investigate potential work hazards such as repetitive work. In 2021 and 2022, 916 and 405 questionnaires were collected, and 105 employees who may have work hazards were analyzed. These employees were arranged to have interviews and hazard assessments with doctors at Chang Gung Hospital, and suggestions were made to adjust office chairs and posture. Health guidance on bone and muscle health was also provided. All employees with a high pain index underwent a consultation and follow-up with a physician.
4. Execution Infringement Prevention	To prevent employees from being infringed upon in the workplace, we promote the Directions for the Prevention and Management of Unlawful Infringement in the Execution of Duties, and allocate relevant measures. In addition to providing labor health services for medical staff, education and training on preventing illegal infringement is also provided to make employees aware of the notification procedures.	Education and training was provided for employees in the manufacturing department on the prevention of illegal infringement of their positions, with a total of 640 employees trained in 2022.

## Employee Assistance Program (EAP)

HTC has been working with the Hsinchu Lifeline Association since February 2009 to provide employees with psychological counseling and guidance with respect to working career, relationships, family and parenting, gender sentiments, mental illness, and physical and mental stress. Each year, employees can enjoy unlimited telephone consultations and 6 free face-to-face consultation services, which are paid in full by the company. The analysis and recommendation on employee consultation topics are reported regularly to the Occupational Safety and Health Committee. In 2022, a total of 466 employees used over-the-phone and in-person psychological counseling services; from 2009 to 2022, 4,869 employees benefited from telephone and face-to-face consultations.

In addition, to take care of the physical and mental health of employees and relieve stress, each factory area has an employee care room. We cooperate with professional units to provide comprehensive consulting services for employees. Since 2022, the company has planned to provide online consultation channels to expand the scope and frequency of employee assistance programs. In the 2022 employee consultation questions, 24% were related to career and work, 12% were related to relationships, and 10% were related to family issues. We will continue to pay attention to inter-personal communication and relationships within the company, and inject greater cohesiveness into the team through care and support.

With the ongoing impact of the Covid-19 pandemic, HTC is committed to employee health, work pressures, and reduced efficiency caused by the pandemic, so we provided more appropriate consultation and assistance programs to stabilize the physical and mental health of employees, and further improve productivity and competitiveness. This plan is applicable to employees who work from home or have undergone home isolation or quarantine to assist them in resolving related issues that may affect work efficiency so they can devote themselves to their work and focus on their physical and mental health.

### Advisory and Assistance Channels

- Manufacturing employees: dial extension 38585
- General employees: dial extension 28585
- Employee Help hotline E-mail: [HelpMe\\_8585@htc.com](mailto:HelpMe_8585@htc.com)

### Achievements in the use of EAP

Year	2020	2021	2022
Number of free phone inquiries	116	109	173
Number of Interviews	124	118	175
Hours of Interviews	674,625	623,700	720,462
Invested expense (NT\$)	674,625	623,700	720,462

## COVID-19 Prevention Management

In 2022, due to new variants of the Covid-19 virus, the pandemic rapidly escalated, causing many changes in employees' daily work and lifestyles. HTC, in accordance with the instructions of the Central Epidemic Command Center and continued epidemic prevention from 2020 to 2021, added and revised epidemic prevention related management measures and purchased necessary epidemic prevention materials. It also required company employees, visitors, contractors, etc. to cooperate with relevant epidemic prevention measures to ensure that epidemic prevention is implemented in every office, catering, and fitness areas of the building. If a confirmed case is reported, the working area and laboratory will be cleaned by professional cleaning personnel to ensure the safety of the working environment.

## Occupational Safety and Health Committee

The Occupational Safety and Health Committee has 15 members and regular meetings are held every quarter. Among them, there are 6 labor representatives, which accounted for 1/3 of the total number, 1 healthcare professional, 2 labor safety related engineer technician and 6 department managers, supervisors and directors.

The HTC headquarters and factory have passed the ISO 45001 standard certification, and the management scope includes all personnel engaged in labor activities within the factory, including contractors. The construction management methods of relevant contractors are made public to ensure that everyone is fully aware of them. All new employees receive complete occupational health and safety training before commencing work with the company, and implement worker protection measures.

We develop an occupational health and safety management plan annually based on the status of health and safety management to prevent the occurrence of occupational incidents and to ensure the health and safety of workers. We regularly conduct fire drills and evacuation drills to respond to emergencies that may be caused by human negligence or natural disasters.



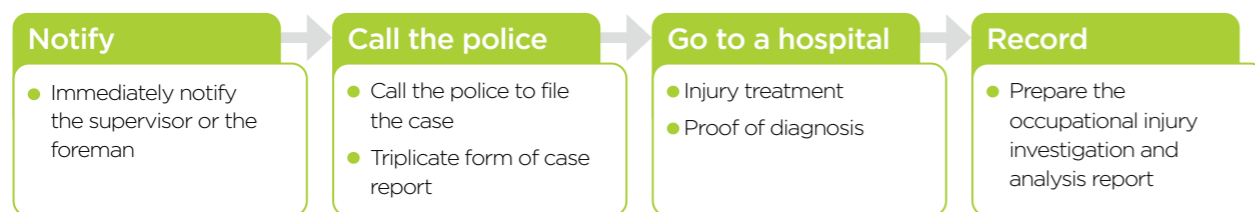
## Positively Preventing Occupational Accidents

HTC has developed an automatic health and safety inspection plan in accordance with the Occupational Health and Safety Act and occupational health and safety management measures to prevent the occurrence of occupational disasters. We regularly take the initiative to inspect health and safety issues, eliminate or control hazards, and improve unsafe working environments and mechanical equipment, and have established a system for inspecting and maintaining mechanical equipment.

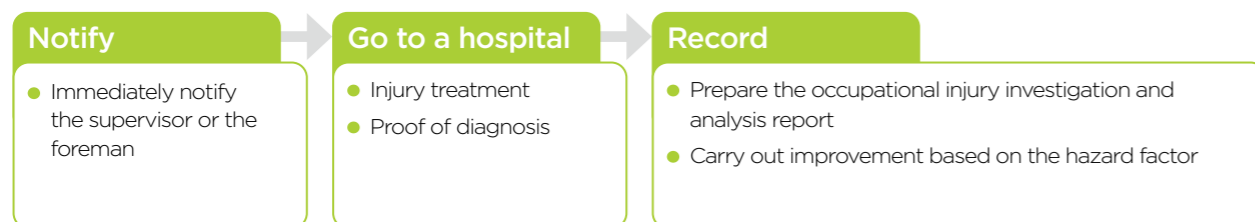
Our work covered seven aspects: “Management of Safety and Health”, “Education and Training for Safety and Health”, “Standard Operating Procedures and Job Safety Analysis”, “Inspections for Safety and Health”, “Emergency Response”, “Health Management and Enhancing” and “Safety and Health Campaign” for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

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

### ● Traffic accidents outside the factory area



### ● Accidents in the factory area



Aspect	Measure
Management of Safety and Health	If there is any change in the organization or addition of new business units, this has to be reported to the authorities concerned. Such information ranges from hazard statistics, hazard investigation analysis, meetings convened by the company occupational safety and health committee, preventive inspections, and the management of the entry of contractors into plants.
Education and Training for Safety and Health	Provide occupational safety and health-related courses on a regular basis.
Standard Operating Procedures and Job Safety Analysis	<ul style="list-style-type: none"> <li>Operational norms, maintain norms, and safety work procedures have been established.</li> <li>Health and safety work guidelines have been updated, and hazard substance communication and risk assessments are conducted.</li> <li>Work safety work procedures, including operational and maintenance standards, have been developed, health and safety work guidelines updates, and general hazardous substance studies and risk assessments conducted.</li> </ul>
Inspections for Safety and Health	We conduct regular and irregular inspections of various work environments, vehicles, equipment, facilities, and fire protection systems to ensure the safety of the work environment. It is also necessary to inspect protective measures, personnel health and safety education records, and safety requirements for tools and equipment before, during, and after use, and conduct on-site inspections and audits. These inspections include operating environments such as organic solvent operations, ionizing radiation doses, and infrared detection.
Emergency Response	Implement an emergency response plan for the year and launch emergency response drills.
Emergency Rescue Measures	<ul style="list-style-type: none"> <li>A 24-hour emergency rescue Hot Line has been set up as part of a fully comprehensive emergency notification system.</li> <li>Sufficient first aid personnel have been put in place according to regulations and handle training courses for first aid personnel.</li> <li>16 Automated External Defibrillators (AED) are available at specific places within the company.</li> <li>Annual fire emergency evacuation drills and personnel training are arranged.</li> <li>Regular CPR lectures are held internally.</li> </ul>
Health Management and Enhancing	We purchase medical consumables, conduct physical examinations for new employees, as well as health examinations and special hazard health examinations for in-service employees, and monitor abnormal results. We also provide safe screening due to the pandemic.
Safety and Health Campaign	We cooperate with the government to implement regulations and actively participate in various symposiums to promote the importance of work safety. We also often obtain opinions on job security through internal discussions and communications to improve work efficiency.

## Education and training statistics for new and in-service colleagues in the past three years

Course	Hours	Frequency	Responsible Unit	2020		2021		2022	
				Person	Total Hour	Total Hour	Total Hour	Person	Total Hour
<b>General Training</b>									
Environmental protection and safety and health education training	3	On board	OES Dept.	120	360	208	624	233	699
Operational equipment hazard notifications	3	After arriving at the dept. of work	Equipment	21	63	0	0	0	0
General labor safety and health in-service education training	1	Annual/ On-job training	MFG OES Dept.	988	988	1,138	1,138	1,117	1,117
Hazardous chemical use notice	1	Annual/ On-job training	MFG	458	458	222	222	165	165

Course	Hours	Frequency	Responsible Unit	2020		2021		2022	
				Person	Total Hour	Person	Total Hour	Person	Total Hour
<b>Professional Training</b>									
Health and Safety Education and Training For Class-1 Managers of Occupational Health and Safety - Preliminary Training	42	Preliminary Training	External training	0	0	2	84	0	0
Health and Safety Education and Training For Class-1 Managers of Occupational Health and Safety - Retraining	6	Retraining/ 2 years	External training	4	12	5	15	4	12
Occupational safety and health manager - Retraining	12	Retraining/ 2 years	External training	4	24	3	18	3	18
Occupational safety and health manager - Retraining	12	Retraining/ 2 years	External training	3	18	3	18	3	18
Scaffolds assembly works supervisor - Retraining	6	Retraining/ 2 years	External training	0	0	1	6	0	0
Scaffolds assembly works supervisor- Preliminary Training	18	Preliminary Training	External training	0	0	1	18	1	18
Hypoxia operations Supervisor - Preliminary Training	18	Preliminary Training	External training	0	0	1	18	1	6
Organic solvent operation manager - Retraining	6	Retraining/ 3 years	External training	3	6	7	21	2	6
Radiation workers receive continuous - Retraining	3	Retraining/ years	External training	12	36	12	36	11	33
Supervisors in charge of roofing operations - Retraining	6	Retraining/ 3 years	External training	1	3	1	3	1	6
Initial training for dust operation supervisors	18	Preliminary Training	External training	0	0	0	0	0	0
Dust operation supervisor - Retraining	6	Retraining/ 3 years	External training	2	12	0	0	0	0
Specific chemical substance operation supervisor - Retraining	6	Retraining/ 3 years	External training	2	12	0	0	0	0
Stacker operator (>1 ton) - Retraining	3	Retraining/ 3 years	External training	0	0	1	3	1	3
Fire prevention management personnel- Retraining	6	Retraining/ 3 years	External training	2	12	1	6	2	12
Waste disposal personnel - Retraining	6	Retraining/ 2 years	External training	0	0	0	0	2	12

Note: For the "Operational equipment hazard notifications", in 2021 and 2022, since there are no new direct colleagues, the number of people and the total number of training hours is 0.

