



2023 HTC ESG Report



ESG Report

2023 Environment, Social, Governance

Publication Date: August 08, 2024

Editorial Principle

Thank you for reading the 12th 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 issues. 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 issue that relates to our future development, we make it clear at the beginning of each section which challenge we are facing, our current achievements, and our goals for future development.

By understanding and commitment to these issues, HTC will define and confirm our direction toward sustainable development, and also let our stakeholders know everything about our performance and the results with respect to ESG in 2023.

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)



Report Scope and Boundary

The organizational boundary of the information in this annual report is mainly based on HTC Taiwan^{Note 1}. The boundary of financial information is HTC Global^{Note 2}, disclosed by way of consolidated financial statements.

Environment part: The scope of greenhouse gas inventory and TCFD boundary is HTC Global, and the rest of the data disclosure scope is only HTC Taiwan.

Social part: The scope of human resources boundary is HTC Global, and the rest of the information disclosure scope is only HTC Taiwan.

Notes:
 1. HTC Taiwan: HTC and its subsidiaries Hungxu Technology Co., Ltd., Viveport Digital Co., Ltd., REIGN Technology Co., Ltd.
 2. HTC Global: HTC and its subsidiaries, please refer to Section 71 of the Annual Report for the current year.



2023 HTC ESG Report Organization Coverage Information

Boundary	Address	Tel
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Taipei Office 2	1F, No 6-3, Baoqiang Rd, Xindian Dist, New Taipei City, Taiwan	+886-2-89124138

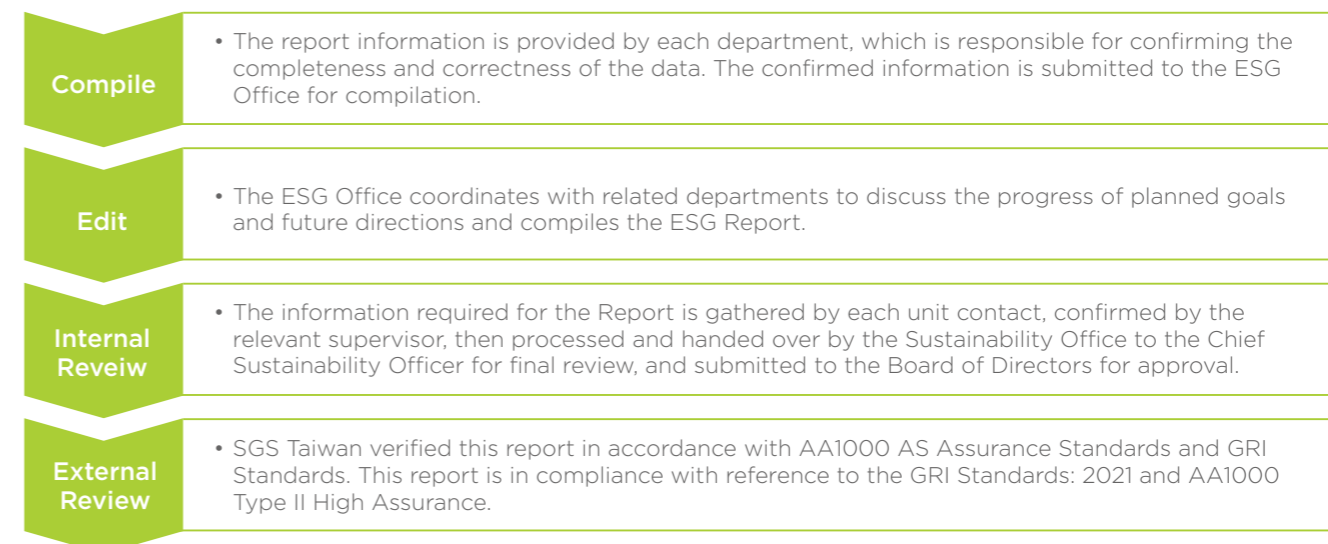
Time Coverage of Disclosure

We publish the HTC Sustainability Report on a regular basis every year. The information disclosed in this report covers the year 2023 from January 1 to December 31. In order to present complete information or the project progress, the information on some topics may also be retroactive to 2022 or extended to May 2024.

Report Basis

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: 2021, the sustainability indicators of the Sustainability Accounting Standard Board (SASB), and the United Nations Sustainable Development Goals. , SDGs), 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 and SASB (Hardware) industry 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 2023 from January 1 to December 31.
- ISO 14064:2018 Greenhouse Gas Emissions were verified by AFNOR Asia.
- ISO 50001:2018 Energy Management Systems were verified by Istituto Italiano del Marchio di Qualità.
- 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 2023 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 2023 "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.

2023 proved a challenging year for the global economy, with the IMF recording that global growth almost halved from 2021 levels while inflation almost doubled over the same period. The US and Europe saw a significant slowdown, creating a more challenging business environment. However, HTC remained clearly focused on its VIVERSE vision, continuing to invest in the strategic technologies that will drive our vision and the ecosystem, while optimizing resources to streamline our operations.

HTC opened 2023 with the launch of the cutting-edge VR headset, the VIVE XR Elite at CES in January, where it received numerous "Best of CES 2023" awards from leading media such as CNET, CNN, and Wired. It also won "Most Innovative Product" and "Best Mixed Reality Solution" at the XR Awards 2023, as well as the IDEA Bronze Award in the Consumer Tech category, amongst many others, reflecting how the innovative design, high specification and clever ergonomics impressed media and industry alike. HTC closed the year with the announcement that the VIVE Focus 3 was launched into space by NASA and ESA to provide mental health and fitness applications for the astronauts heading to the International Space Station; a new frontier for VR and for HTC.

HTC continued to work on delivering more true-to-life virtual collaboration and improved human connections in VR through the launch of several tools and accessories in 2023, including a range of VR trackers for physical activity, face and eye movement. This move towards greater realism online is important for the wider adoption of VIVERSE, HTC's total solution to help customers fully realize immersive digital transformations and applications across B2C and B2B markets. Built on our advanced XR technologies, VIVERSE is HTC's secure, fully device-agnostic platform for the next generation of the internet that brings people together to connect, collaborate and explore in vivid 3D virtual worlds.

While geographical restrictions relating to the COVID-19 pandemic were completely lifted worldwide by the end of 2023, it is clear that some aspects of the digital revolution catalysed by the pandemic have sustained, such as remote and hybrid working, requiring the adoption of virtual meetings for work, schooling and professional training, as well as reduced business travel. HTC's VIVE VR systems and VIVERSE are well positioned to take advantage of this societal shift, as more of our lives go online to an internet that is increasingly 3D.

HTC's ESG strategy, initiatives and achievements in sustainability in 2023 reflect HTC's continued commitment to reducing its environmental impact and increasing its social responsibility. HTC has committed to near-term and long-term company-wide emission reduction targets in line with the scenario set by the Science Based Targets initiative (SBTi), whose goal is to accelerate companies' shift towards achieving net-zero emissions by 2050.

Our efforts to improve sustainable operations gained wide recognition in 2023, with HTC again selected as a constituent of the prestigious FTSE4Good Index Series, and winning a silver medal for the second year in sustainability from EcoVadis, one of the world's most trusted providers of business sustainability ratings, as well as Taiwan's National Sustainability Development Award in the Enterprise category.

As a member of the CDP Supply Chain Member program, HTC works with its suppliers to address environmental risks to build a sustainable future. HTC improved its leadership level in both the CDP Supplier Engagement Rating and the Climate Change score in 2023. HTC also published its first standalone report on the Task Force on Climate-Related Financial Disclosures, reflecting the Company's dedication to transparency and accountability in addressing climate-related risks and opportunities in business; this report was independently verified by 3rd party verification body SGS.

Finally, HTC received the Individual Performance award in Information Security Leadership at the 16th Taiwan Corporate Sustainability Awards, demonstrating its commitment to safeguarding sensitive information. These awards, which are linked to the United Nations' Sustainable Development Goals, reflect HTC's holistic approach to corporate responsibility.

HTC continued to fulfil its potential in 2023, creating innovative products and services with clear market focus. In anticipating the brave new world of the immersive internet, HTC stands ready to meet the challenges and develop the right technologies and products to expedite the future. The company structure of semi-autonomous business units announced in 2021 has firmly embedded, with each business demonstrating maturity of business model and leadership in their respective fields over 2023, while the mother company HTC continues to provide strategy guidance and functional support to each business, along with maintaining a strong focus on achieving sustainable efficiencies across all of its operations. This strategy is now showing returns, and we remain firm in our belief that this is the right path for growth for HTC.

Throughout our operations, HTC strives for brilliance, both in how we work and how our customers use our products. We will continue to focus on innovation, execution, and efficiency across the organization, and by anticipating market trends and pioneering technology implementation, we believe that we are on the right path for growth. HTC will keep on upholding the right strategies, world-class talent, and innovative R&D capabilities that will drive our next stage of growth. In collaboration with many partners around the world, it is committed to environmental protection and R&D innovation with a view to creating a better life for people. 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 _____

Since taking office two years ago, I have always believed that sustainability should not only be the responsibility of a few people in the company, but should be jointly participated by all HTC colleagues. We've been pushing this concept forward for two years and we're starting to see some exciting results. In the past year, we have been recognized by many domestic and foreign sustainability awards, including being selected as a constituent of the FTSE4Good Index Series for two consecutive years, being listed on CDP's 2023 Supplier Engagement Leaderboard, and the national level recognition of National Sustainability Award. However, I am even more pleased to see colleagues in the office who congratulate each other on winning sustainability awards, and enthusiastically provide ESG-related advice. For me, being able to arouse the enthusiasm of colleagues to participate in ESG is the greatest affirmation of our past efforts.

In HTC's journey towards sustainability, I have witnessed the vision of many different industries for sustainable development with my colleagues and stakeholders. Therefore, when we reflect on how HTC constructs HTC's own sustainability vision, we find that the most important thing is to integrate ESG spirit into the core business in order to find a balance between the company's growth and sustainable development, and HTC's sustainability vision can go hand in hand with the VIVERSE vision.

In addition to continuing to pay attention to energy conservation and carbon reduction from environmental perspective, HTC has also been thinking about how to fulfill its social responsibility. In line with the 17 Sustainable Development Goals from the United Nations, we will strive to eliminate the digital gap and practice the spirit of ESG through the advantages of HTC's products and content. For example, as a long-term initiator of the Family Support and After-School Service Fund, I can deeply understand that in remote areas or economically disadvantaged areas, it is difficult for many children to have the opportunity to travel abroad and experience the scenery of foreign countries. But with the advancement of HTC's core virtual reality technology, we can leverage the technology advantages to solve this problem, not only reducing our carbon footprint, but also helping governments promote digital equality, reduce the gap between urban and rural areas, and achieve the United Nations SDGs to reduce inequalities.

I believe that the sooner HTC acts, the more it can contribute to the sustainability of the planet. That's why we built an internal carbon management platform in 2023. Some people may ask, HTC's carbon emissions are not high, so why should it build a carbon management platform? Because once a product enters mass production stage, it is difficult to reduce the carbon footprint. Therefore, during the development of the product, the possible carbon footprint is systematically modeled so that materials with a low environmental impact can be selected at an early stage of development. This is not only an advance deployment of future trends, but also the selection of low-carbon emission suppliers will reduce the cost of carbon reduction, thereby improving product competitiveness. We also expect to introduce internal carbon pricing (ICP) in 2024 to internalize carbon emission costs and keep up with global trends, thereby enhancing ESG competitiveness.

With the proactive efforts of the first two years, HTC has established a solid foundation for sustainable development. However, we know that this is just the beginning, and that the upcoming third year will be the time for us to look for more opportunities and do more. With the support of software and hardware, HTC has shown a differentiation advantage, not only for the competitiveness of our products, but also for achieving sustainable goals. We will continue to explore innovative technologies and solutions to meet sustainability challenges. Through continuous research, development, and collaboration, we are committed to developing more environmentally friendly and socially valuable products and services, promoting the realization of sustainable development goals, and injecting new vitality and hope into HTC's sustainable development. As a quietly pragmatic sustainability practitioner, HTC looks forward to take every step firmly and steadily on the road to net zero.