## Professional Security Service Team

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

The salary of security guards must not be deducted for any cause other than their due labor insurance and National Health Insurance (family members included). For labor insurance and National Health Insurance, employees should be insured according to the salary level. In addition, according to the provisions of Article 8-2 Security Service Contract,

pre-employment education training, three-day symposiums (36 hours), and Party A hazard notification course must be completed before being allowed to be stationed. The professional skills training course content includes security guard duty principles and special response methods, such as the pregnant women screening procedure requiring pregnant women's label to be checked while refraining from contacting or holding a security bar during the inspection.

All security supervisors completed a one-hour training on the SOP of their job duties and on-duty conversation manners in 2022. A daily 15-minute pre-work briefing was given before going on duty to review recent deficiencies.

## Contractor Management

HTC places great importance on the safety of its contractors and partners, and regularly formulates a complete occupational health and safety management plans to ensure the prevention of occupational disasters, and evaluate contractors' health and safety management. Engineering personnel monitor contractors' work sites, and if any unexpected event occurs, they may call 831919 at any time to request medical staff on the site or directly take personnel to the health center. A notification form also needs to be filled out, and public injury incidents recorded.

If an injury occurs, we conduct an investigation and analysis to understand the cause of the incident and request immediate on-site improvement. HTC also conducts health and safety hazard education and training for new construction company personnel through the ISO 45001:2018 occupational health and safety system to promote their understanding of the working environment, process safety regulations, and the use of firefighting equipment to improve safety awareness.

### Measure of Contractor Construction Management

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

### Contractors Health and Safety Audit

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

### 2022 Occupational injury in Taiwan

Falls were the most common cause of occupational incidents in 2022. There was one such incident occurring in the factory this year. There have been no occupational incidents in the Taipei office. This fall resulted in a loss of six working days.

In 2022, HTC's average Injury Frequency Rate (IFR) was 0.70 person times per million working hours, which includes both the headquarters and the factory. In the Taipei office, this number is 0. In addition, the average Severity Rate (SR) of disability injuries is 4.21 days per million working hours for the headquarters and factories, and 0 in the Taipei office.

In terms of occupational diseases, as HTC Company's working environment is not a heavily polluted environment nor a toxic working environment, there have been no occupational diseases caused by the nature of the work or the workplace in 2022.

## Types of non-employee workers and their job responsibilities at HTC

Type	Count	Work content:
Cleaning personnel	55	Cleaning and disinfection of public areas
Horticultural personnel	4	Gardening and greening maintenance of factory and office buildings
Security and Receptionist Clerk	20.8	Personnel entering and exiting the factory and office building areas (including employees, visitors, manufacturers), and vehicle management
Catering staff	59	Catering suppliers (serving counters, tea shops, coffee bars)
Engineering construction personnel	2,897	Contractors entering the factory for construction
Dispatched personnel (	0	No dispatched personnel in 2022

Note: The scope of disclosure for non-employee workers of HTC is consistent with the scope of this report, mainly in the Taiwan region of HTC.

## 2022 Main types and statistics of occupational injuries

(Unit: person)

	Injury resulting in disability			
	Clamping	Falling over	Colliding	Cutting
Staff	0	1	0	0
Non-staff worker	0	0	0	0

## HTC Description of Occupational Injury Types and Improvement Falls, electric shocks, fire, clamping and confined work space

Type of injury that resulted in disability	Description	Improvement
Falling over	While picking up testing machine, employees should not step firmly on the step as it could result in accidental falls or someone hurting their knee on the edge of the step and causing injury.	1. Post safety notices on the stairs 2. Personnel safety promotion

## Recordable injuries and the severity of injuries that resulted in disability of HTC and non-HTC workers in the past three years

Year	Object	Total working Hours (Unit: Hours)	Recordable Occupational Injury Count	Recordable Occupational Injury Rate	Deaths count	Severity Occupational Injury Count	Severity Occupational Injury Rate
2020	Staff	2,416,264.25	5	1.24	0	0	0
	Non-staff worker	Untraceable	0	0	0	0	0
2021	Staff	1,966,666.85	3	1.53	0	0	0
	Non-staff worker	132,927	0	0	0	0	0
2022	Staff	1,424,303.19	1	0.7	0	0	0
	Non-staff worker	293,086.5	0	0	0	0	0

Note:  
 1. Employee working hours are calculated as the sum of working hours of a year = no. of employees by the end of every month x monthly working days x daily working hours (subject to employee type)  
 2. Working hours of non-HTC workers: provided by contractors and punch cards of short-term workers  
 3. Recordable injury rate: (recordable cases x 1,000,000) / total working hours  
 4. The Disability Severity Rate is the frequency of severe injuries per Million Hours Worked(exclude death) = Disability Severity Injuries x 1,000,000/Total Hours Worked; severe occupational injury refers to a disability caused by an occupational injury or injury that continues to affect the employee for longer than six months.  
 5. 1,000,000 work hours rate indicates the occupational injuries of every 500 full time workers in one year, based on 2,000 working hours per full time worker.

## Disability injury frequency and Disability Severity Rate of HTC and non-HTC workers in the past three years

Year	Object	Total working Hours (Unit: Hours)	Injuries that resulted in disability	Days away from work due to injury that resulted in disability	FR	SR	FSI
2020	Staff	2,416,264.25	5	117	1.24	48	0.25
	Non-staff worker	Untraceable	0	0	0	0	0
2021	Staff	1,966,666.85	2	8	1.02	4	0.06
	Non-staff worker	132,927	0	0	0	0	0
2022	Staff	1,425,178	1	6	0.7	4	0.05
	Non-staff worker	293,086.5	0	0	0	0	0
Target			-	-	0.3	1.8	-

Note:

- Occupational accidents, as any diseases, injuries, disabilities, or deaths of workers caused by buildings, machinery, equipment, raw material, material, chemical, gas, vapor, dust or other at the place of duty, or as a result of work activities, or due to other occupational causes, should be included in the calculation of the disability injury rate/ Disability Severity Rate. Injuries caused by personal factors, such as an injury during the commute to work, is not included in occupational disaster statistics.
- Employee working hours are calculated as the sum of working hours of a year = no. of employees by the end of every month x monthly working days x daily working hours (subject to employee type)
- Working hours of non-HTC workers: provided by contractors and punch cards of short-term workers
- Days away from work: days unable to work (rest days): includes occupational disaster rest days and excludes sick leave and menstrual leave
- FR (Disabling Injury Frequency Rate): (Injury Frequency Rate per Million Hours Worked) = Incidence of Lost-Time Injury x 1,000,000 / total hours worked. FR is counted to the second decimal place, excluding the following.
- SR (Disabling Injury Severity Rate): (Lost Day Injury Frequency Rate per Million Hours Worked) = Days Lost for Lost-Time Injury x 1,000,000 / Total Hours Worked. SR is taken as an integer, excluding decimal places.
- Frequency-Severity Indicator (FSI) =  $\sqrt{FR \times SR} \div 1,000$
- 1,000,000 work hours rate indicates the occupational injuries of every 500 full time workers in one year, based on 2,000 working hours per full time worker.

# Social Investment and Contribution



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

In the meanwhile, HTC also utilizes the industry characteristics and helps society create more opportunities through R&D and innovation. We are committed to inventing novel products, not only to achieve the Sustainable Development Goals (SDGs) issued by the UN in 2015, but also to meet various needs of society and implement social care to actively practice Corporate Sustainability.





## HTC Foundation

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

We engage in public interest activities to espouse humanitarianism and contribute to a peaceful and harmonious society. The Foundation plays an important part in community engagement and social services to instill the core values of integrity, honesty, care, love, positive thinking, and respect for natural resources. The HTC Education Foundation invested NT\$ 42 million on education in 2022, while HTC Social Welfare and Charity Foundation spent NT\$ 58 million on charity business.

### Vision

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

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

### Many Blessings Courses

The HTC Education Foundation is committed to the development of character education for young people. It hopes to shape character through joint efforts by schools, parents, and society. Following the principle of “lighting a candle rather than cursing the darkness,” the foundation has established the “Many Blessings Course” for junior and senior high school students. These free courses each last for five weeks. They include three hours of training and activity per week. In 2022, a total of 10 classes of five schools will be implemented, and a total of 227 students will be benefited. The students get the energy to move forward and make changes inspired by their instructors and volunteers. They are encouraged to become leaders who can actively serve the public and use their own power to change the world.

### Character Town

HTC foundation not only launches character education in schools but also signs “Character Town” with various towns in Taiwan. Character Learning Course is launched monthly or quarterly with a way of character and setting a good example with our own conduct. Group discussion and experience sharing with different themes and related to work will be arranged timely. Training targets include directly-affiliated units such as the Township Village Office, Police Station, Public Hospital, Fire Brigade, Land Office, and Household Registration Office, etc.

Parts of institutes turn into membership in the character association. Leaders in the institutes encourage good deed via communication and integration of thoughts, which becomes the internal operating mechanism.

### Award Scheme for Schools of Character-Building Education in Practice

Conduct character-building education seminars, advocate core education that emphasizes the cultivation of people as a whole and lifelong learning and development, implement national and regional publicity of studies, and invite schools to organize character-building education leading teams through character-building educational plans and sessions for school teams to build consensus and formulate practice guidelines.