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\$8,320,380,000(2023/12/31)



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 effective 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



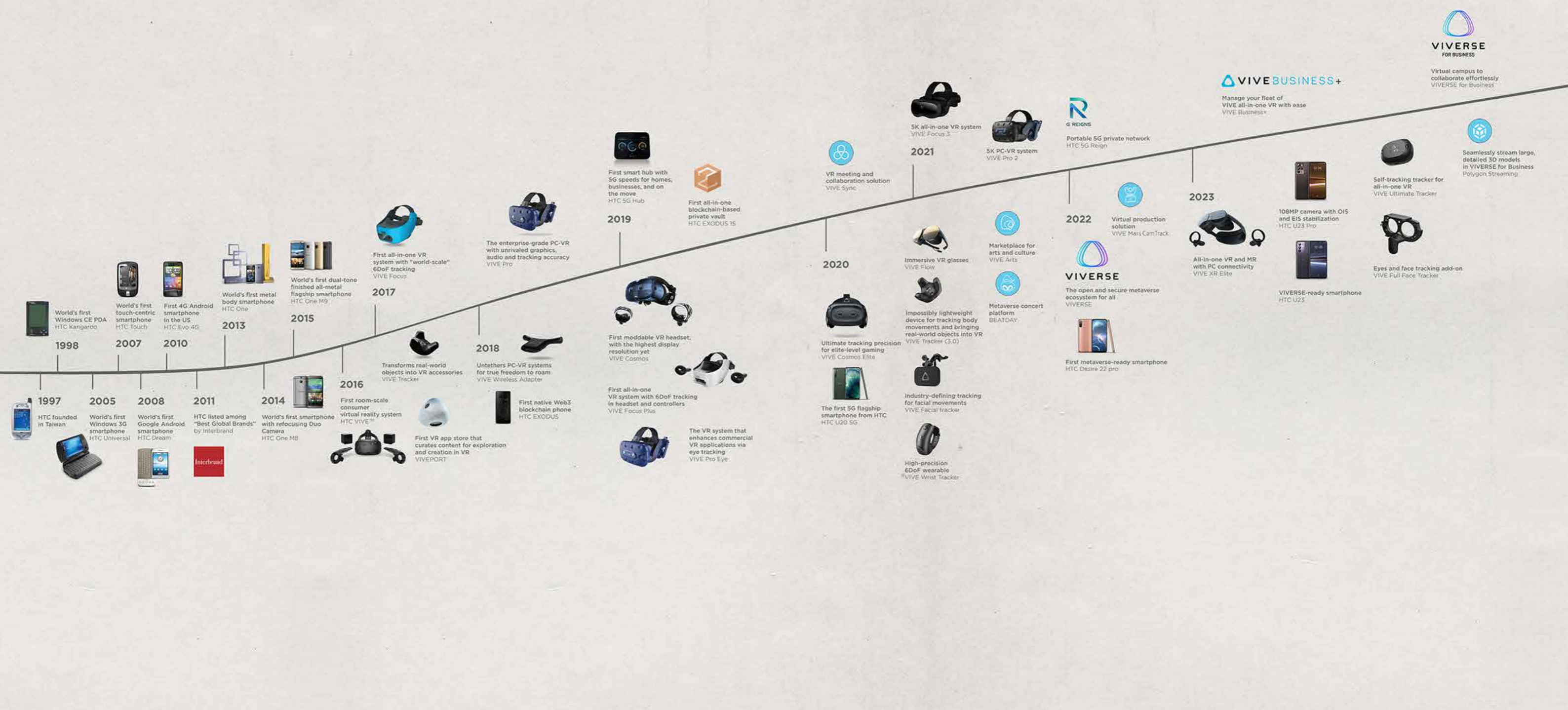
HTC is headquartered in Taiwan. Driven by effective branding, HTC now has operations, sales, and services covering most areas in the world, including Europe, the Americas and Asia. With the coordination and integration of our operational HQ, HTC provides customers with a network of professional services.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



VIVEBUSINESS+
Manage your fleet of VIVE all-in-one VR with ease VIVE Business+

VIVERSE FOR BUSINESS
Virtual campus to collaborate effortlessly VIVERSE for Business

Seamlessly stream large, detailed 3D models in VIVERSE for Business Polygon Streaming.

Self-tracking tracker for all-in-one VR VIVE Ultimate Tracker

Eyes and face tracking add-on VIVE Full Face Tracker

108MP camera with OIS and EIS stabilization HTC U23 Pro

VIVERSE-ready smartphone HTC U23

All-in-one VR and MR with PC connectivity VIVE XR Elite

Portable 5G private network HTC 5G Reign

Virtual production solution VIVE Mars CamTrack

VIVERSE
The open and secure metaverse ecosystem for all VIVERSE

First metaverse-ready smartphone HTC Desire 22 pro

Marketplace for arts and culture VIVE Arts

Metaverse concert platform BEATDAY

5K all-in-one VR system VIVE Focus 3

5K PC-VR system VIVE Pro 2

VR meeting and collaboration solution VIVE Sync

Ultimate tracking precision for elite-level gaming VIVE Cosmos Elite

The first 5G flagship smartphone from HTC HTC U20 5G

Immersive VR glasses VIVE Flow

Impossibly lightweight device for tracking body movements and bringing real-world objects into VR VIVE Tracker (3.0)

Industry-defining tracking for facial movements VIVE Facial Tracker

High-precision 6DoF wearable VIVE Wrist Tracker

First all-in-one blockchain-based private vault HTC EXODUS 1S

First smart hub with 5G speeds for homes, businesses, and on the move HTC 5G Hub

The enterprise-grade PC-VR system with unrivaled graphics, audio and tracking accuracy VIVE Pro

Untethers PC-VR systems for true freedom to roam VIVE Wireless Adapter

First moddable VR headset, with the highest display resolution yet VIVE Cosmos

First all-in-one VR system with 6DoF tracking in headset and controllers VIVE Focus Plus

The VR system that enhances commercial VR applications via eye tracking VIVE Pro Eye

First all-in-one VR system with "world-scale" 6DoF tracking VIVE Focus

Transforms real-world objects into VR accessories VIVE Tracker

First VR app store that curates content for exploration and creation in VR VIVEPORT

World's first dual-tone finished all-metal flagship smartphone HTC One M9

World's first room-scale consumer virtual reality system HTC VIVE™

World's first metal body smartphone HTC One

World's first smartphone with refocusing Duo Camera HTC One M8

World's first touch-centric smartphone HTC Touch

World's first Windows 3G smartphone HTC Universal

World's first Google Android smartphone HTC Dream

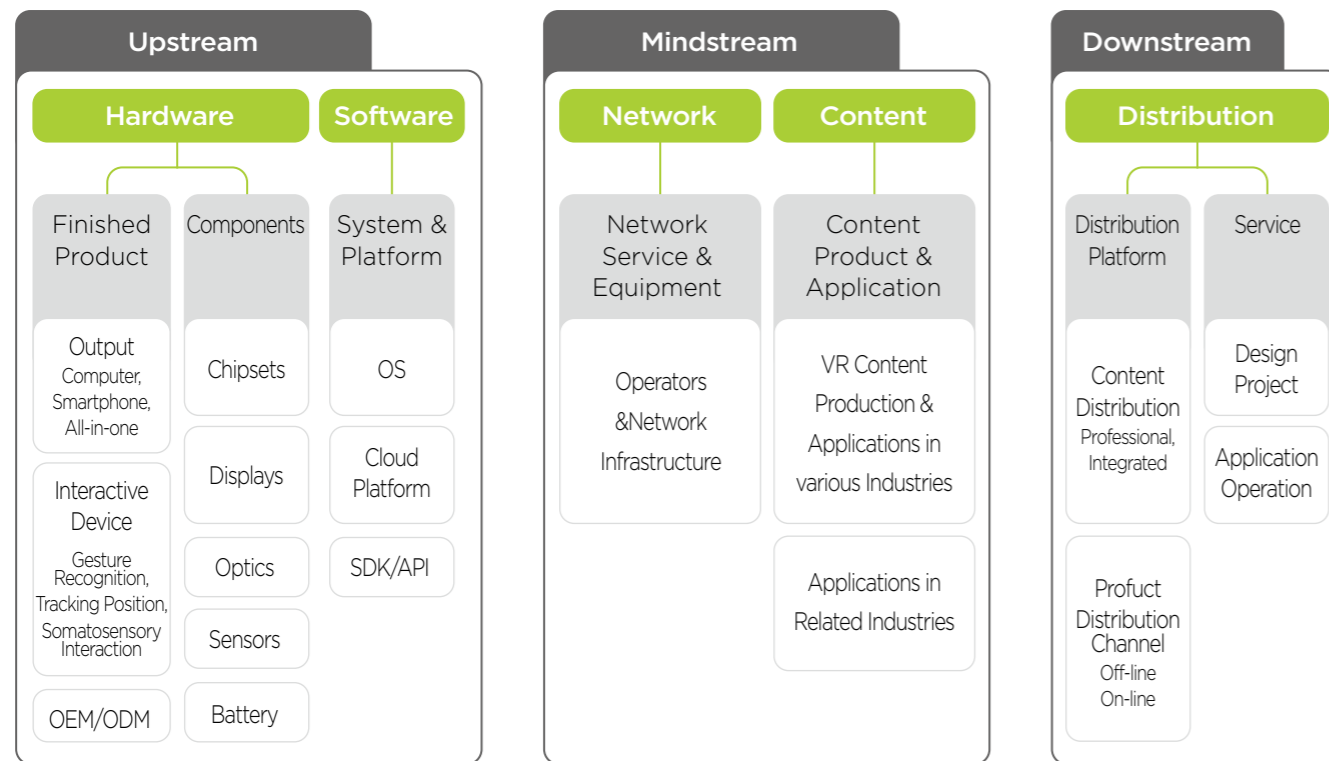
World's first Windows CE PDA HTC Kangaroo

HTC founded in Taiwan

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. In 2023, we witnessed some changes in the VR hardware landscape. Established players like HTC VIVE and Meta welcomed Apple to the market with its first VR headset, Vision Pro. This highly anticipated device boasts high-resolution displays and eye-tracking technology, enabling intuitive navigation methods through gaze control. However, in the more affordable-priced market, the Chinese headset manufacturer Pico reportedly underwent downsizing and restructuring within its VR division. While VR headsets have been the main attraction in the virtual world, 2023 saw a thrilling expansion in the realm of VR accessories. HTC VIVE Ultimate Tracker, offering precise accuracy tracking in a compact format without the need for additional base stations and can connect up to 5 Trackers to deliver multi-point full-body tracking. Sony’s mocopi tracker joined the party too, offering an easy and convenient solution for full-body tracking, lowering barriers for consumers to bring avatars into the virtual world.

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%. 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%. The number of new 5G users in 2023 increased significantly by about 63% compared to 2022. The total number of global 5G users will also exceed the 1.6 billion mark with the growth of the total number of users exceeding original expectations. Although some markets are facing economic challenges and geopolitical uncertainty, the growth in the number of 5G users continues to show resilience. Signs of recovery in the smartphone market can also be observed from the growth of 5G. 5G mobile phones accounted for 62% of smartphone shipments in 2023, while it was only 57% in 2022. In addition, new 5G smartphones are coming out one after another. Even though the global economy has not yet fully recovered, the general trend of 5G remains unchanged and the impact is relatively low. It is worth noting that the application of artificial intelligence (AI) in mobile phones is expected to become the key to the recovery and growth of the smartphone market in the future.

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. 2023 HTC affiliated companies please referred [2023 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



VIVE XR Elite attracted much attention and as the most awarded VR headset of CES 2023, it 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.

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 includes a full color RGB passthrough camera, and handtracking, which enables a whole new dimension of MR scenarios. With four wide FOV cameras, exceptional 6DoF spatial accuracy, a depth sensor, hand-tracking and capacitive sensing for your finger movements on the controllers, developers have lots of options to incorporate in VR and MR content to help achieve more accurate motion detection and enhance the overall experience.

VIVE XR Elite can be easily connected to a computer via USB-C to access PCVR content from VIVEPORT and Steam, and supports wireless computer streaming via WiFi or the latest generation WiFi 6E, with extremely low latency and excellent display effects.