After the above activities, schools below senior high school level that are interested in practicing comprehensive and extensive character-building education to shape people's characters and the campus culture can apply to our Association for relevant plans. Internal staff of the Association will conduct a preliminary review, and then external experts, scholars, retired principals, or teachers with expertise in character-building education will be invited to form an audit team for a second review. The final selected schools will receive an annual award of NT\$ 200,000-300,000 from the Association. Each term lasts for three years and will be used to promote character-building education in the school. Schools must give a public presentation of the results of the program at the end of the three-year term. In 2022, the first 42 school awards were distributed, and the second session of school selection will continue in 2023.

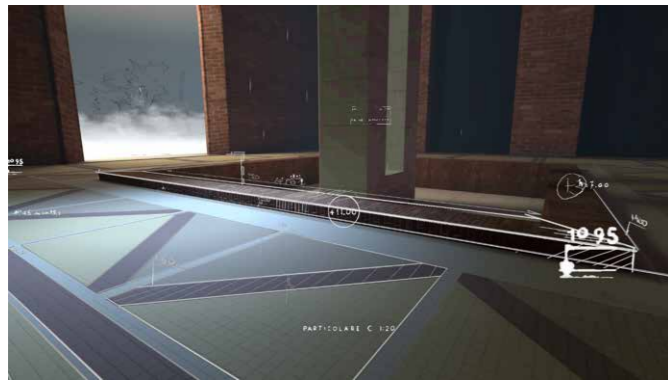
## Promote art and culture through technology

VIVE Arts took the lead in using immersive technologies including VR, XR and metaverse in the field of art and culture, creating ground-breaking digital artwork and experiences, stimulating artists and creators' unlimited creativity, protecting the world's heritage and culture, providing new ways of participation and expansion for more audiences, and lifting art to a new level.

VIVE Arts has collaborated with more than 50 art institutions worldwide, including esteemed establishments such as the American Museum of Natural History, the Louvre, and the Victoria and Albert Museum. In 2022, VIVE Arts not only partnered with the Triennale Di Milano, renowned as a benchmark of design, but also collaborated with Art Basel, showcasing the new VR works of Albert Oehlen and Wu Tsang. Alongside the showcased artwork, VIVE Arts has engaged in commercial activities through a digital art platform. This platform enables individuals and creators to experience, collect, and share digital artwork. For instance, VIVE Arts partnered with the Mucha Foundation to launch NFT sales.



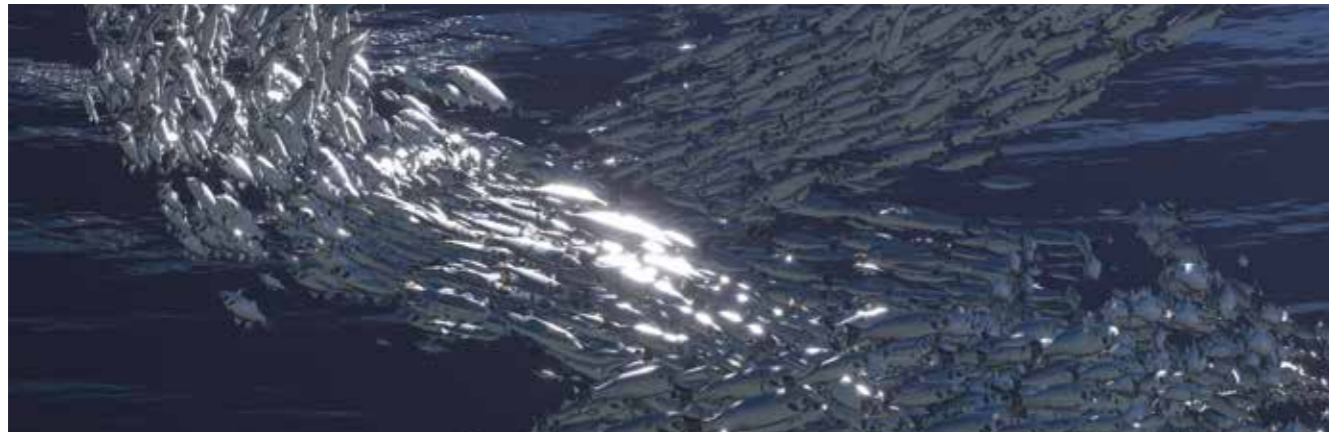
▲ VIVE Arts collaborates with Icelandic artist Kristjana S. Williams to launch the artist's first NFT artwork



▲ Triennale Di Milano made its first foray into a new VR experience at the 23<sup>rd</sup> International Exhibition



▲ VIVE Arts once again collaborates with Dominique Gonzalez-Foerster to present new VR artwork at the Serpentine Gallery, London, UK



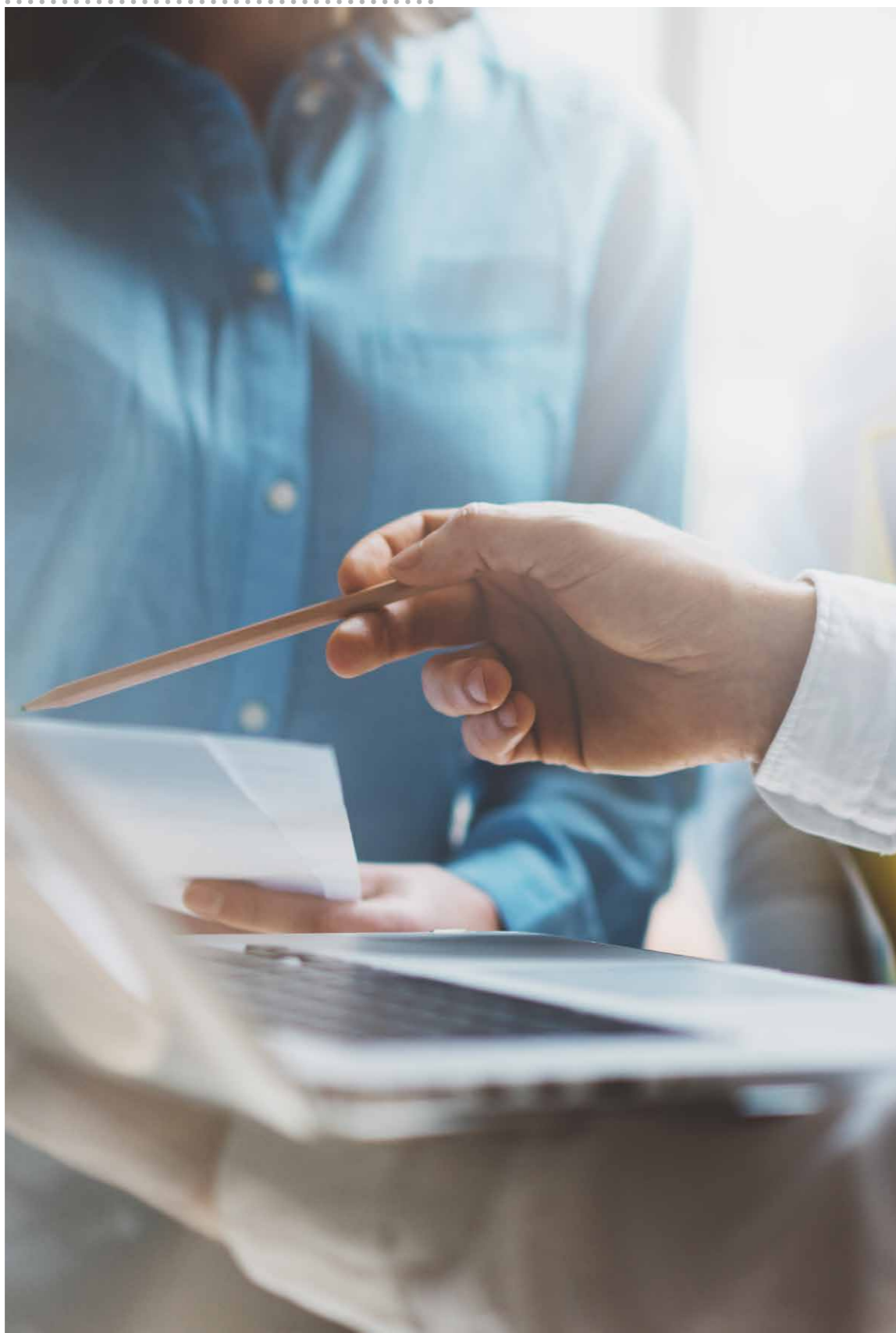
▲ VIVE Arts presents "Of Whales", a new artwork by Wu Tsang, at Art Basel in Switzerland

## Other Social Engagement Activities

### The HTC Child Support Club

The HTC Child Support Club was founded in 2006 as a spontaneous association formed by HTC employees. The members raise money that is donated to the Taiwan Fund for Children and Families (TFCF) to support the sponsorship of children in need. In 2022, a total of 43 children were adopted, including 35 in China and 8 in foreign countries (including Guatemala, Jordan, the Philippines, Senegal, Sri Lanka, Kyrgyzstan, and Paraguay etc.).