● VIVE Ultimate Tracker

VIVE Ultimate Tracker is a VR tracker specially built for all-in-one devices. Its streamlined appearance and balanced weight provide users with the most comfortable wearing experience. There is no need to rely on external base stations, and the self-tracking function is achieved through the use of new technologies. It is perfect for HTC VIVE's standalone headsets VIVE XR Elite and VIVE Focus 3, and will also support OpenXR, SteamVR based PC VR setups in the near future.

VIVE Ultimate Tracker uses 2 wide-angle photography lenses to accurately track its own position in 3D space, making it perfectly compatible with all-in-one devices such as VIVE XR Elite without the need for external tracking solutions such as base stations.

Designed for versatility, the VIVE Ultimate Tracker uses a standard 1/4"-20 UNC mount and has a pogo pin interface, allowing it to attach to a variety of objects. This opens the door to many use cases, such as for use in movies motion capture games, industry-specific objects for VR training, dancing in VRChat, and more. VIVE releases developer guides and 3D CAD files to allow users to design, prototype and build solutions independently.

Up to five VIVE Ultimate Trackers can be used simultaneously per headset, delivering exceptional multi-point full-body tracking. In addition, VIVE Ultimate Tracker supports PC VR streaming media and is compatible with existing VIVE Tracker 3.0 supported PC content, expanding the scope of applications.



● VIVE Full Face Tracker

VIVE Full Face Tracker, a plug-and-play module that brings face and mouth tracking to VIVE XR Elite through a simple USB-C connection. It allows facial movements to be represented naturally in XR, capturing up to 38 blend shapes across the lips, teeth, tongue, cheeks, nose, and chin at a 60 Hz tracking rate. This means that even subtle facial expressions are accurately portrayed, and spoken words match facial expressions in real-time.

VIVE Full Face Tracker can accurately track eye movements at 120 frames per second. It also sports an innovative auto-calibration feature: the tracker detects your IPD and automatically calibrates the headset for viewing comfort and clarity. This feature allows multiple users to share the same headset without having to manually reset the IPD slider every time. And of course, users can still adjust the diopters directly on the VIVE XR Elite headset to ensure sharp visuals.



● VIVE Focus 3 Eye tracker

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. According to data, it provides realistic eye movement and blink effects for avatars, helping to demonstrate powerful and realistic non-verbal expressiveness in virtual meetings, chat groups and VIVE Sync remote meeting interactions, and enabling gaze control in applications. Through eye tracking and dynamic foveated rendering, so the headset can intelligently allocate GPU workload and optimize graphic fidelity in the user's line of sight - reducing rendering workloads on GPUs.





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 (<https://www.viverse.com/>), a modular and customizable platform-as-a-service (PaaS) solution which enables enterprises to engage in more realistic and efficient remote virtual collaboration.

VIVERSE also launched its exclusive 3D streaming technology "Polygon Streaming," which brings revolutionary progress to the seamless integration of the real and virtual worlds. This technology can easily display 3D models of any size on the web, and supports cross-platform and multiple devices. In addition to seamlessly integrating with VIVERSE and VIVERSE for Business platforms, it can also empower various industries to meet their business needs. This technology provides more possibilities for creating metaverse scenes and brings more efficient and cost-saving 3D display and collaboration experiences to various industries.

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.

● VIVERSE won double international honors

VIVERSE won two important awards: VR Platform of the Year at the ICT Champion Awards and Top Metaverse Platform - Consumer category at the European Metaverse Awards.

At the ICT Champion Awards 2023 hosted by JNS Media International, we were recognized in the VR Platform of the Year Award category for our commitment to creating high-quality immersive virtual reality headsets. VIVERSE's perfect combination of stunning graphics and lifelike 3D elements changes the way people work, play, learn and explore in virtual worlds. In addition, we won the top Metaverse Platform - Consumer category at the European Metaverse Awards, which promote connections and collaborations in the emerging Web 3.0 and Metaverse fields.



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 Arts

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

VIVE Arts sees it our mission to tie art with state-of-art technology, remove geographical restrictions so that art reaches every corner of the globe, and is appreciated in brand new channels. The ever-advancing technology has enabled the realization of an immersive virtual gallery, joining the effort of countless top artists, more than 50 museums and cultural bodies, including 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 Art Science Museum of Singapore, and Venice Biennale, among others.

VIVE Arts continues to evolve and work with the world's top museums, cultural bodies and artists to make art enjoyable and culture from something new, displaying HTC's capacity and influence to the world with emerging technologies to connect people on international level.

HTC actively participates in the 5G content and technology cross-domain innovation ecosystem plan, hoping to drive the overall development of the 5G industry and fulfill its corporate social responsibility. In 2023, VIVE Arts will participate in the "Future Content Field Demonstration Project" of TAICCA, and invest a total of NT\$11 million to promote the development of content, entertainment, media, and game industries for the first wave of 5G commercial applications. VIVE Arts actively cooperates with government policies and hopes to jointly help bring Taiwan's 5G entertainment and media industry to the world stage.

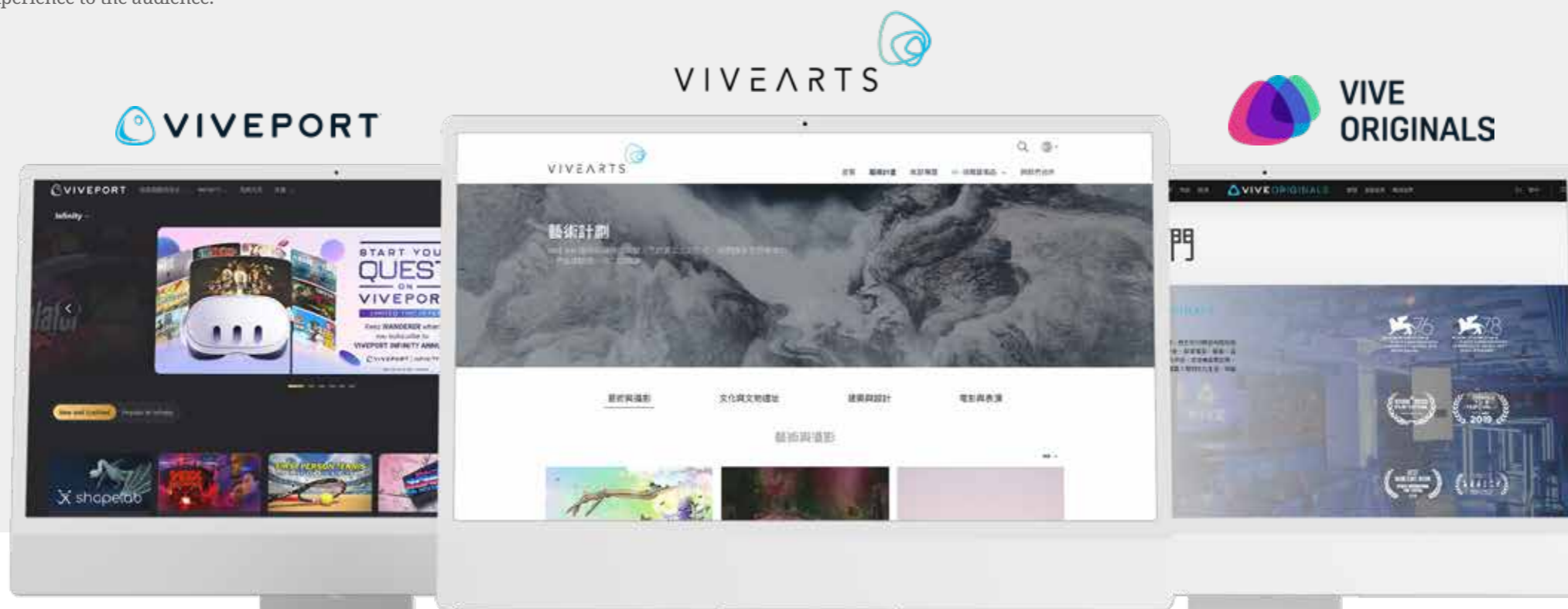
The VIVE Arts's investment in the integration of cultural content and digital technology is related to the investment of NT\$11 million with G REIGNS, a subsidiary of HTC Group, to introduce the immersive work "Le Bal de Paris", which won the best VR experience at the Venice International Film Festival, to be exhibited in Taiwan. With the cooperation of the TAICCA, VR content has been turned into a finalized drama for the first time. Integrate real-world interaction, multi-person dancing, and 5G and VR technologies to create a new type of VR interactive experience. Produced by VIVE Arts and Surprise Lab, the new experience of "Le Bal de Paris" Taipei will be grandly opened at the National Taiwan Science Education Center in Shilin in December 2023, bringing a new sensory experience to the audience.

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. The four pillars are content production, business channels, solution provision, and Metaverse platform services. Through VR technology combined with cultural art and film and television audio content, HTC VIVE ORIGINALS deepens the connection between the virtual world and the real world, and is committed to creating a rich and colorful cultural experience.



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

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 a platform that can assist in the development of VR and generative AI virtual lesson plans, and 3D Organon, which provides internships on human anatomy, VR training, and import plans, etc., and will be expanded to many top universities and medical centers in 2024.

G Reigns \ HTC Smart Devices

HTC launched the new U23 pro and U23 series of mid-to-high-end 5G mobile phones in 2023. Due to their outstanding appearance, complete practical and considerate functions, and the upgrade of the main camera to 100MP, the overall camera function has been greatly improved, winning HTC loyal users and consumers favoring photography functions, the market responded well and achieved outstanding sales results, entering the top 10 sales rankings in the Taiwan market.

Adhering to the thoughtful design of the U series for you, both models are equipped with a 30W fast charging set (included in the box), and are equipped with wireless charging and reverse charging functions that are rarely supported by similar models. The built-in 4,600 mAh large-capacity battery, coupled with excellent energy-saving efficiency, ensures users have worry-free and powerful battery life. Not only that, the HTC U23 series is built for the future. You can cast your phone's screen to VIVE XR Elite to enjoy the 300-inch large screen. You can also browse your phone, launch mobile applications, and view photos and videos in a VR environment.



The new HTC U23 series brings consumers a new entertainment experience. Through the newly revised VIVERSE App, it will greatly expand the future application potential of mobile phones and become a convenient portal to the cross-domain virtual and real world. VIVERSE App is perfectly adapted to the mobile experience. You can use the AR virtual and real integration function to create various avatars with unique personal characteristics and enjoy new forms of social interaction; you can freely shuttle through different "Worlds" to experience the newly upgraded VIVERSE space, participate in various "activities" that feel like being on the spot, purchase digital assets through the "Market" and place them in your personal space. VIVERSE App integrates all experiences, and you can connect all functions with one-click login.

G REIGNS was established in 2021 and mainly provides 5G RAN software solutions. The software provided by G REIGNS is compatible with the O-RAN open interface and supports virtualized RAN (Open vRAN). It is also 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.

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.

The following year, G REIGNS launched the first product of the REIGN CORE series, a portable 5G enterprise 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.

With more than 20 years of communication software R&D and design capabilities, G REIGNS, in addition to its portable series of products, is more focused on project customization to create the most suitable application scenarios for customer needs.



Overview of Financial Performance

HTC's consolidated revenue for the whole year of 2023 was NT\$ 4.42 billion, the consolidated gross profit was NT\$ 1.82 billion, the consolidated gross profit margin was 41.3%, the operating income margin was 97.2%, the net profit after tax was NT\$ -3.4 billion, and the earnings per share (LPS) was NT\$ -4.09. There was no significant change in the operating results for the year compared with the previous period.

	Unit	2021	2022	2023
Operating Revenue	NT\$ Million	5,253	4,409	4,418
Operating Costs	NT\$ Million	3,617	2,679	2,594
Operating Expenses	NT\$ Million	5,752	6,134	6,118
Income Tax	NT\$ Million	(3)	(2)	(3)
Employee Wages	NT\$ Million	3,777	3,700	4,223
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)
2021	7,470	438	3,112
2022	7,130	336	1,813
2023	7,300	276	1,969

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)
2021	90	631	940	4,344
2022	37	260	400	3,753
2023	66	672	350	3,330

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 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.

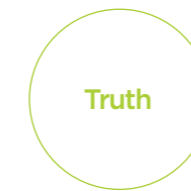


Imagination is one of the most powerful tools we know, and one we seek to unlock. A world where a continuum of immersive realities is possible, and experience is unbounded.

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.



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



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



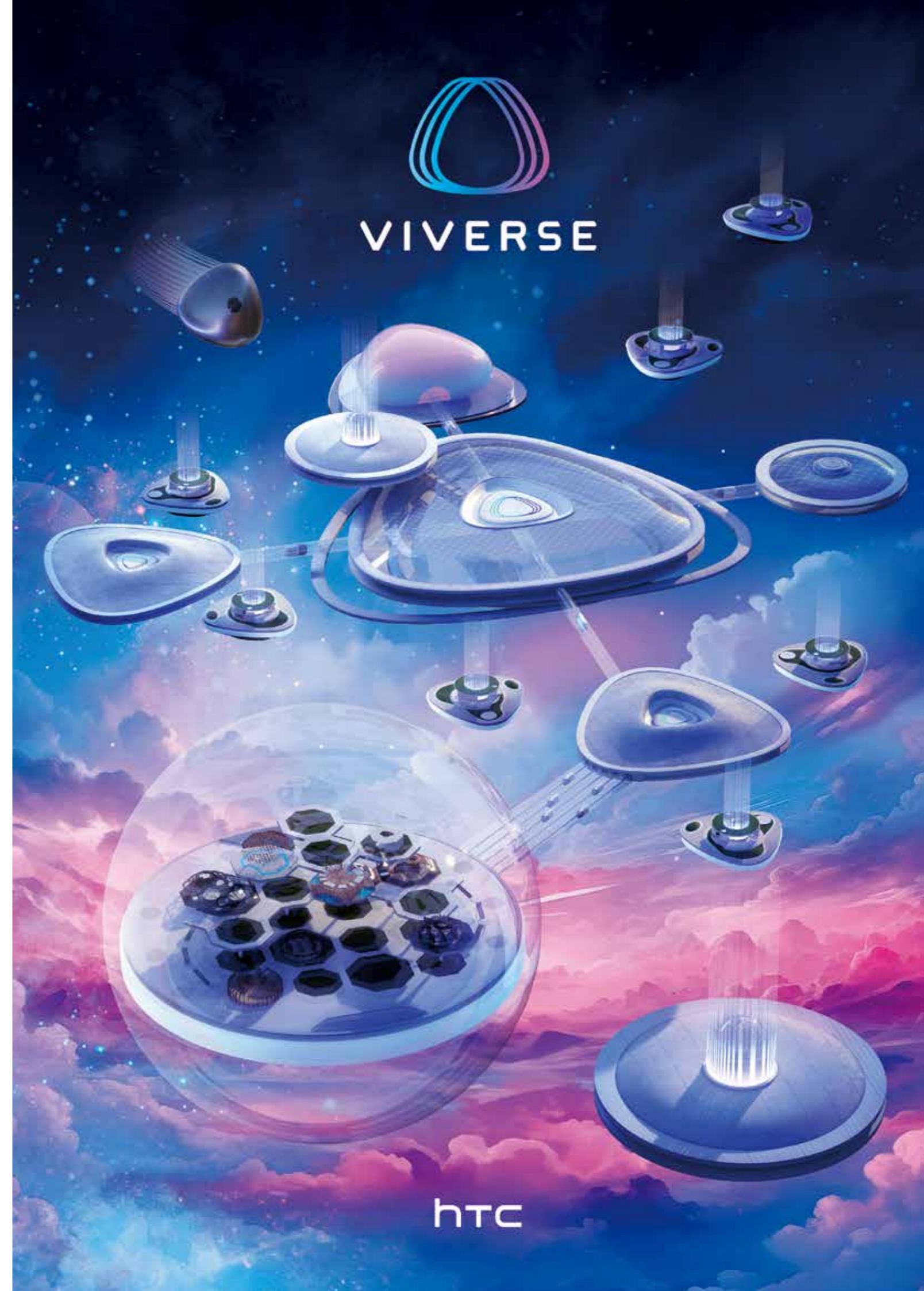
Beauty is simplicity and elegance. The simplest structure can hide complex details that each have a purpose. We design simple and intuitive user interfaces for high quality products that evoke a beautiful reaction in our customers.

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



ESG Management ---



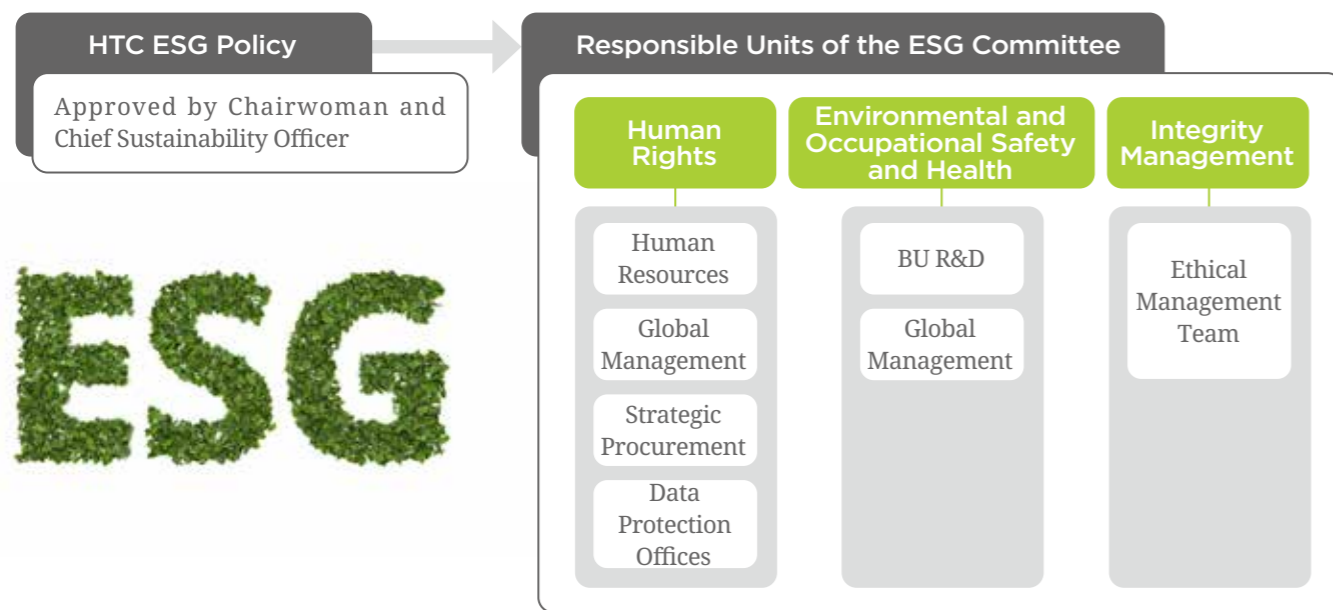
Our Sustainability Commitment

The HTC Environment, Social, and Governance (ESG) Policy

HTC conducts its business with integrity and integrity, and is committed to complying with relevant national and international laws and regulations in the regions in which it operates. 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.

2023 ESG Performance

ESG

2023 Performance

Governance

\$ 4.41 Billion

Annual revenue of NT\$ 4.42 billion while operating costs and expenses decreased

\$ 2.68 Billion

R&D investment accounted for 61% of HTC revenue

21%- 35 %

The evaluation result was 21%-35% in the 10th (2023) Corporate Governance Evaluation

Environment

99 %

Besides VIVE XR Elite, the recycled content of paper packaging materials for VIVE Battery Cradle for XR Series, VIVE Ultimate Tracker, VIVE Wireless Adapter and other models all account for up to 99%.

79.12 %

In 2023, there was a total reduction of 275,923 sheets of paper consumption to 2022

94 %

of key suppliers responded to the CDP questionnaire, of which more than 70% of suppliers have reported Scope 1 / Scope 2 emissions, 77% have included climate issues in the scope of director-level supervision, 62% have set carbon reduction targets, and 30% use renewable electricity in 2023.

\$305,169

recycled, and cumulative to NT\$92,062,448 in 2023.

21,795 kWh

In 2023, 163,667 kWh of solar power continued to operate, of which 21,795 kWh were self-generated, accounting for 13% of the total power generation, and the cumulative total power generation of equipment reached 962,173 kWh

370,620 kWh

In line with the electricity saving measures of the current year, the electricity consumption reduction goal of 4.2% was achieved

3,522 metric tons

of rainwater recycled in 2023 by the Taipei office showing a great effort in water conservation

Social

28.17 %

Female of the supervisors in global, HTC is committed in Gender Equality advance.

3.79 point

HTC investigates the engagement of manufacturing employees through questionnaires every year. In 2023, the investigation results was 3.79 points

5 Major 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.

0

violations against customer privacy and loss of customer data in 2023.

ESG Achievements



● 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 many areas. HTC also makes good use of VR technology to reduce carbon footprint from everyday life, and provides global audiences with a brand-new sustainable experience. HTC participated in the first "Let's Go Green" net-zero green life competition and won the finalist award.



● HTC once again won the Taiwan Corporate Sustainability Award

Following the recognition in 2022 Taiwan Corporate Sustainability Awards (TCSA), HTC won the top grade "Platinum Grade of ESG Report - Information and Communication Industry - Second Category" in 2023 16th TCSA, which stands HTC's performance in ESG report this year has received the highest recognition! HTC also won the "Information Security Leadership Award", which shows HTC's continued attention and investment in information security.



● HTC won SGS ESG Report Award



● Won 2023 National Sustainable Development Award

HTC won the "Enterprise Category" of 2023 National Sustainable Development Award organized by the National Development Council (NDC) of the Executive Yuan. It represents that HTC's achievements in ESG have been recognized at the national level. Mr. Chen Chien-jen, Premier of the Executive Yuan personally presenting the award. The review committee is impressed by many of HTC's sustainability highlights, including internally the monthly one-hour lights-out activity which was jointly participated by all employees, voluntarily published the TCFD independent report, externally continued to achieve good results in international ESG evaluations (CDP / EcoVadis / FTSE, etc.), and signed the SBTi commitment for net zero, etc.



● CDP -Climate Change : Management Level

In the 2023 CDP Climate Change score, among the approximately 23,200 rated companies around the world, HTC continued to achieve the management level (B) (the Global average grade is C).



● CDP -SER : Leaderboard

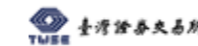
HTC has made onto CDP's 2023 Supplier Engagement Leaderboard, which is the highest grade of Supplier Engagement Rating (Grade A). Among more than 11,500 companies around the world that participated in the rating, only 450+ companies can receive this highest honor.

● Selected as one of the Business Weekly's "2023 Carbon Competitiveness Top 100"



● Corporate Governance Evaluation

HTC participated in the 10th (2023) Corporate Governance Evaluation organized by the Taiwan Stock Exchange, and obtained results in the range of 21%-35%.



● HTC is a constituent of the FTSE4Good Index Series for two consecutive years



● HTC won the 2023 EcoVadis Sustainability Silver Medal

EcoVadis, an international sustainability rating platform, awarded HTC the Silver Award for Sustainability, ranks top 15% among more than 130,000 evaluated companies around the world. In Manufacture of communication equipment industry, HTC ranks among the top 5%, and the top 2% in "Sustainable Procurement" theme, demonstrating HTC's continued commitment and efforts in all areas of sustainability.