# Appendix



## Appendix 1: Participation in Industry Associations and Non-Profit Organizations

Organization Name	Membership
SDA (Secure Digital Card Association)	General member
Wi-Fi ( WECA Wireless Ethernet Compatibility Alliance)	General member
GSM Association	Member
TAICS (Taiwan Association of Information and Communication Standards )	General member
Khronos Group-OpenGL (Open Standards for media Authoring and Acceleration) (The Industry's Foundation for High Performance Graphics)	Member
NMEA (New Media Entertainment Association)	Group member
JBRC (Japan Battery Recycling Collection)	General member
Taoyuan importers & exporters chamber of commerce	General member
CCSA (China Communications Standards Association)	General member
Bluetooth SIG (Bluetooth Special Interest Group)	General member
CTIA (Cellular Telecommunications Industry Association)	Operators and industry member
IARC (Taiwan Industry-Academia-Research for Collaboration-Integration-Development Association)	Group member
<b>Participation in 2023</b>	
TCFD	Supporter
Responsible Business Alliance	Affiliate member
CDP Supplier chain Member	Standard Member
Metaverse Application Alliance	Founding Member and President

## Appendix 2: Major Topics Management Approach Assessment

Material topics	Integrity Management
GRI Standard	GRI 205-2 \ GRI 205-3
Chapter	Integrity Management

Impact Description	<p><b>Positive impact (potential):</b> The implementation of an Ethical Management policy is conducive to building corporate credibility and brand value, and enhancing consumer trust in the corporation. It also cultivates corporate responsibility for environmental issues, helping to reduce the negative impact on the environment. It also helps to establish strong employee relations and a good corporate culture, enhance employee satisfaction and loyalty, thus boosting work efficiency and productivity.</p> <p><b>Negative impact (potential):</b> Poor ethical management, such as fraudulent behavior or false advertising, may damage consumers' trust in the corporation, leading to a decrease in revenue and negative impact on the corporate image. Violating environmental regulations may affect the sustainability of local communities and natural resources. Infringement of labor regulations or unfair salary treatment may lead to employee dissatisfaction and damage morale. In addition, dishonest competitive behavior may also have an undesired impact on other companies and consumers, and even lead to the loss of partners and damage to the company's reputation.</p>
Policy or Commitment	<ul style="list-style-type: none"> <li>To implement the ethical management policy and prevent dishonest behavior, the Procedures for Ethical Management and Guidelines for Conduct have been approved by the board of directors.</li> <li>A separate Employee Code of Conduct will be established to disclose the guidelines for our employees during company operations. The audit department will strictly supervise the formulation and implementation of ethical management policies and regularly report to the board of directors.</li> </ul>
Metrics and Targets	<ul style="list-style-type: none"> <li>Improve the completion rate of new employee Anti-Corruption Training and Employee Code of Conduct training by <math>\geq</math> 80%.</li> </ul>
Mechanism of Evaluation	<ul style="list-style-type: none"> <li>Establish an Ethical Management Promotion Group to supervise the effective operation of the preventive measures established for ethical management.</li> <li>The rules of procedure of the board of directors include a system for avoiding conflicts of interest of directors.</li> <li>Internal department heads, the human resources department, and the auditing unit all accept appeals, and the human resources department is responsible for implementing disciplinary procedures.</li> </ul>
Communication Channel	<ul style="list-style-type: none"> <li>HTC has a dedicated mailbox for reporting corruption (anti-corruption@htc.com). Anyone who discovers that HTC employees are involved in corrupt or other illegal activities can file a report to this email address.</li> </ul>
Annual Actions and Measures	<ul style="list-style-type: none"> <li>The board of directors has passed the Procedures for Ethical Management and Guidelines for Conduct.</li> <li>No corruption-related incidents occurred in 2022.</li> </ul>

Material topics	Information Security and Privacy Protection
GRI Standard	Custom theme
Chapter	Information Security Management

Impact Description	<p><b>Positive impact (actual):</b> HTC is a member of the software and hardware information industry, and maintaining good information security measures can effectively protect commercial interests and intellectual property rights.</p> <p><b>Negative impact (potential):</b> Without sufficient implementation of security measures, sensitive information may be leaked, which not only directly affects commercial interests, but also the reputation and the business.</p>
Policy or Commitment	<ul style="list-style-type: none"> <li>HTC adheres to the ISO 27001 Information Security Standard, establishes and promotes various information security measures, and conducts annual risk assessments and internal audits on privacy and information security.</li> <li>HTC actively establishes and promotes information security and personal data protection policies to protect company information and ensure compliance with relevant information security and privacy protection regulations in various countries.</li> </ul>
Metrics and Targets	<ul style="list-style-type: none"> <li>The completion rate of the annual HTC Privacy and Security Awareness training for all staff is <math>\geq</math> 90%.</li> <li>The completion rate of the annual HTC Product Security training for all engineering functional department employees is <math>\geq</math> 90%.</li> </ul>
Mechanism of Evaluation	<ul style="list-style-type: none"> <li>ISO 27001 Information security management systems</li> <li>ISO 27701 Privacy Information Management System</li> <li>ISO 27799 Information Security Management in Health</li> </ul>
Communication Channel	<ul style="list-style-type: none"> <li>Internal: e-mail, announcements</li> <li>Outside channel (info-security): global-privacy@htc.com, security@htc.com</li> <li>Outside channels (intellectual property rights): Global-Copyright@htc.com</li> </ul>
Annual Actions and Measures	<ul style="list-style-type: none"> <li>Publish monthly privacy and information security newsletters, and 100% of software development related personnel to complete and pass product security training.</li> <li>Conduct 36 internal audits on personal data protection and information security.</li> <li>Complete 32 product and service privacy and security reviews, and 16 partner privacy and security assessments.</li> <li>No personal data or information leakage incidents in 2022.</li> </ul>

Material topics	Regulatory Compliance
GRI Standard	GRI 2-27
Chapter	Regulatory Compliance

Impact Description	<p><b>Positive impact (actual):</b> Compliance with regulations is fundamental to an enterprise. Adhering to economic and social regulations can have a positive impact on HTC's organizational activities and business relationships, not only increasing the trust of customers and partners, but also maintaining the integrity of the ecological environment at environmental sustainability level. The biggest benefit of complying with regulations is preventing the enterprise from being exposed to legal risks, thereby reducing litigation, fines, and other penalties that may affect its reputation.</p>
Policy or Commitment	<ul style="list-style-type: none"> <li>ESG Policy</li> </ul>
Metrics and Targets	<ul style="list-style-type: none"> <li>No major illegal incidents with fines exceeding NT \$1 million have occurred.</li> </ul>
Mechanism of Evaluation	<ul style="list-style-type: none"> <li>Domestic related environmental, social and economic regulations</li> <li>Responsible Business Alliance (RBA)</li> <li>EU WEEE- Waste Electrical &amp; Electronic Equipment</li> <li>France Repairability Index</li> <li>EU RoHS / EAC RoHS / China RoHS</li> <li>ISO 50001 Energy Management System</li> <li>ISO 14001 Environmental Management</li> <li>ISO 14064-1 Greenhouse Gas Emissions</li> <li>CDP</li> <li>Supplier assessment and management mechanism.</li> </ul>
Communication Channel	<ul style="list-style-type: none"> <li>Internal channel: e-mail, announcements, improvement proposals, discussions during Health and Safety Committee meetings.</li> <li>External stakeholders can use <a href="mailto:esg@htc.com">esg@htc.com</a> to file an appeal, and the case will be handled by the responsible unit internally.</li> </ul>
Annual Actions and Measures	<ul style="list-style-type: none"> <li>No major illegal incidents occurred in 2022.</li> </ul>

Material topics	Corporate Governance
GRI Standard	Custom theme
Chapter	Corporate Governance

Impact Description	<p><b>Negative impact (potential):</b> Improper corporate governance may lead to conflicts of interest, and loss of trust among investors resulting in investor loss and affecting the overall interests of HTC and shareholders.</p>
Policy or Commitment	<ul style="list-style-type: none"> <li>Emphasize corporate governance and operational transparency, formulate and implement a corporate governance structure in accordance with relevant laws and regulations, such as the Company Law and the Securities and Exchange Law, and continuously improve management performance.</li> <li>Appropriately and effectively allocate the powers and responsibilities of the board of directors, managers, and shareholders to establish and maintain a management team accountable to shareholders.</li> <li>Protect the rights and interests of investors and other stakeholders through a systematic ESG execution system</li> </ul>
Metrics and Targets	<ul style="list-style-type: none"> <li>Improve corporate governance evaluations</li> </ul>
Mechanism of Evaluation	<ul style="list-style-type: none"> <li>Independent director</li> <li>Audit committee</li> <li>Internal Audit System</li> <li>Evaluations by the relevant authorities (Corporate Governance Evaluation of TWSE)</li> </ul>
Communication Channel	<ul style="list-style-type: none"> <li>Issue annual reports publicly every year, and hold regular shareholder meetings to communicate with shareholders.</li> <li>Maintain smooth communication channels with stakeholders by providing ESG information on the company's official website.</li> <li>Contact for Investors: Tel: +886-2-8912-4138 E-mail: <a href="mailto:ir@htc.com">ir@htc.com</a></li> <li>Company Spokesman and Investment Relations Shen Daobang / spokesman@htc.com</li> </ul>

Material topics	Corporate Governance
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- Annual Actions and Measures
- The Corporate Governance Best Practice Principles have been formulated as the basis for establishing an effective corporate governance structure.
  - The results of the 8th (2021) and 9th (2022) corporate governance evaluations ranged from 21% to 35%.
  - Evaluate the annual performance of directors in accordance with the director performance evaluation method.

Material topics	Innovation Management
GRI Standard	Custom theme
Chapter	Innovation Management

Impact Description

**Positive impact (potential):**  
Innovation can help HTC create value, stimulate employee creativity, respond to market changes, generate new products and processes, and achieve sustainable goals.

- Policy or Commitment
- Combining cutting-edge technologies such as VR, AR, AI, 5G, and Blockchain with arts and humanities to unleash people's imagination.
  - Invest in innovative resources and open the door to the metaverse with a high interaction and immersive experience

Metrics and Targets

N/A

- Mechanism of Evaluation
- Patent management

- Communication Channel
- Internal R&D innovation strategy specification
  - Reward employees for invention and creation

- Annual Actions and Measures
- 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 45% of all HTC's global employees, the investment of which is about 54% of the total operating revenue.
  - In 2022, a total of 546 global patent applications were filed, with a total of 12,597 global patents have been approved as of the end of 2022.
  - HTC has launched innovative smart products such as VIVE Flow and mobile 5G enterprise private network REIGN CORE, which led to the metaverse.

Material topics	Circular Economy and Product Lifecycle
GRI Standard	GRI 306-1 \ GRI 306-2 \ GRI 306-3
Chapter	Sustainable Design

Impact Description

**Positive impact (potential):**  
The circular economy is one of the means to achieve sustainability, which can promote HTC to enhance climate-related resilience and energy-saving and carbon reduction processes, in line with net zero goals.

**Negative impact (potential):**  
If HTC does not follow the circular economy policy, it not only wastes a lot of resources, but it will be difficult to achieve net zero goals.

- Policy or Commitment
- Consider reducing waste and reusing resources in the early stages of product development, and ensure a good material recovery rate.
  - Properly implement recycling measures through collection, recycling, and reuse to reduce environmental pollution caused by harmful substances and improve the utilization rate of natural resources.

Metrics and Targets

✓ Product's WEEE recycling rate is higher than that stipulated in the regulations (55%).

- Mechanism of Evaluation
- EU WEEE- Waste Electrical & Electronic Equipment
  - EU RoHS / EAC RoHS / China RoHS
  - France Repairability Index

Material topics	Circular Economy and Product Lifecycle
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- Communication Channel
- Global sales locations, recycling systems, and mechanisms

- Annual Actions and Measures
- The WEEE recovery rate of products is higher than 75% (regulatory standard 55%).
  - In 2022, new products such as the VIVE wrist tracker and Desire 22 Pro have higher recycling rates than regulatory standards; HTC phones have earned a green label of 7.5 points on the French repair index.