ESG Committee

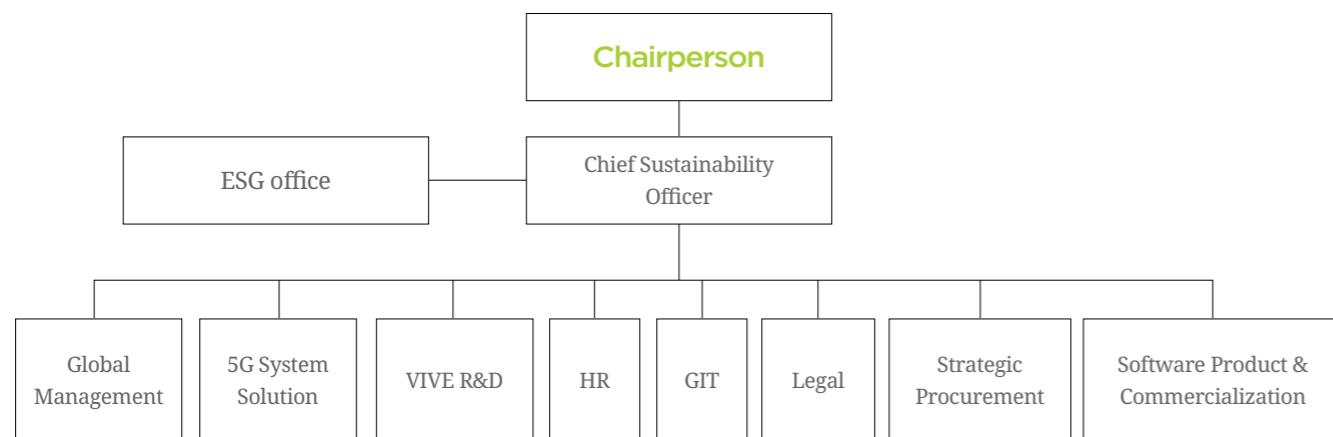
In early 2022, HTC escalated the original CSR Committee to ESG Committee with Chairwoman Cher Wang as the Chair of Committee, SVP Madeline Chen as Chief Sustainability Officer, and members of executives as ESG committee members. The committee is responsible for decision-making on economic, environmental 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 from time to time every 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 material topics, stakeholders engagement, execution performance and strategy and targets for the previous year to the Audit Committee at least once a year. The key projects in 2023 included “Internal Operations Processes- Fully Paperless, Digitalized, and Optimized”, “Carbon management platform construction”, “The project of the Industrial Bureau of the Ministry of Economic Affairs: Low-carbon manufacturing process and supply chain transformation promotion”. In 2024, we will continue to promote the second phase of paperless processes, and carry out “Low-carbon manufacturing process and supply chain transformation promotion Project”. We will utilize a carbon management platform to conduct ISO 14064-1 greenhouse gas inventory and ISO 14067 product carbon footprint inventory, and conduct third-party verification. At the same time, we will begin to introduce an internal carbon pricing program.

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, Earth Day activities, 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, DEI, human rights, and relevant domestic and foreign regulatory trends 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 material topics, and these are further used for the judgment of disclosure of relevant actions, performance and results.

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.

Step 1

Understand the organization’s context

The overall management process of ESG topics in current year was same as that of previous year, in order 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 six key stakeholders in 2023, including (1) employees, (2) suppliers/contractors, (3) consumers/customers, (4) shareholders and investors, (5) local communities/ academic institutions & NGOs, (6) government regulatory agencies.

In addition to stakeholders, ESG Office 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 to determine the main framework and disclosure direction of this report.

Step 2

Identify impacts and assess the significance of the impacts

Based on GRI, SASB indicators, domestic and foreign corporate trends, peer ESG reports and other indicators, screen the issues of concern, focus on 23 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 397. 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 stakeholders.

Step
3

Prioritize the most significant impacts for reporting

After screening and sorting by the ESG Office, HTC acquired 14 material topics in total. A discussion meeting was held internally, and the Chief Sustainability Officer also participated in the discussion. The material topics are including "Corporate Governance", "Economic Performance", "Circular Economy and Product Life Cycle", "Innovation Management", "Risk Management", "Energy Management", "Waste Management", "Information Security and Privacy Protection", "Talent Attraction and Retention", "Integrity Management", "Sustainable Supply Chain", "Climate Change", "Social Investment and Contribution", and strengthened the disclosure of "human rights, diversity and inclusion", one of the core spirits of GRI 2021. These topics have been carefully screened and identified to ensure that they fully cover HTC's sustainability issues. 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, to respond to stakeholders' concerns about HTC's material issues, and to demonstrate our commitment and responsibility for sustainable development.

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, to ensure that we continue to monitor and improve ESG matters, and maintain our commitment to corporate sustainability and social responsibility, and the Audit Committee reported material topics to the Board of Directors in Q1 2024.

ESG related management system and initiative

The Green Products Management System	<p>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.</p> <p>HTC HSPM Policy : Design and Manufacture Green Products, Meet Regulations and Customer Requirements, Continuous Improvement to Protect the Environment</p>
Green Product Verification	<p>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.</p> <p>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.</p>
Product Carbon Footprint Inventory and Verification	<p>The carbon management platform is established in 2024 and it's more efficiently to perform the five-stage inventory and verification of product carbon footprint life cycle assessment. VIVE XR Elite's (HMD + battery cradle + controller) ISO-14067 product carbon footprint data is automatically generated by carbon management platform and has verified by 3rd party verification body SGS in March and the certificate awarding ceremony was held in the Taipei office in April.</p>
The Environment Management System	<p>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 2023.</p> <p>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 45.77%. 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.</p> <p><small>Overall coverage rate : Number of employees in the building or factory ISO 14001 certified / Total Number of employees, base on the parent company in Taiwan.</small></p>

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 ISO 27001, and ISO 27701 verification. In 2021, HTC passed the ISO/IEC 27001:2013 and ISO/IEC 27701:2019 verification. In 2022 and 2023, the company expanded the scope ISO 27001 and ISO 27701 and became re-certified. The latest certificate is valid from 2023/11/5 - 2024/08/13.

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 and continuously passed the verification in 2023. The latest certificate valid for ISO 27001 is 2023/12/10 - 2025/10/ 31, ISO 27701 is 2023/ 12 / 04 - 2025/ 10/ 31, ISO27799 is 2023/12/ 23-2025/ 10/ 31.

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 45.77% 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, demonstrating the measures in place prevent occupational accidents and ensure workers' health and safety.

Overall coverage rate :
Number of employees in the building or factory ISO 45001 certified / Total Number of employees, base on the parent company in Taiwan.

Supplier Management

As a member of the RBA, 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 2023, the RBA risk assessment tool was introduced and the RBA Self-Assessment Questionnaire (SAQ) was used to investigate, and a total of 69 suppliers conducted a high-risk supplier assessment process, with a total of 36 audits (number of factories), 100% of which were carried out by on-site audits, and more than ninety percent adopted the RBA effectiveness audit process (RBA VAP), 41% of the high-risk suppliers comprehensively assessed have already implemented RBA VAP. We will further select high-risk suppliers that have not implemented RBA VAP for on-site audits in 2024.

HTC 2023 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). All of these efforts have demonstrated HTC's focus and commitments to SDGs, as well as continuous progress and uninterrupted growth.

5
GENDER
EQUALITY

Achieve gender equality and empower women

Valuing the value of gender equality is not only a social trend, but also a long-term focus on HTC

- Ensure that women are fully involved in leadership and decision-making
- Promote physical and mental care measures for female employees and create a gender-equal corporate culture

Related Chapters:

- A Workplace that values Human Rights

4
QUALITY
EDUCATION

Ensure inclusive and equitable quality education

HTC uses VR and metaverse technology to revolutionize human education

- VIVE Arts uses VR technology to preserve cultural and artistic assets
- VIVERSE Metaverse integrates smart education to bridge the gap between urban and rural learning

Related Chapters:

- Use VR to expand educational horizons and create diverse learning channels

3
GOOD HEALTH
AND WELL-BEING

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

Through the development of health-related scientific and technological achievements, we will provide more convenient and friendly scientific and technological medical treatment

- DeepQ continues to work with governments and in hospitals to promote convenient technology in healthcare
- DeepQ AI Platform 2023 accelerated the introduction of Medical Artificial Intelligence
- HTC VIVE promotes VR reality therapy to maintain mental health

Related Chapters :

- Contribute to the public with technology and promote social health and welfare



6
CLEAN WATER
AND SANITATION

Ensure access to water and sanitation for all and its sustainable management

The water pollution intensifies and HTC strive to protect clean water. Our domestic wastewater is properly treated before discharged, and rainwater recycling is used for irrigation and planting.

- Reduce water consumption and promote water resource efficiency
- Committed to water quality maintenance to make water use safer

Related Chapters:

- Water Resource Management



Ensure access to affordable, reliable, sustainable and modern Energy for all

HTC has always placed a strong emphasis on energy management and is achieving its goal of net zero by gradually improving energy efficiency and green power generation

- Build solar power generation equipment and develop sustainable green energy
- Set up electric vehicle charging piles to improve charging convenience

Related Chapters:

- Use of green energy



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

HTC expands its industrial infrastructure, integrates the metaverse and 5G technology, and lays a new direction for future cities

- HTC Metacity: creating a future life the combines virtuality and reality
- HTC cooperates with the government to create a new sustainable industry
- VIVERSE' s innovative rendering streaming technology creates a smooth metaverse
- REIGNS innovative portable 5G private networks provides reliable private network for enterprises

Related Chapters:

- Accelerate industrial innovation with a solid technological foundation and promote virtual and physical sustainable living



Through mitigation and adaptation to combat climate change and its impacts

HTC's expertise in mobile technology and its continuous pursuit of product innovation have enabled us to integrate climate change into our VIVE Reality vision to provide comprehensive solutions for businesses and society to create richer life experiences.

- Identify risks and opportunities through the TCFD framework
- Move towards the 2050 net-zero target in an integrated manner through six strategies

Related Chapters:

- Climate Change Management
- Sustainable Agenda



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

HTC has worked with many partners to enrich the energy of medical education and training, and established the "Multiverse Application Alliance" to create industry value

- Medical VR cooperates with partners to work together to improve human health and well-being
- "Multiverse Application Alliance" gathers Metaverse industry value chain partners

Related Chapters:

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



Promote inclusive and sustainable economic growth

HTC's reinterpretation of the value of the industry with the metaverse is not only a technological breakthrough, but also a symbol of diversity, inclusion and innovation

- BEATDAY creates new value for art and cultural performances thru the integration of virtual and real entertainment.
- VIVERSE creates a full range of applications to enhance the business value of the metaverse

Related Chapters:

- Inspire the diverse spirit of innovation and open up cross-sector applications for the Metaverse industry



Ensure sustainable consumption and production patterns

HTC values resource conservation and aims to help making the planet more sustainable through sustainable design and circular economy

- Focus on the circular economy, improve product recyclability, and use modular design to reduce waste of spare parts resources
- Increase the proportion of recycled packaging materials and adopt sustainable packaging

Related Chapters:

- Sustainable Design
- Sustainable Product



SUSTAINABLE DEVELOPMENT GOALS



HTC 2023 Material Topics and Boundary

2023 HTC Material Topics Boundaries Matrix (HTC to External Environment)

Economic Environmental Social ★ Major Topics

<ul style="list-style-type: none"> ★ Circular Economy and Product Life Cycle ★ Climate Change ★ Economic Performance 	<ul style="list-style-type: none"> ★ Innovation Management ★ Talent Attraction and Retention ★ Waste Management 		<ul style="list-style-type: none"> ★ Talent Attraction and Retention ★ Economic Performance ★ Integrity Management 	<ul style="list-style-type: none"> ★ Innovation Management ★ Corporate Governance
<ul style="list-style-type: none"> ★ Corporate Governance ★ Risk Management ★ Energy Management ★ Water Resource Management 	<ul style="list-style-type: none"> ★ Social Investment and Contribution ★ Information Security and Privacy Protection ★ Sustainable Supply Chain 	Occupational Safety and Health Salary and Benefits Employment/ Labor Relationship	<ul style="list-style-type: none"> ★ Human Right, Diversity and Inclusiveness ★ Circular Economy and Product Life Cycle ★ Climate Change ★ Salary and Benefits ★ Energy Management 	<ul style="list-style-type: none"> ★ Information Security and Privacy Protection ★ Social Investment and Contribution ★ Sustainable Supply Chain ★ Risk Management ★ Waste Management
	<ul style="list-style-type: none"> ★ Customer Privacy, Safety and Health Management ★ Regulation Compliance ★ Integrity Management ★ Human Right, Diversity and Inclusiveness 	Training and Career Development Biodiversity	<ul style="list-style-type: none"> ★ Water Resource Management ★ Biodiversity 	<ul style="list-style-type: none"> ★ Customer Privacy, Safety and Health Management ★ Regulation Compliance

High Likelihood High

High Negative Impact to Economic/ Environment/ Society Low Positive Impact to Economic/ Environment/ Society High

2023 HTC Material Topics Boundaries Matrix (External Environment to HTC)

Economic Environmental Social ★ Major Topics

<ul style="list-style-type: none"> ★ Circular Economy and Product Life Cycle ★ Climate Change ★ Waste Management 	<ul style="list-style-type: none"> ★ Economic Performance 		<ul style="list-style-type: none"> ★ Circular Economy and Product Life Cycle ★ Risk Management 	<ul style="list-style-type: none"> ★ Sustainable Supply Chain
<ul style="list-style-type: none"> ★ Energy Management ★ Information Security and Privacy Protection 	<ul style="list-style-type: none"> ★ Occupational Safety and Health ★ Talent Attraction and Retention ★ Corporate Governance ★ Social Investment and Contribution ★ Risk Management ★ Water Resource Management 	Employment/ Labor Relationship Salary and Benefits Integrity Management Customer Privacy, Safety and Health Management Regulation Compliance	<ul style="list-style-type: none"> ★ Training and Career Development ★ Human Right, Diversity and Inclusiveness 	<ul style="list-style-type: none"> ★ Talent Attraction and Retention ★ Salary and Benefits ★ Occupational Safety and Health ★ Climate Change ★ Customer Privacy, Safety and Health Management
	<ul style="list-style-type: none"> ★ Sustainable Supply Chain 	Biodiversity Innovation Management Human Right, Diversity and Inclusiveness Training and Career Development	<ul style="list-style-type: none"> ★ Water Resource Management ★ Biodiversity 	<ul style="list-style-type: none"> ★ Employment/ Labor Relationship ★ Waste Management ★ Social Investment and Contribution

High Likelihood High

High Negative Impact to Economic/ Environment/ Society Low Positive Impact to Economic/ Environment/ Society High

Changes to HTC's Material Topics in 2023

2022 Material Topics	2023 Material Topics	Description of changes
Corporate Governance	Corporate Governance	<p>In 2023, based on the discussion with HTC according to the company's development strategy, industry status, value chain practices and expert suggestions, a total of 23 candidate material topics were screened and a questionnaire was prepared to survey the intentions of stakeholders, considering the positive / negative impacts of internal and external stakeholders. If the intensity of the impact and likelihood of occurrence of a topic is greater than moderate and appears more than twice in the four material topics matrix diagrams, it is classified as a material topic, so more material topics were selected this year (expanded from 9 to 14). to ensure that the topics covers the concerns of all stakeholders. After the material topics was determined, the ESG Office also reached the following consensus: HTC also adheres to the maximum disclosure of the topics that is not selected as the material topics of the year, so as to demonstrate the company's core value of committed to sustainable development.</p>
Innovation Management	Innovation Management	
Information Security and Privacy Protection	Information Security and Privacy Protection	
Integrity Management	Integrity Management	
Customer Privacy, Safety and Health Management (X)	Economic Performance <i>New</i>	
Regulation Compliance (X)	Risk Management <i>New</i>	
Circular Economy and Product Lifecycle	Circular Economy and Product Lifecycle	
Energy Management	Energy Management	
	Waste Management <i>New</i>	
	Climate Change <i>New</i>	
Human Right, Diversity and Inclusiveness	Human Right, Diversity and Inclusiveness	
	Talent Attraction and Retention <i>New</i>	
	Sustainable Supply Chain <i>New</i>	
	Social Investment and Contribution <i>New</i>	

2023 HTC Material Topics and Boundary Identification

Item	Material Topics	GRI	Chapter	Value chain			Outside the value chain		
				Upstream Suppliers/ Contractors	HTC Employee	Downstream Consumer/ Customer	Shareholders and Investors	Local communities, Academic Institutions & NGOs	Government
1	Corporate Governance	Custom theme	Corporate Governance		✓				✓
2	Economic Performance	201-1	Overview of Financial Performance		✓		✓		
3	Innovation Management	Custom theme	Innovative Management	✓	✓	✓	✓	✓	
4	Risk Management	Custom theme	Risk Management	✓	✓	✓	✓	✓	✓
5	Information Security and Privacy Protection	418-1	Information Security Management	✓	✓	✓	✓		
6	Integrity Management	205-2、205-3		✓	✓	✓	✓		✓
7	Circular Economy and Product Life Cycle	306-1、306-2、306-3	Sustainable Design						
			Sustainable Manufacturing Process						
			Sustainable Product	✓	✓	✓		✓	
			Overview of HTC's Energy and Climate Change Management						
8	Energy Management	302-1、302-4	Overview of HTC's Energy and Climate Change Management						
			Energy and Emissions	✓	✓	✓		✓	✓
			Hazardous Substance Management	✓	✓	✓		✓	✓
9	Waste Management	306-1、306-2、306-3、306-4、306-5		✓	✓	✓		✓	✓
10	Climate Change	201-2、305-1、305-2、305-3、305-4、305-5	Climate Change Management	✓	✓	✓		✓	✓
11	Talent Attraction and Retention	401-2、404-1、404-2、404-3	Talent Attraction and Retention		✓		✓		
12	Sustainable Supply Chain	414-1、414-2	Sustainable Supply Chain	✓	✓	✓		✓	
13	Social Investment and Contribution	Custom theme	Social Investment and Contribution		✓			✓	✓
14	Human Right, Diversity and Inclusiveness	405-1、405-2、406-1、407-1、408-1、409-1、410-1	Human Rights Management and Commitment	✓	✓	✓	✓	✓	✓

For SASB indicators, please refer to "Appendix 4,SASB Index "



Stakeholders Engagement

	Shareholders and Investors	Consumers/ Enterprise customers	Employees	Suppliers / Contractors	Government regulatory agencies	Local communities, academic institutions & NGOs
Significance for HTC	Shareholders and investors' support have positive impact to the sustainability of HTC	Consumers build strong customer relationships by providing first-class customer experience; Corporate customers enhance company value and pursue growth through cooperation and product and business development, and gradually improve corporate sustainable operations.	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. Contractors provide 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.	Communicating with community residents, academic institutions and non-governmental organizations will help HTC better understand market needs, promote technological innovation, and practice corporate social responsibility
Concerned Topics	<ul style="list-style-type: none"> Corporate Governance Innovation Management Economic Performance ESG Management Regulation Compliance Social Investment and Contribution 	<ul style="list-style-type: none"> Corporate Governance Economic Performance Customer Privacy, Safety and Health Management Innovation Management Information Security and Privacy Protection Circular Economy and Product Life Cycle Climate Change 	<ul style="list-style-type: none"> Regulation Compliance Economic Performance Talent Attraction and Retention Human Right, Diversity and Inclusiveness Occupational Safety and Health Salary and Benefits Training and Career Development Employment/ Labor Relationship 	<ul style="list-style-type: none"> Regulation Compliance Economic Performance Information Security and Privacy Protection Climate Change Circular Economy and Product Life Cycle Sustainable Supply Chain Occupational Safety and Health Innovation Management 	<ul style="list-style-type: none"> Economic Performance Innovation Management Corporate Governance Integrity Management Regulation Compliance ESG Management Climate change Human Right, Diversity and Inclusiveness 	<ul style="list-style-type: none"> Waste Management Climate Change Energy Management Information Security and Privacy Protection Regulation Compliance Water Resource Management Social Investment and Contribution Human Right, Diversity and Inclusiveness Talent Attraction and Retention
Communication Channels	<ul style="list-style-type: none"> Shareholder conference Yearly Annual report Yearly Monthly revenue statement Monthly Visiting investors Irregular Market Observation Post System Irregular Investor Relationship Website Standing Spokesperson Standing 	<p>Consumers (Daily Ongoing):</p> <ul style="list-style-type: none"> Local service contact channels in 10 languages to provide customers with real-time communication and assistance. Websites in different languages for customers to give feedback and to access information in a real-time manner (over 60 established) Dedicated email boxes for different functions (Support, Copyright, Security, etc.) to provide convenient customer contact with HTC Automated support survey invitations to collect customer satisfaction feedback Immediate corrective actions in place based on customer's insights <p>Enterprise Customers:</p> <ul style="list-style-type: none"> Reply to customer inquiries. From time to time Customer audit and replies to customer's questionnaires. By customer request Meeting the customer requirements about environmental and social responsibilities. By customer request 	<ul style="list-style-type: none"> Department quarterly meeting. - Irregular One-on-one interview with supervisors. Irregular Annual performance appraisal/ interview. 2/ Yearly New employee seminar. 2/ Monthly Employee assistance hotline and mailbox, Health Center, Employee Aid Scheme. From time to time Labor-management meeting. Quarterly 	<p>Suppliers:</p> <ul style="list-style-type: none"> Supplier communication conference Irregular Guidance and audit for suppliers Yearly Cooperation project with suppliers for addressing ESG and greenhouse gas issues Yearly (2023 projects including RBA, CDP carbon disclosure, conflict minerals investigation etc.) <p>Contractors:</p> <ul style="list-style-type: none"> Induction training. Weekly Patrol inspection in the facility. Irregular Coordinative organization meetings. Quarterly 	<ul style="list-style-type: none"> Official document, E-mail, Visit, Act and regulations database. Irregular Meeting such as Forums, Seminars etc. Irregular 	<ul style="list-style-type: none"> Positive employee engagement in public interest activities. Irregular HTC cooperation with governmental agencies and non-profit organizations in eco, environmental and other public welfare activities. Irregular Attending academic conferences, interviews or questionnaires. Irregular