Material topics	Energy Management
GRI Standard	GRI 302-1 \ GRI 302-4
Chapter	Energy and Emissions

Impact Description

**Positive impact (potential):**  
Effective energy management can help HTC improve energy efficiency, reduce the negative impact on the environment, and also reduce HTC's operating costs and energy regulatory risks.

**Negative impact (potential):**  
Poor energy management policies may continue to cause energy waste and increase operating costs, or may generate regulatory risks due to increasingly strict energy policies.

- Policy or Commitment
- HTC uses electricity as its main energy source, and we reduce electricity usage through various energy-saving improvement plans.
  - Use green energy, including low-polluting energy sources such as solar panels, heat pump systems, and electric vehicles.

Metrics and Targets

✓ The goal for 2022 is to achieve an energy-saving ratio of >1%.  
● The power-saving ratio has been set based on the HTC's net zero path and starts from 2023.

- Mechanism of Evaluation
- ISO 50001 Energy Management System
  - ISO 14064-1 Greenhouse Gas Emissions
  - CDP

- Communication Channel
- Internal channel: e-mail, announcements, improvement proposals, discussions during Health and Safety Committee meetings.
  - External stakeholders may file an appeal through [esg@htc.com](mailto:esg@htc.com)

- Annual Actions and Measures
- Promote the net zero project and use the climate related financial disclosure framework to assess the risks and opportunities of climate change. Use the GHG Protocol to conduct a simple carbon inventory of HTC parent and subsidiary companies, plan the net zero carbon path, and develop corresponding short-, medium-, and long-term carbon reduction strategies and management indicators based on the SBTi methodology.

- Conduct a complete annual inventory of greenhouse gases in categories 1 to 3 of the value chain upstream, midstream, and downstream.
- A total of 19 energy-saving plans were promoted in the year, and a total of 164,884.440 kilowatt hours of electricity were saved, equivalent to 593.584 GJ. The total reduction in carbon emissions reached 83.926 tCO<sub>2e</sub>, saving a total of NT\$ 494, 653.
- Add dedicated charging stations for electric vehicles to encourage employees to use green-energy vehicles.

Material topics	Customer Privacy, Safety and Health Management
GRI Standard	GRI 416-1 \ GRI 416-2 \ GRI 418-1
Chapter	Customer Management

Impact Description

**Positive impact (potential):**  
Good customer privacy and health and safety management policies can establish customer trust, promote customer satisfaction, and bring stable business benefits to HTC.

- Policy or Commitment
- HTC promises to strictly abide by customer contracts and confidentiality commitments, and establish policies and internal control mechanisms to strictly control relevant information provided by customers, including information related to customer patents and intellectual property rights.
  - HTC pays close attention to consumer health, and products and packaging materials do not contain toxic substances. VR products are labeled with continuous use time in the manual to reduce the impact on the body.

Metrics and Targets

✓ Customer satisfaction ≥ 4.0 (out of 5 points)  
✓ No violation of customer privacy rights or leakage of customer information damaging to customer rights occurred.

- Mechanism of Evaluation
- Personal Information Management System
  - Customer satisfaction questionnaire
  - Privacy protection regulations in various countries

## Appendix 3: GRI Content Index

Statement Of Use  
 HTC Corporation has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.  
 HTC Corporation has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 Used  
 GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)  
 None

Disclosed		Location [Referring Page]	Re-mark
GRI 2: General Disclosures 2021			
2-1	Organizational details	P.009 About HTC P.001 Report Scope and Boundary	
2-2	Entities included in the organization's sustainability reporting	P.001 Report Scope and Boundary	
2-3	Reporting period, frequency and contact point	P.001 Time Coverage of Disclosure P.002 Contact Us	
2-4	Restatements of information	P.199-200 Attached Table: Information Reorganization List	
2-5	External assurance	P.002 Process of Reporting Quality Management P.201 Assurance Statement	
2-6	Activities, value chain and other business relationships	P.012 Global Operation Locations P.013-014 Industry Overview	
2-7	Employees	P.145-147 Overview of Human Resource Structure	
2-8	Workers who are not employees	P.171 Table 'Types of Workers and Their Job Responsibilities for HTC Non-Employees'	
2-9	Governance structure and composition	P.063 Organization Structure P.064 Board of Directors P.051 ESG Committee	
2-10	Nomination and selection of the highest governance body	P.064 Board of Directors P.064 Nomination and Selection of the Board of Directors	
2-11	Chair of the highest governance body	P.064 Board of Directors P.064 Benefit Avoidance	
2-12	Role of the highest governance body in overseeing the management of impacts	P.051 ESG Committee	
2-13	Delegation of responsibility for managing impacts	P.051 ESG Committee	
2-14	Role of the highest governance body in sustainability reporting	P.051 ESG Committee P.052-053 ESG Management Procedures and Systems	
2-15	Conflicts of interest	P.064 Board of Directors P.064 Benefit Avoidance	
2-16	Communication of critical concerns	P.064 Board of Directors P.051 ESG Committee	
2-17	Collective knowledge of the highest governance body	P.065 Board of Directors Continuing Education	

Material topics	Customer Privacy, Safety and Health Management
Communication Channel	<ul style="list-style-type: none"> <li>Customer Satisfaction Survey</li> <li>Customer service hotline: 0809-090-166, please call: 02-2162-6788</li> <li>Set up local customer service hotlines in 11 countries around the world and build more than 59 websites in different countries.</li> <li>Provide PR, Service, Copyright, Security and other different types of e-mail.</li> </ul>
Annual Actions and Measures	<ul style="list-style-type: none"> <li>Sign confidentiality agreements with customers and suppliers, and include customer privacy protection courses in new employee training.</li> <li>No safety issues causing product recalls occurred in 2022, nor were there any appeals related to customer health issues.</li> </ul>
Material topics	Human Right, Diversity and Inclusiveness
GRI Standard	GRI 405-1、GRI 405-2、GRI 406-1、GRI 407-1、GRI 408-1、GRI 409-1、GRI 410-1
Chapter	Human Rights Management and Commitment
Impact Description	<p><b>Positive impact (potential):</b>                      As a company that values human rights, HTC makes its colleagues feel valued and cultivates a harmonious and united company culture, promoting the overall growth of the company's interests.</p> <p><b>Negative impact (potential):</b>                      Neglecting human rights and diversity may lead to disharmony in company culture, talent loss, and tension in labor relations.</p>
Policy or Commitment	<ul style="list-style-type: none"> <li>HTC values labor human rights, upholds the basic principles of equality, inclusiveness, and opposition to discrimination, and follows the Code of Conduct for Responsible Business Alliances (RBA).</li> <li>HTC is committed to adhering to the highest standards of environmental, social, and ethical integrity, respecting human rights and the workplace equality of every employee.</li> <li>Require all suppliers to fulfill their corporate responsibilities to the same standard.</li> </ul>
Metrics and Targets	<ul style="list-style-type: none"> <li>✓ Maternal protection rate is 100%.</li> <li>✓ Direct employee satisfaction ≥ 3.8.</li> <li>✓ Annual turnover rate of direct personnel ≤ 11%.</li> <li>✓ No use of conflict minerals.</li> </ul>
Mechanism of Evaluation	<ul style="list-style-type: none"> <li>Responsible Business Alliance (RBA)</li> <li>The Universal Declaration of Human Rights (UDHR)</li> <li>Modern Slavery Act Transparency Statement</li> </ul>
Communication Channel	<ul style="list-style-type: none"> <li>The grievance mechanism includes employee complaint hotline, complaint suggestion box, grievance e-mail, and sexual harassment grievance mail box                             <ul style="list-style-type: none"> <li>Manufacturing employees company extension 38585</li> <li>Other general employees company extension 28585</li> <li>Employee helpline e-mail <a href="mailto:HelpMe_8585@htc.com">HelpMe_8585@htc.com</a></li> </ul> </li> </ul>
Annual Actions and Measures	<ul style="list-style-type: none"> <li>Annual human rights related risk due diligence</li> <li>Announce the latest version of the Modern Slavery Act Transparency Statement and jointly comply with it with suppliers.</li> <li>Respect human rights and workplace equality of every employee, prohibit child labor, prioritize gender equality, provide a good work environment, and implement a friendly workplace.</li> </ul>

Disclosed	Location [Referring Page]	Re-mark
2-18	Evaluation of the performance of the highest governance body	Performance Evaluation of the Board of Directors: <a href="#">The Board of Directors' Performance Evaluation Report issued by the Taiwan Corporate Governance Association</a>
2-19	Remuneration policies	P.065 Compensation Policy for Employees and Managers
2-20	Process to determine remuneration	P.065 Compensation Committee
2-22	Statement on sustainable development strategy	P.005-006 Letter from Chief Sustainability Officer P.047 Our Sustainability Commitment P.139 Human Rights Management and Commitment
2-23	Policy commitments	P.047 ESG Management P.108 Sustainable Environment P.139 Human Rights Management and Commitment P.066 Integrity Management
2-24	Embedding policy commitments	P.066 Integrity Management P.139 Human Rights Management and Commitment P.047 Our Sustainability Commitment P.059-060 Risk Management
2-25	Processes to remediate negative impacts	P.057-058 Stakeholder Engagement P.066-067 Strict Mechanisms for Avoiding Conflicts of Interest P.143-144 Listening to the Voice of the Employee P.181-185 Major Topics Management Approach Assessment P.059-060 Risk Management
2-26	Processes to remediate negative impacts	P.066-067 Strict Mechanisms for Avoiding Conflicts of Interest
2-27	Compliance with laws and regulations	P.068 Regulatory Compliance P.143-144 Listening to the Voice of the Employee P.139-141 Human Rights Topics
2-28	Membership associations	P.180 Participation in Industry Associations and Non-Profit Organizations
2-29	Approach to stakeholder engagement	P.052-053 ESG Management Procedures and Systems
2-30	Collective bargaining agreements	P.143-144 Listening to the Voice of the Employee
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	P.052-053 ESG Management Procedures and Systems
3-2	List of material topics	P.055-056 HTC 2022 Material Topics and Boundary
3-3	Management of material topics	P.181-185 Major Topics Management Approach Assessment
<b>Topic-Specific Disclosures: GRI 200 (Economic topics)</b>		
GRI 201: Economic-Performance 2016		
201-1	Direct economic value generated and distributed	P.025 Overview of Financial Performance