Risk Management

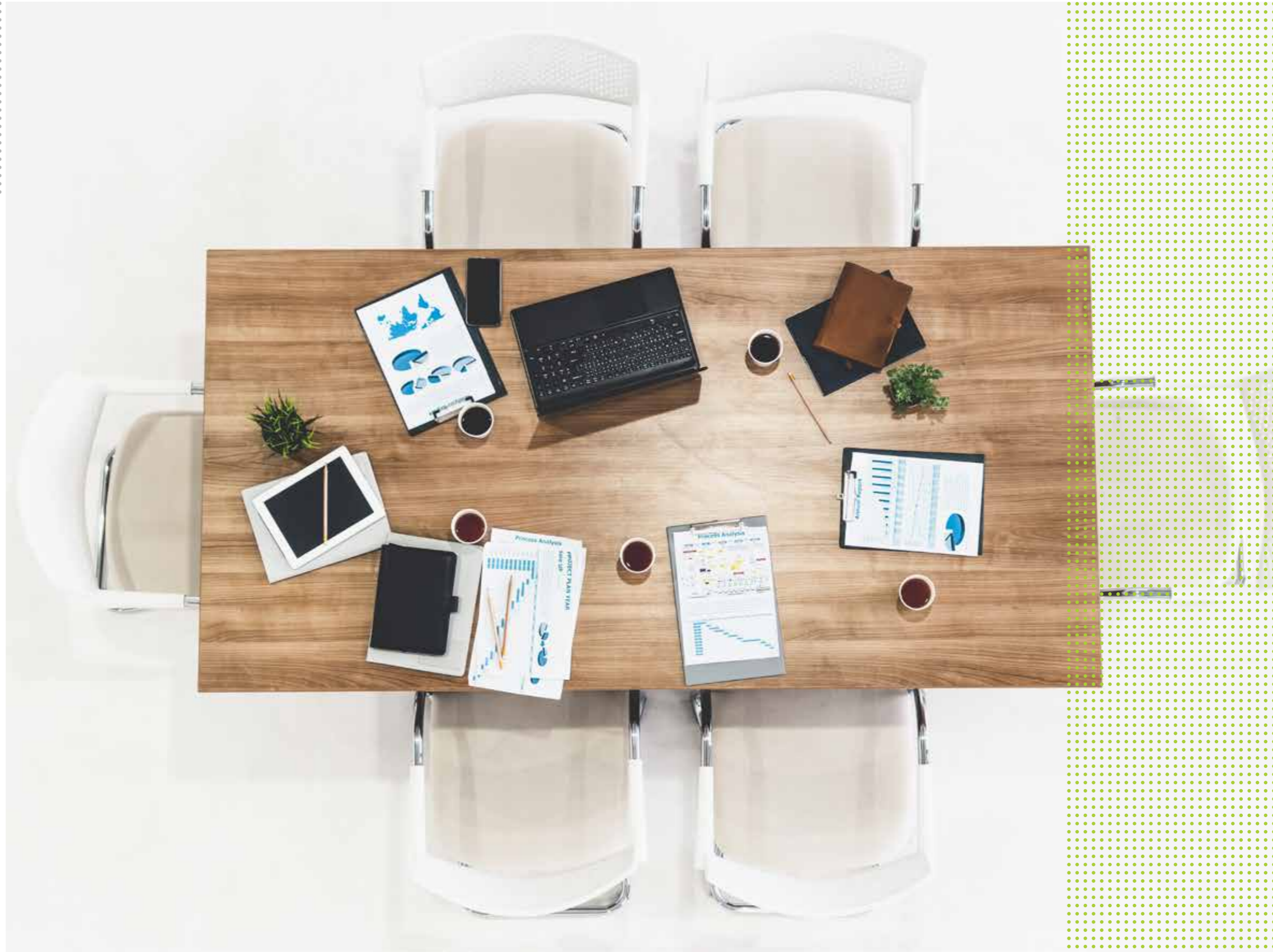
HTC manages corporate risk with a focus on sustaining value for the shareholders and stakeholders. Based on the principle of materiality, we conduct risk assessments on environmental, social and corporate governance issues related to company operations, and establish appropriate control mechanisms after 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	<p>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.</p> <p>During 2023, the US dollar against to the NT dollar fluctuated from 1:30.72 to 1:30.73. Net exchange loss during 2023 totaled NT\$ 42.807 million. Under effective management by the Company, negative effects of exchange rate fluctuations on profits in recent years have been minimal.</p> <p>During 2023, the inflation in Taiwan was approximately 2.49%, 4.1% in North American and 5.4% in European markets. Although the inflation rose sharply, overall, it had no significant impact on HTC profits.</p>	<p>Each company in the Group appoints local, sizable accounting firms and provides them with annual financial data for tax declaration.</p>	<p>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.</p>	<p>In 2023, 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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>
Reference	<p>Please refer to section 6.7 "Risk Issues" in the company's annual report for the current year.</p>	<p>"Tax Management"</p>	<p>"Ethical Management"</p>	<p>"Climate Change Management"</p>	<p>"Sustainable Supply Chain"</p>	<p>"Enhancing Occupational Accident Prevention"</p>	<p>"Information Security Management"</p>

Responsibility Management



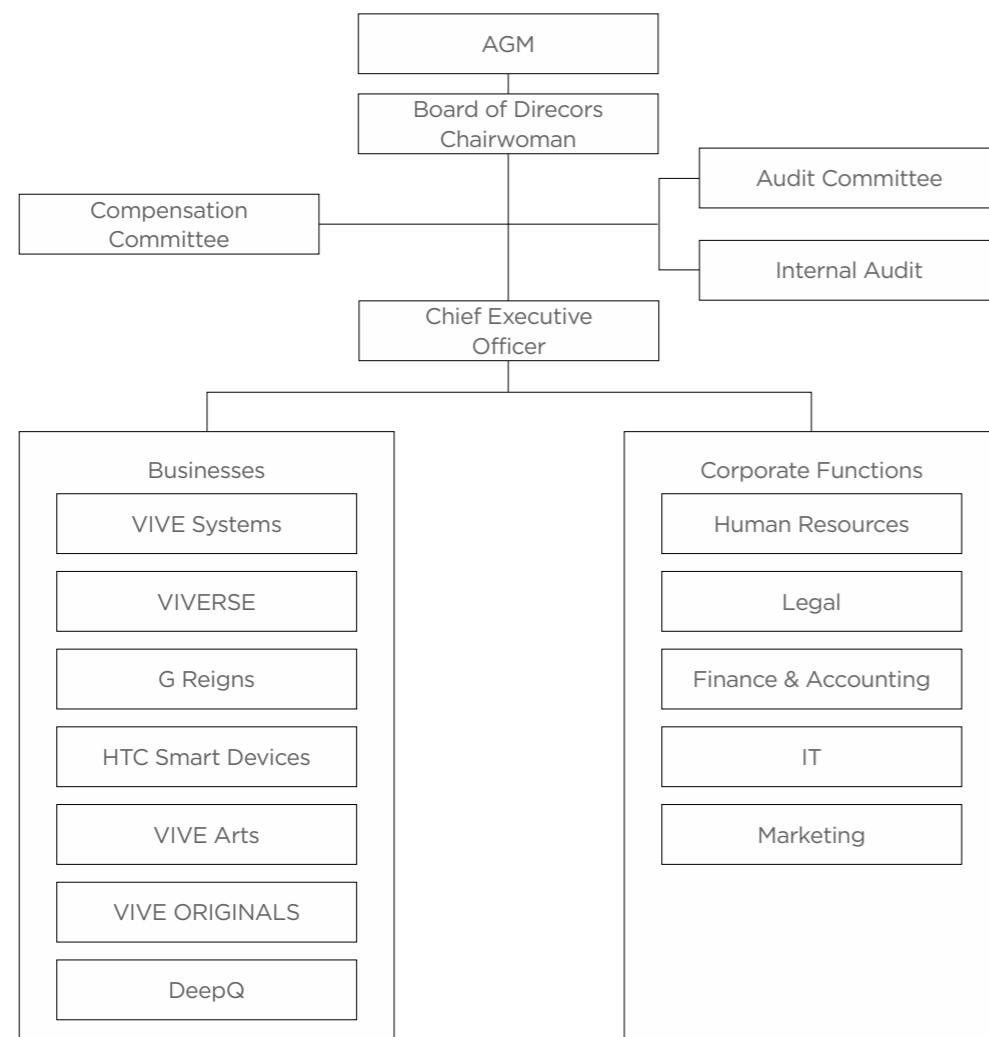
Corporate Governance

The core foundation for sustainable business operations lies in a sound governance structure, HTC believes that the core values of "Quietly Brilliant" is the foundation of corporate culture and attaches great importance to corporate governance and operational transparency. 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 10th (2023) 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.

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:



Organization Structure



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, in order to fulfill its governance responsibilities.

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

Age	Male	Female	Total
<30	0	0	0
30-50	0	0	0
>50	7	1	8
Total	7	1	8

HTC's 10th term of directors has a total of 8 directors, of which 4 are independent directors, including different nationalities, with world-class company management experience. The directors have rich practical experience in domestic and foreign corporate management or government management positions, and have leadership decision-making, international market insight and crisis management capabilities. They have diverse professional backgrounds, including marketing, technology, operations management, industry knowledge, and operational judgment. In addition, the Company attaches great importance to gender equality, and currently has one female director, representing 12.5% of all board seats. The company has also set a target of no more than 30% of directors concurrently serving as employees; At present, there is one director who is also an employee of the Company, accounting for 12.5% of the total number of board seats. 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.

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 2023, the board of directors of HTC convened a total of 4 meetings, with an average frequency of once every 3 months and an overall attendance rate of directors reaching 96.67%. 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. Key significant events include major events discovered in the organization's operations and business relationships, which are reported to the Board of Directors after consolidation. In 2023, a total of 37 proposals were submitted to the Board of Directors, including 30 corporate governance, 1 environmental, and 6 social, with topics such as monitoring business performance, preventing conflicts of interest, and ensuring that the company complies with various laws and regulations. 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

HTC carefully considers the composition and diversity criteria of the Board of Directors, and in accordance with the regulations outlined in the company's "Articles of Incorporation", "Bylaws for the Election of Directors" and "Corporate Governance Best Practice Principles", we follow a candidate nomination system and nominates candidates with the necessary knowledge and skills to perform their duties as directors based on the candidates' professional background, work field and practical experience. We attach great importance on 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 have an in-depth understanding of their roles, functions, responsibilities and obligations on the board of directors to effectively implement the corporate governance system, 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.

Compensation Policy for Directors and Executives

At our company, the reasonableness of our executives' remuneration is thoroughly evaluated by the Compensation 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 Compensation 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. According to the Company Law, the term of the board of directors is three years and may be re-elected. According to the "Key Points of Matters to be Followed in the Establishment and Exercise of the Board of Directors of Listed Companies of Taiwan Stock Exchange Corporation", an additional independent director was elected at the 2023 regular meeting of shareholders, the company has a total of eight directors (including four independent directors). The term of the new independent directors is the same as that of the 10th term of directors of the company (including independent directors), starting from the date of election and ending on June 16, 2024, to 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 Compensation 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 for reference in decision-making.

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 Compensation Committee held a total of 2 regular meetings in 2023, and the average attendance rate of members was 100%. The composition, responsibilities, and operations of the Compensation 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.

The Audit Committee held a total of 4 meetings in 2023, with an average attendance rate of 87.5%. The composition, responsibilities, and operations of the Remuneration Committee can be found in the "3.3.2 The operational Information of the Audit Committee" of our annual report.

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 anticorruption 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 the 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 2023.

HTC Anti-Corruption Mechanism



There are special clauses in the employee code of conduct that regulate confidentiality obligations, employees' obligations to treat manufacturers and customers fairly, standards of communication and business etiquette between employees, customers and manufacturers, prohibition of providing or receiving improper benefits, avoidance of conflicts of interest, and prohibition of insider information. transactions, etc., to prevent dishonest behavior. 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.



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.

2023 Anti-corruption training rates for Board of Directors and all levels of the Employees in Taiwan

	All Other Employees	Technical Employees	Non-executive Management	Executive Management	Highest Governing Institution
Number of training recipient	77	80	39	16	2
Number of employees by grade in Taiwan	555	502	663	44	8
Completion rate	14%	16%	6%	36%	25%

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			2023 Completion rate
		2021	2022	2023	
Confidentiality and anti-insider trading	35	174	265	196	97%
HTC Code of Conduct	10	178	267	196	97%

Note: A total of 202 new employees should be trained in 2023

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. The composition and operations of the Internal Audit System can be found in the our annual report and [company website](#).

Completed Disclosures

HTC firmly believes that transparent disclosure of information is crucial to safeguarding the rights and confidence of stakeholders. 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/en/>

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"> HTC has established an Investor Relations Website (in both Chinese and English) through which the investors can access and download the company's financial statements, annual reports, other financial news, information about investor conferences, and correspondence with shareholders. In the "Investor Service" section, contact information and electronic forms are provided for investors to make contact with the Investor Relations Division by phone or by email. The Investor Relations Website is continuously maintained and updated with the latest HTC Company development information.
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 2023, 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

	2022	2023
Number of significant adjudication incidents	0	0
Total number of incidents	0	0
Total amount of penalties	0	0

Note: HTC defines significant adjudication incidents as individual penalties exceeding NT\$1 million.