Disclosed	Location [Referring Page]	Re-mark
201-2	Financial implications and other risks and opportunities due to climate change	P.091-096 Climate Change Management
201-3	Defined benefit plan obligations and other retirement plans	P.158-159 Diversified Employee Welfare
GRI 202: Market-Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P.157-158 Competitive Compensation
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	P.130 Sustainable Supply Chain
GRI 205: Anti-Corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	P.066-067 Strict Mechanisms for Avoiding Conflicts of Interest ●
205-3	Confirmed incidents of corruption and actions taken	P.066-067 Strict Mechanisms for Avoiding Conflicts of Interest None ●
GRI 207: Tax 2019		
207-1	Approach to tax	P.069 Tax Guidelines
207-2	Tax governance, control, and risk management	P.069 Tax and Risk Management
207-3	Stakeholder engagement and management of concerns related to tax	P.069 Stakeholder Engagement
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	P.098-099 Energy and Emission P.103-104 The Use of Green Energy ●
302-4	Reduction of energy consumption	P.100-101 Energy-saving and carbon reduction Actions ●
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	P.110-111 Water Resource Management
303-2	Management of water discharge-related impacts	P.110 Sewage Treatment
303-4	Water withdrawal	P.110 Sewage Treatment
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	P.100 Energy and Emission
305-2	Energy indirect (Scope 2) GHG emissions	P.100 Energy and Emission
305-3	Other indirect (Scope 3) GHG emissions	P.100 Energy and Emission
305-5	Reduction of GHG emissions	P.100-101 Energy-saving and carbon reduction Actions
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	P.119 Hazardous Waste Management ●
306-2	Management of significant waste-related impacts	P.115 Product Recyclability Design ●
306-3	Waste generated	P.119 Hazardous Waste Management ●
306-4	Waste diverted from disposal	P.120 Hazardous Waste Management P.122 Waste Reduction, Recycling and Reuse ●
GRI 308: Supplier Environmental Assessment 2016		

Disclosed	Location [Referring Page]	Re-mark
308-1	New suppliers that were screened using environmental criteria P.131-132 The HTC Supplier social responsibility Assessment and Audit	
308-2	Negative environmental impacts in the supply chain and actions taken P.131-132 The HTC Supplier social responsibility Assessment and Audit	
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover P.148 The Global Distribution of HTC Personnel	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees P.157 Salary and Benefits P.158-159 Diversified Employee Welfare	
401-3	Parental leave P.142-143 Work-life Balance Support	
GRI 402: Labor Management Relations 2016		
402-1	Minimum notice periods regarding operational changes P.143 Listening to the Voice of the Employee	
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system P.167 Occupational Safety and Health Committee	
403-2	Hazard identification, risk assessment, and incident investigation P.167-168 Positively Preventing Occupational Accidents	
403-3	Occupational health services P.163-165 Health Management and Promotion	
403-4	Worker participation, consultation, and communication on occupational health and safety P.167 Occupational Safety and Health Committee	
403-5	Worker training on occupational health and safety P.168-169 Positively Preventing Occupational Accidents	
403-6	Promotion of worker health P.163 Health Promotion	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships P.123-124 Hazardous Substances and Chemical Control P.131-132 The HTC Supplier social responsibility Assessment and Audit P.168-169 Positively Preventing Occupational Accidents P.170 Contractor Management	
403-9	Work-related injuries P.170-172 2022 Occupational injury in Taiwan	
403-10	Work-related ill health P.170-172 2022 Occupational injury in Taiwan	
GRI 404: Training and Education 2016		
404-1	New employee hires and employee turnover P.156 Training Result	
404-2	Programs for upgrading employee skills and transition assistance programs P.152-156 Talent Cultivation and Development	
404-3	Percentage of employees receiving regular performance and career development reviews P.155 Training and Performance Integration	
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees P.064 The composition of HTC Management (Directors) by Age & Gender P.145-146 Overview of Human Resource Structure P.147 The Global Distribution of HTC Personnel	●
405-2	Ratio of basic salary and remuneration of women to men P.158 Competitive Compensation	●
GRI 406: Non-discrimination 2016		

Disclosed	Location [Referring Page]	Re-mark
406-1	Incidents of discrimination and corrective actions taken P.140-141 Human Rights Due Diligence (HRDD) Form None	●
GRI 407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk P.140-141 Human Rights Due Diligence (HRDD) Form None	●
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor P.140-141 Human Rights Due Diligence (HRDD) Form None	●
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor P.140-141 Human Rights Due Diligence (HRDD) Form None	●
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures P.159 Professional Security Service Team	●
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria P.131 The HTC Supplier social responsibility Assessment and Audit	
414-2	Negative social impacts in the supply chain and actions taken P.132 The HTC Supplier social responsibility Assessment and Audit	
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories P.080 Customer Management	●
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services P.080 Customer Management P.068 Regulatory Compliance: No related situation	●
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling P.115-116 Product Recyclability Design	
417-2	Incidents of non-compliance concerning product and service information and labeling P.068 Regulatory Compliance: No related situation	
417-3	Incidents of non-compliance concerning marketing communications P.068 Regulatory Compliance: No related situation	
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data P.068 Regulatory Compliance: No related situation	●

Note: ● means material topics



## Appendix 4: SASB Index

HTC selects applicable indicators from the 11 sectors and 77 industries in the SASB Material Map of the SASB Guidelines, taking into account the company's own operational activities and referring to the recommendations of the regulatory authority to disclose:

- Sector: Technology & Communications
- Industry: Hardware and Software & IT Services

### SASB Index : Hardware

Scope: The organizational boundary mainly covers the company office buildings and plants in Taiwan. All HTC business operations in Taiwan are within the boundary. The scope of financial information is consolidated financial disclosure; the scope of human resources information covers employees worldwide.

TOPIC	SASB Code	ACCOUNTING METRIC	Location
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	P.070 Information Security Management
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	P.139 Human Rights Management and Commitment
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	P.192 SASB Index : Hardware
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	P.192 SASB Index : Hardware
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	P.192 SASB Index : Hardware
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	P.108 Sustainable Environment
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	P.130-132 Sustainable Supply Chain
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	P.130-132 Sustainable Supply Chain
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	P.192 SASB Index : Hardware

SASB Code	ACTIVITY METRIC	Location
TC-HW-000.A	Number of units produced by product category	P.025 Overview of Financial Performance
TC-HW-000.B	Area of manufacturing facilities	From 2020 to 2022, HTC had a factory area of 30,391.13 m <sup>2</sup> .
TC-HW-000.C	Percentage of production from owned facilities	Not disclosing sensitive information

### TC-HW-410a.1 Percentage of products by revenue that contain IEC 62474 declarable substances

Standard	2020	2021	2022
RoHS	100%	100%	100%
REACH	100%	100%	100%

HTC hardware products include VR devices and mobile phones. Currently, due to the lack of requirements for IEC 62474 in sales regions, this disclosure data adopts RoHS and REACH standards. According to statistics, the revenue proportion of hardware products sold in the current year under these two standards is 100%, and materials with SVHC>0.1% have been declared in REACH's SCIP database in accordance with regulatory requirements.

### TC-HW-410a.2 Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent

Among existing HTC products, mobile phones meet EPEAT registered requirements. Currently, no EPEAT certification has been applied for mobile phone products, and no evaluation has been conducted on whether they meet EPEAT certification standards.

### TC-HW-410a.3 Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria

HTC products are not suitable for the type of product registered by Energy Stars. HTC's existing external power supply meets energy efficiency standard Level VI required by the US Department of Energy, and the sales of products that meet Level VI standard account for 100% of revenue.

### TC-HW-440a.1 Description of the management of risks associated with the use of critical materials

Regarding the risk assessment of key substances, in each project development stage early material preparation/replacement is required based on the raw material cycle and recent acquisition difficulty/supply and demand status to assess whether there are risks. In the current bill of materials, graphite is commonly used. The supply of graphite has been evaluated and there is no shortage of supply in the coming years. We will continue to observe and update it as required.

### SASB Index : Software & IT Services- Voluntary disclosure

In addition to the hardware industry in which HTC operates, we independently disclose indicators related to significant themes in the same industry category.

Scope: The organizational boundary mainly covers the company office buildings and plants in Taiwan. All HTC business operations in Taiwan are within the boundary. The scope of financial information is consolidated financial disclosure; the scope of human resources information covers employees worldwide.

TOPIC	SASB Code	ACCOUNTING METRIC	Location
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	P.098-099 Energy and Emission
	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	P.193 SASB Index: Software & IT Services P.110-111 Water Rescource Management
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	P.193 SASB Index: Software & IT Services

TOPIC	SASB Code	ACCOUNTING METRIC	Location
Data Privacy & Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	P194-195 SASB Index: Software & IT Services
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	P196 SASB Index: Software & IT Services
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	P196 SASB Index: Software & IT Services
	TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	P196 SASB Index: Software & IT Services
	TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	P196 SASB Index: Software & IT Services
Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	P196 SASB Index: Software & IT Services
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	P197 SASB Index: Software & IT Services
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	P197 SASB Index: Software & IT Services
	TC-SI-330a.2	Employee engagement as a percentage	P139 Human Rights Management and Commitment
	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	P147 HTC Global Site Employee Structure Distribution
Intellectual Property Protection & Competitive Behavior	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	P197 SASB Index: Software & IT Services
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	P197 SASB Index: Software & IT Services
	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	P071 Information Security Management

### TC-SI-130a.2 1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress

	Source	2020	2021	2022
Total water withdrawn (m <sup>3</sup> )	Rainwater recycling	2,673.68	2,965	3,863
	Tap water	130,911	84,147	85,260
	Subtotal	133,584.68	87,112	89,123
At locations with high or extremely high baseline water scarcity				
Water intake as a percentage of total water intake				
-				
Total water consumed (m <sup>3</sup> )	Domestic water	45,021.69	38,018.32	37,966
At locations with high or extremely high baseline water pressure				
Water consumption as a percentage of total water consumption				
-				

Note:  
1. Total water intake = head office and factory (tap water usage) + Taipei office (tap water usage) + rainwater recovery  
2. Total water consumption = 282 liters of daily water consumption per person - 200 liters of daily sewage per person = 82 liters of daily water consumption per person \* working days \* number of people in the year / 1000

According to the World Resources Institute (WRI) water pressure assessment, Taoyuan and Xindian do not belong to high or extremely high-risk areas, so the proportion is 0%.

HTC uses KPIs different from those recommended by SASB to address water conservation issues in water scarce areas. HTC's water-saving goal is to reduce water intake each year by improving sewage recovery. Please refer to the "Water Resource Management" section for details.

### TC-SI-130a.3 Discussion of the integration of environmental considerations into strategic planning for data center needs

The main considerations for the data center environment are as follows:

1. Continuous operation of power: Environmental factors may cause long-term power outages, resulting in the inability of computer room system services and facilities to affect operations.
2. Energy efficiency of information center facilities: The data center and operational information hardware are outdated and have high maintenance risks, which are more energy-intensive in terms of energy saving and carbon reduction

Incorporate into policy implementation:

1. The data center adopts three types of configurations to reduce the impact of environmental factors, including the new self-built computer room (Taoyuan Factory Computer Room Consolidation Plan), cloud services (Azure, AWS, GCP), and rented IDC computer rooms (Chunghwa Telecom), which are set up according to the needs and applicability of the operating system and services.
2. The data center is included in the performance improvement plan, including updating information equipment, prioritizing the procurement and use of energy-saving products, and removing or reducing service systems with low resource usage (Virtual Service System, transforming traditional architecture into hyper-converged infrastructure).

### TC-SI-220a.1 Description of policies and practices relating to behavioral advertising and user privacy

1.

(1) ISMS (Information Security Management System) and PIMS (Personal Information Management System):

Our company has established an internal ISMS and PIMS in accordance with ISO/IEC 27001:2013, ISO/IEC 27701:2019, and major national personal information regulations. The ISMS reflects the goal of our company's information security policy, which is to protect the confidentiality, integrity, availability, and compliance of our company's information assets. It is applicable to all personnel of our company, and all personnel of our company should fulfill their duty of care to prevent illegal access, damage, modification, or leakage of information. The security of all information held by our company (including third-party information) is strictly controlled and properly handled according to our company's information classification standards, based on its confidentiality, sensitivity, and importance. Sensitive personal information and general personal information both fall into the category of confidential information of the company, and the processing of such confidential information is subject to strict process standards, including the approval level of information disclosure, mandatory signing of nondisclosure agreements, confidentiality labeling, mechanisms to prevent unauthorized access/inspection/disclosure, limitations on data storage vehicles and methods, storage period, transmission encryption, and destruction processes. In addition, the PIMS is a management policy and guideline developed to standardize the collection, processing, and use of personal information, promote the reasonable use of personal information, and prevent personal information from being stolen, tampered with, damaged, lost, or leaked. Content includes the commitment and support of high-level management to personal data protection, investment in human and resources, training and promotion of privacy information management systems, management of compliance with personal data protection regulations and updating of regulations inventory, operating process for exercising data subject rights and managing appeals or complaints, prevention/ response/ handling of security accidents in response to security accidents, and inventory of departmental behavior processes and risk assessment, etc.

(2) Internal and external audits:

According to the requirements of our company's ISMS, our dedicated unit conducts an annual audit of ISMS and PIMS operations to confirm whether the systems are effective. Our company has also obtained ISO/IEC 27001:2013 and ISO/IEC 27701:2019 certifications within the certification scope. During the certification period, the certification unit verifies operations within our company's certification scope annually.

2.

(1) Data collection: The Company collects and processes personal information only in the following circumstances: a. complying with the Company's legal obligations; b. when the Company has to meet contractual obligations entered into with the data subject; c. when protecting vital interests of data subject; d. when the personal data subject gives explicit consent or if the processing is necessary; e. when it is in the Company's legitimate interests and the collection and processing is confirmed after a legitimate interests assessment; or f. when it is in the public interest or exercise of authority vested in the Company. Where applicable law requires the right to opt out of data collection and processing, the Company will also design and develop mechanisms to comply with the requirements of the law.

(2) Use/processing/disclosure of personal information: The Company uses/processes personal information with the consent of the personal data subject in the following circumstances: (1) to provide required services or to fulfill contracts with the personal data subject, (2) with explicit consent of the data subject, (3) when the Company has a legitimate interest in improving customer experience and service quality, and (4) to fulfill legal obligations. We may share personal information with service providers, wireless network operators, advertising network providers, co-branding partners, and third parties who undertake the sale or transfer of our business or assets to the extent permitted by law.

(3) Data retention: The Company has a standard document on the retention period of personal data, which varies depending on the type of personal data (personal information provided by the data subject when creating a user account, customer file information, transaction information, etc.) and the specific service content.

(4) Data destruction: Our company has standard documents for the destruction of personal data, which include the deletion of personal data files within a certain period of time after completion of the specific purpose for which the data was collected, the principle of data destruction that it cannot be restored to the original appearance of the data, the request for appropriate destruction processes and evidence from outsourcing manufacturers, and the recording of the method/time/location/proof of destruction when destroying personal data files.

3. Our company has established risk assessment and management guidelines to ensure that all individual asset related processing procedures comply with laws and regulations. Each department of our company conducts internal personal information risk assessment and handling operations every year or when there are new or significant business changes. Each department first conducts a regular inventory of personal information collection and processing operations, and then conducts a data protection impact assessment on the individual asset collection and processing operations. The analysis includes privacy self-assessment items (mainly focusing on whether each department follows the PIMS), control maturity and instructions, and identification of the affected personal information groups/weaknesses/threats, etc. Through a risk assessment model, the level of risk of personal data can be determined and quantified as the basis for selecting control measures. Corresponding control measures are taken based on the level of risk, including the proposal of risk improvement plans.

4. In our privacy policy applicable to the US market, we disclose that we do not intentionally collect or request personal information of minors under the age of 14, nor do we intentionally allow such minors to register accounts with our products or services, and our products and content are not directly aimed at minors under the age of 14 or children recognized under relevant child privacy laws. If discovering that a minor under the age of 14 has provided personal information to our company without the consent of parents, we will destroy the personal information as soon as possible.

5. The Company uses/processes personal information with the consent of the personal data subject in the following circumstances: (1) to provide required services or to fulfill contracts with the personal data subject, (2) to obtain consent of the personal data subject, (3) when the Company has a legitimate interest in improving customer experience and service quality, and (4) to fulfill legal obligations. We may share personal information with service providers, wireless network operators, advertising network providers, co-branding partners, and third parties who undertake the sale or transfer of our business or assets to the extent permitted by law.

6. (1) Transparency: The Company has a privacy policy regarding personal information collected/used/shared by Group companies in connection with users' use of the Group's websites, devices, applications, and services, which explicitly states that the Company may use third-party advertising service providers to place advertisements on Company services. To provide such advertising, third parties may automatically collect specific information about users, their devices, and their use of services, including information about visits to our and other companies' websites and applications, the user's IP address, the user's internet service provider, and the browser used to access our websites.

(2) Consumer control: Users of some of our applications and services may choose to accept our privacy policy (including cookie policy) before providing personal information to determine whether or not we may collect their personal information or transfer their personal information to third parties.

(3) Data security: The Company discloses in its Privacy Policy that it endeavors to protect personal information by taking appropriate physical, technical, and organizational measures to prevent unauthorized or unlawful access to, or use, processing, or alteration of, personal information obtained by the Company from users through its services and to prevent the breach or loss of such personal information, such as anonymization, attempted anonymization, encryption (e.g., encryption via (HTTPS) during transmission), and restricted access, etc.

(4) Material changes: When the privacy policy of our company changes, users will be informed in an appropriate manner.

#### **TC-SI-220a.2 Number of users whose information is used for secondary purposes**

Our company did not use user information for secondary purposes during the reporting period.

#### **TC-SI-220a.3 Total amount of monetary losses as a result of legal proceedings associated with user privacy**

During the reporting period, our company did not experience any legal proceedings or economic losses caused by events related to user privacy.

#### **TC-SI-220a.4 (1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure**

During the reporting period, our company has not received any requests from the government or law enforcement agencies for providing user information.

#### **TC-SI-220a.5 List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring**

During the reporting period, our company has not been required by any government/judicial unit/investigative unit to monitor, block, or review the content of our products or services.

#### **TC-SI-230a.1 (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected**

During the reporting period, no incidents of personal information infringement occurred in our company.

#### **TC-SI-230a.2 Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards**

1. Information Security Policy: To effectively manage the potential risks of privacy protection and information security, HTC has continuously optimized the PIMS and ISMS, and continued to promote privacy protection and information security through a dedicated team of legal, product security, and information security departments to implement employee education and training, product development and design, manufacturer management, and information

security incident management. We also conduct annual risk assessments and internal privacy and information security audits with the aim of ensuring the effective implementation of management systems and reducing risks through audits. Additionally, the BS10012 certification was passed in December 2018, and ISO 27001 and ISO 27701 certifications were passed in August 2021 and August 2022.

- Information security risk identification process: HTC adheres to the requirements of data privacy from product design stage, requiring the development team to develop products in accordance with HTC's Privacy Protection and Security Software Development Manual. From software design stage, it conducts threat analysis modeling and security design review, as well as security controls such as code review, personal privacy impact analysis, and security risk assessment, as well as import privacy and security audit workflow (including automated tools such as information security detection, static code scanning tools, vulnerability scanning, etc.). After the product and service are launched, in addition to tracking software security vulnerability fixes and providing them to relevant development teams to ensure that the product and service comply with privacy protection and information security requirements, a dedicated contact method and team are provided to external personnel for reporting and interpreting the event, and to respond to external notifications in a timely manner.

In addition to following ISO 27001 information security management and implementing daily management operations to ensure the confidentiality, availability, and integrity of information, HTC also establishes mechanisms such as firewalls, intrusion detection, and antivirus systems. All HTC employees must complete privacy and information security awareness training and test every year, which includes the importance of data protection, company data handling precautions, key information security controls, personal data processing precautions, supplier privacy and security assessment social media and marketing activities precautions, information security and personal information protection reminders, asset security threat introductions, and providing information on the company's personal information protection and information security related resources. Personnel involved in product planning, development, testing, system management, operations, and supplier management are required to complete additional courses and sit the "Annual Product Security Process" and "Personal Information Protection Guide". Personnel responsible for product development are also required to complete training courses and tests on threat model analysis and security coding standards for key coding languages. HTC also sends monthly privacy and information security reports to all employees, providing latest news and policy release information related to privacy protection and information security.

HTC's emphasis on information security is not only focused on internal companies, but also on external suppliers. During the evaluation phase, various aspects of information security control review are implemented, and we require external suppliers to comply with applicable privacy protection regulations and HTC's privacy protection and information security requirements with the aim of jointly reducing the risk of information security and ransomware. The information security assessment of external suppliers includes information security policies of suppliers, information security organization, human resource management, communication and operation security, information security incident/incident management, business continuous management, physical environment management, access control, vulnerability management, etc.

#### TC-SI-330a.1 Percentage of employees that are (1) foreign nationals and (2) located offshore

	2020	2021	2022
Number of foreign employees	405	325	334
Number of foreign employees/ total number of employees (%)	16%	15%	15%
Foreign employees	400	316	321
Foreign employees/ total number of employees (%)	15%	15%	15%

#### TC-SI-520a.1 Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations

During the reporting period, our company did not experience any economic losses caused by legal actions related to anticompetitive behavior.

#### TC-SI-550a.1 Number of (1) performance issues and (2) service disruptions; (3) total customer downtime

During the reporting period, our company did not experience any technical interruptions.

## Appendix 5: Sustainability Disclosure Metric-Telecommunication & Internet Services

NO.	METRIC	CATEGORY	Annual Disclosure (Referring Page)	UNIT OF MEASURE
1	Total energy consumed, percentage grid electricity, percentage renewable	Quantitative	P.098-099 Energy and Emissions	Gigajoules (GJ) \ Percentage (%)
2	Total water withdrawn, total water consumed	Quantitative	P.110-111 Water Resource Management	Thousand cubic meters (m <sup>3</sup> )
3	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	P.120 Hazardous Waste Management	Metric tons (t), Percentage (%)
4	Explain the type, number and rate of occupational hazards	Quantitative	P.170-172 2022 Occupational injury in Taiwan	Percentage (%),Quantity
5	Product Lifecycle Management : Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	P.108 Sustainable Design	Metric tons (t), Percentage (%)
6	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	P.192 SASB Index : Hardware TC-HW-440a.1	n/a
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	None	Reporting currency
8	Number of units produced by product category	Quantitative	P.025 Overview of Financial Performance	Various, by product category

## Appendix 6: Climate-related information of listed for IPO companies

### The risks and opportunities caused by climate change to the company and the relevant response measures taken by the company

No.	Item	Execution Status
1	Describe the boards and management's role in assessing and managing climate-related risks and opportunities	Disclosed information can be found in the "Climate Change Management" chapter of this report and the independent TCFD report.
2	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	
3	Describe the financial impact on the organization from extreme climate change and relevant corporate transformation	
4	Explain how the identification, assessment, and management of climate risk are incorporated into the overall risk management system.	
5	Provide details of the scenarios, parameters, assumptions, analytical factors, and major financial impacts if scenario analysis is used to assess resilience to climate change risks.	Though no internal carbon pricing has been established so far, we are planning to introduce it in the second half of 2023.
6	Describe the content of the plan, as well as the indicators and targets used to identify and manage physical and transition risks if there is a transition plan for managing climate-related risks.	
7	Explain the basis for price determination if internal carbon pricing is used as a planning tool.	Disclosed information can be found in the "Climate Change Management" chapter of this report and the independent TCFD report.
8	Provide information on the activities covered, the scope of greenhouse gas emissions, planning timeline, annual progress, and other relevant details if climate-related targets are determined. Explain the sources and quantities of carbon offsets or the number of renewable energy certificates (RECs) used for carbon reduction if carbon offsets or RECs are used to achieve these targets.	
9	Greenhouse Gas Inventory and Assurance Engagements	

## Appendix 7: Attached Table: Information Reorganization List

In this annual report, due to some changes in the statistical methodology of previous information, there have been instances of information rewriting. Please refer to the attached table for details. The changes are all changes in the presentation of calculation methods and therefore have no significant impact.

### The Electricity Usage in Taiwan

The situation of information re-compilation in 2020 and 2021 shows that the electricity consumption of tenants was not deducted during the calculation of Building H in 2020. The original data was 75610.74 GJ, which was corrected to 9558.875 GJ in the current year's report. Additionally, due to incorrect original calculation figures in 2021, the calculation results were corrected in the current report.

GJ	YEAR	2020 (Original)	2020 (New Data)	2021 (Original)	2021 (New Data)
HQ & Plants	TY3 Building	31,992.48	Only the number of decimal places was changed.	27,320	29,789.280
	H Building	75,610.74		8,192	Only the number of decimal places was changed.
	Taipei Office 1	21,295.04	Only the number of decimal places was changed.	30,692	18,732.683
	Taipei Office 2	4,437.43	Only the number of decimal places was changed.	9,878	4,021.841
	Total	133,335.69	67,283.824	76,082	60,735.308

### Resource consumption of recent 3 years

The calculation formula for the amount of tap water used in the Taipei office in 2021 was incorrect, so it was changed from 45,203 degrees to 48,144 degrees. In addition, the total amount of incineration waste (household waste) in the Taipei office in 2020 was mistakenly set to 48.32 metric tons, so this has been corrected to 48,320 kilograms.

Environmental Indicator	Unit	2020 (Original)		2020 (New Data)		2021 (Original)		2021 (New Data)	
		HQ & Plants	Taipei Office	HQ & Plants	Taipei Office	HQ & Plants	Taipei Office	HQ & Plants	Taipei Office
City water consumption	degree	63,133	67,778	No Change	No Change	36,003	45,203	No Change	48,144
Wastewater	River								HQ & Plants- Dongmen Creek Taipei Office- City Dedicated Sewer
Total city water discharge	Metric Tons	78,211	54,222.4	No Change	No Change	42,019	38,515.2	No Change	No Change
The amount of rainwater recycled	Metric Tons	N/A	2,673.68	No Change	No Change	N/A	2,965	No Change	No Change
Total amount of sewage recycled/reused	Metric Tons	23,741	N/A	No Change	No Change	8,843	N/A	No Change	No Change
The ratio of sewage recycled/ reused to total amount of sewage consumed	%	30.36	N/A	No Change	No Change	21.05	N/A	No Change	No Change
The ratio of water recycled/ reused to total amount of water consumed	%	37.6	3.94	No Change	No Change	24.56	6.16	No Change	No Change
Total amount of waste incinerated - Information product	Kg		13,944		No Change		8,455		No Change
Total amount of waste incinerated - General	Kg	504,306	N/A	No Change	No Change	426,202	N/A	No Change	No Change
Total amount of waste reused	Kg	N/A	N/A	No Change	No Change	N/A	N/A	No Change	No Change
Total amount of waste incinerated	Kg	135,700	48.32	No Change	48,320	65,550	52,400	No Change	No Change
Waste disposal expense	NT\$	828,240	302,400	No Change	No Change	619,448	308,700	No Change	No Change
Environmental management and recycling amount - Information product	NT\$		837,591				454,602		No Change
Total amount of waste incinerated - Information product	NT\$	454,160	NA	No Change	No Change	461,922	NA	No Change	No Change

### The Eco-efficiency Value of HTC

In 2020, the calculation of H building did not deduct the electricity consumption of tenants, resulting in errors in the calculation and a low ecological benefit value for electricity. In addition, in 2021, due to calculation errors, the ecological benefit value for greenhouse gases was mistakenly set to 0.69, which was corrected to 0.63 this year.

Environmental Indicator	Unit	2020 (Original)	2020 (New Data)	2021 (Original)	2021 (New Data)
Electricity	kWh/ Year	19,996	18,689.95	No disclosure	16,870.92
GHG Emission [Category1 +Category 2]	tCO <sub>2</sub> e	9,885.2403	The number of decimal places was changed.	8324.388	No Change
Operating Revenue	Millions	5,806	No Change	5,253	No Change
Revenue generated from each electricity consumption unit	Millions/kWh	0.29	0.31	No disclosure	0.31
Revenue generated from each GHG emission unit	Millions/tCO <sub>2</sub> e	0.59	No Change	0.69	0.63

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

Due to the fact that the data disclosed in the 2020 CSR report is recurring salaries and does not include salaries, to comply with GRI 405-2 "Ratio of Women to Men's Basic Salary Plus Salary", the ratio has been recalculated from 1.15:1 to 1.18 for General Employees, from 1.17:1 to 1.24:1 for Middle Supervisor, and from 1.06:1 to 1.44:1 for Senior Supervisor.

Employee Type	Average Compensation Ratio (Men: Women)			
	Manufacturing Employees	General Employees	Middle Supervisor	Senior Supervisor
2020 (Original)	1.01 : 1	1.15 : 1	1.17 : 1	1.06 : 1
2020 (New)	No Change	1.18 : 1	1.24 : 1	1.44 : 1



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HTC CORPORATION'S ESG REPORT FOR 2022

#### 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 ESG Report for 2022 (hereinafter referred to as the Report). The scope of assurance, based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3, include the text and data in accompanying tables and their level of disclosures against the GRI Universal Standard (2021) and SASB Disclosures and Metrics (Hardware) contained in the report assessed during on-site verification (2023/04/20-2023/05/30) at HTC headquarter. The boundary of this report includes HTC Taiwan's specific performance data related to the identified material topics. The assurance process excludes the evaluation of Task Force on Climate-related Financial Disclosures (TCFD).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

#### INTENDED USERS OF THIS ASSURANCE STATEMENT

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

#### RESPONSIBILITIES

The information in the HTC's ESG Report of 2022 and its presentation are the responsibility of the directors or governing body and management of HTC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all HTC's stakeholders.

#### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

#### SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

#### Reporting Criteria Options

1	GRI Universal Standard (2021) (Reference)
2	AA1000 Accountability Principles (2018)
3	SASB (Hardware)

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics at a high level of scrutiny for HTC, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.
- evaluate of the report against the SASB Disclosures and Metrics included in the Hardware Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

#### ASSURANCE METHODOLOGY

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

#### LIMITATIONS AND MITIGATION

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

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

#### VERIFICATION/ ASSURANCE OPINION

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

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

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

HTC has demonstrated its commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, HTC may consider having direct two-ways engagements with stakeholders in the future.

# Assurance Statement

## Materiality

HTC has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. Considerations of a broader sustainability context, such as commitments and internal policies are to be taken into account when evaluating the significance of each topic.

## Responsiveness

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

## Impact

HTC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements. How the organisation has integrated identified impacts into key management processes, for example, the organisational strategy, governance, and operations, may be further described in the future.

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

The report, HTC's ESG Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to HTC's contributions to sustainability development. For future reporting, HTC is encouraged to prepare for the transition to reporting in accordance with the GRI Standards.

## SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

HTC has referenced with SASB's Standard, Hardware, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to HTC's ESG Report of 2022. HTC used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. For continuous improvement, process to identify, assess, and manage topic-related risks and opportunities were recommended to be integrated into HTC's overall management process with more thorough disclosures for monitoring and benchmarking the respective performances.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao  
Knowledge Deputy General Manager  
Taipei, Taiwan  
12 June, 2023  
[WWW.SGS.COM](http://WWW.SGS.COM)



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