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

Tax 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 2023

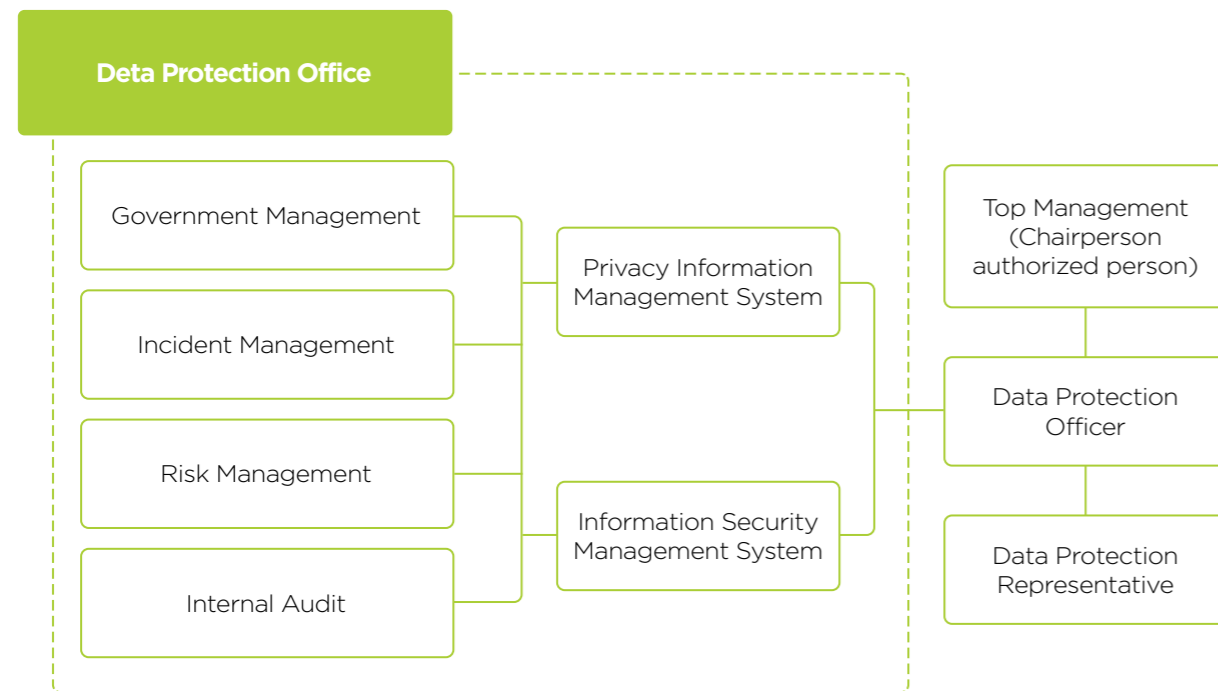


To protect the company's R&D achievements and customer's personal data, HTC emphasizes that protecting information security and privacy is the responsibility and mission of every employee. HTC has incorporated information security and personal data protection policies into its corporate culture and core values, and complies with all relevant information security and applicable privacy protection regulations in various countries.

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. We also establish defense and protection mechanisms such as firewalls, intrusion detection, anti-virus systems, virtual private networks (VPN) and data leakage prevention (DLP). In 2022 and 2023, 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. Thanks to the protection provided by a layered defense approach, HTC did not experience any significant cybersecurity incidents in 2023.

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.



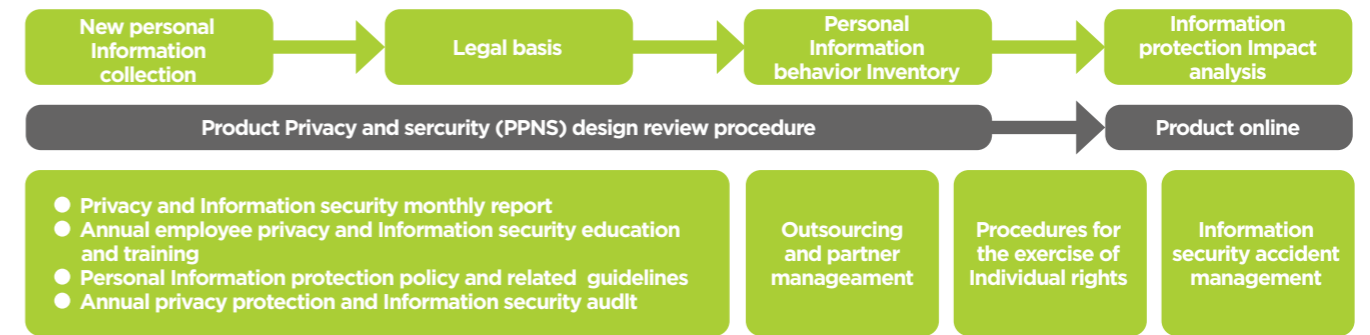
Privacy and Information Security Risk Management

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)

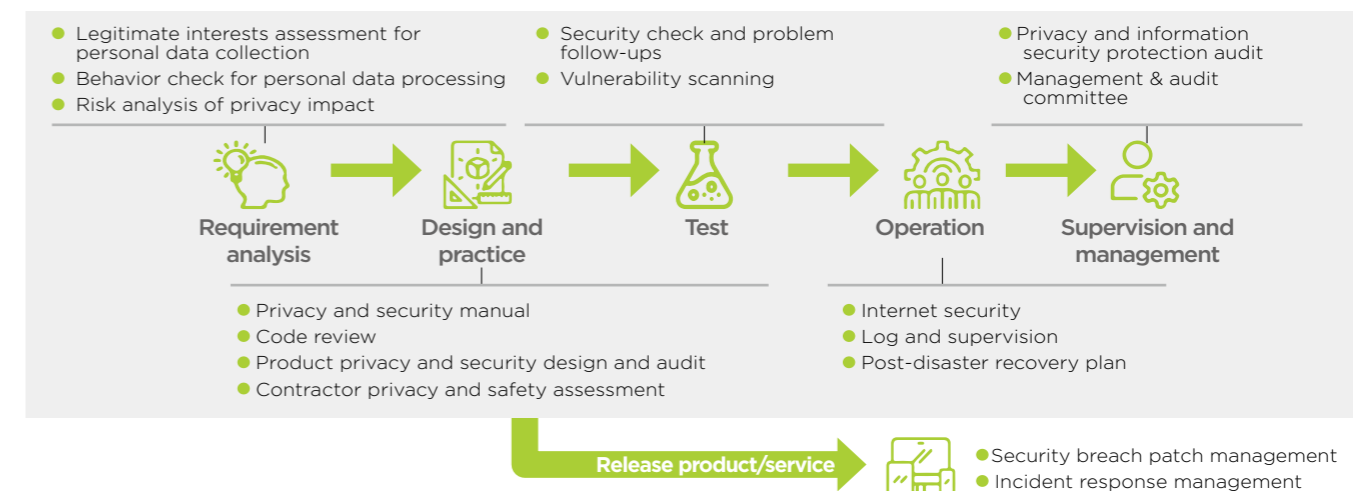


HTC's Privacy Information Management System complies with the Personal Data Protection Act and other international privacy laws and regulations, such as the General Data Protection Regulation (GDPR) of the European Union, the Children's Online Privacy Protection Act (COPPA) of the United States, and 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. In addition to protecting the data of corporate users and consumers, HTC's privacy information management system is also committed to effectively protecting employees' personal information.

Product Information Security

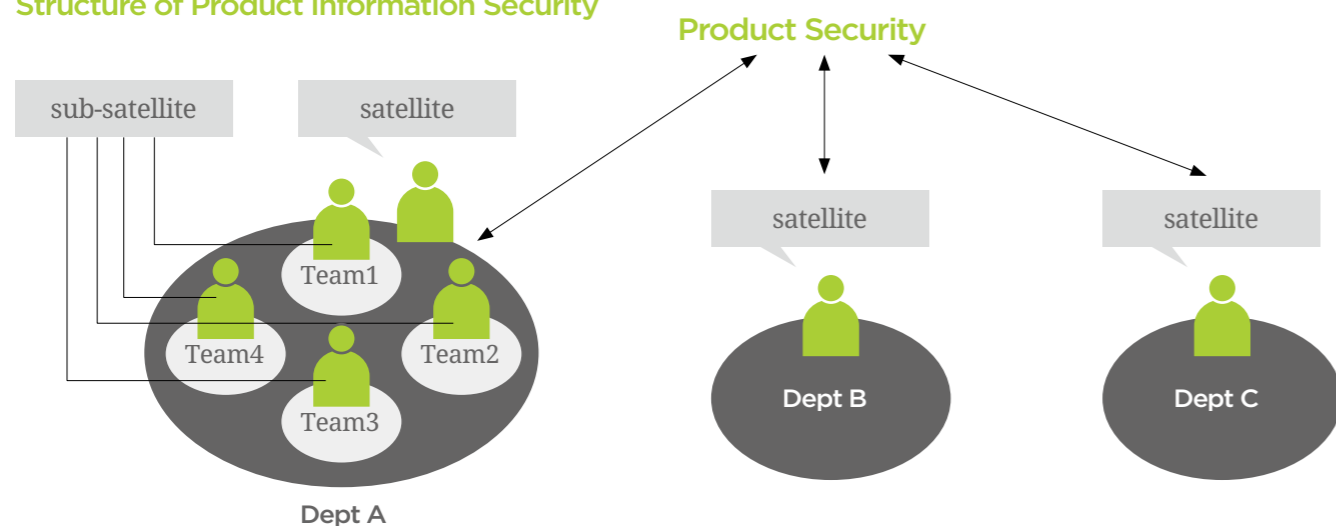
The company adopts the BSIMM (Building Security in Maturity Model) and related security measures to strengthen control over the secure development of its software products. R&D teams are required to adhere to data security and privacy engineering requirements from the stage of product design. Prior to 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 up to 31 product/service privacy and security reviews in 2023. For a small number of product/service privacy and security reviews is not completed as required before launches, we had also initiated corrective action process and 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 2023, 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, A total of 12 sessions of cognitive training were held, with 202 people supposed to be trained, and 196 people actually completed the training, with a completion rate of 97%. 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%. At the same time, the completion rate of "HTC Privacy and Security Awareness Training" for all employees in 2023 is 95.34%.

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 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 19 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" .
- VIVE XR Elite won the "Best of CES 2023" .
- VIVERSE won: VR Platform of the Year at the ICT Champion Awards and Top Metaverse Platform - Consumer category at the European Metaverse Awards.

HTC's Challenge

Expediting patent layout
Strengthening advertising
of product innovation

Engaging Diversified R&D Talent

In 2023, a total of 999 R&D workers joined HTC globally, coming from or based in other countries, such as Europe, America, and Asia. We expect that the different cultural backgrounds of our diverse employees will fuse and fuel innovative thinking, so as to support HTC in the development and launch of products that meet consumer needs in different regions and with different cultural characteristics.

Investment in Innovative R&D

	Unit	2021	2022	2023
Fixed R&D Investment	Million(NT)	2,256	2,356	2,684
Total Revenue	Million(NT)	5,253	4,409	4,418
Percentage	%	43	54	61

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

Since our establishment, HTC has invested heavily in cultivating R&D talent and developing technical innovation. Currently, our in-house R&D employees make up 48% of all HTC's global employees, the investment of which is about 61% of the total operating revenue.



Smart Innovative Products

REIGN CORE S2-Portable 5G Enterprise Network Solution

After launching the first-generation REIGN CORE in 2022 to great acclaim, G REIGNS launched the REIGN CORE S2, which is lighter and has wider coverage, in 2023. Continuing the concept of REIGN CORE, with the same portable 5G enterprise private network as the core, G REIGNS successfully integrated the 5G core network and baseband unit into the same x86 architecture server, and relied on the team's advanced technology to develop the appearance REIGN CORE S2 is more streamlined, has an easier installation process, integrates multiple indoor/outdoor ORUs, and has more comprehensive coverage. In addition, REIGN CORE S2 is also compliant with 3GPP specifications and O-RAN architecture, allowing enterprises to use an open ecosystem to construct and deploy optimized 5G enterprise private networks, and is applicable to diverse application scenarios. Users can perform network monitoring, profile creation and customized settings through the simple and intuitive WebUI interface, making the operation more convenient. Therefore, REIGN CORE S2 is very suitable for enterprises to deploy application technologies such as XR, AI, design, and production in training, classrooms, collaboration, design, exhibition activities, technology demonstrations, etc.



Made in Taiwan 「HTC VIVE XR Elite」 Received international acclaim

Foreign media praised: The best exhibits of CES 2023

VIVE XR Elite shined at CES 2023 (U.S. Consumer Electronics Show), receiving high praise from more than 18 foreign media and being selected as the "Best Exhibit of CES 2023".

VIVE XR Elite combines the features of an all-in-one machine and PC VR. In addition to enjoying the wireless freedom of movement of an all-in-one machine, consumers can also obtain the high-quality immersive experience of PC VR through wireless streaming. Through the modular design, a special frame can be added after removing the removable battery, and it can be easily transformed into a compact and lightweight personal immersive theater glasses; whether at home, in the office or long-distance commuting, users can quickly and easily adjust the glasses according to the usage situation. Change configuration.

This Taiwan-made XR device - VIVE XR Elite introduces a full-color high-resolution RGB passthrough camera and hand tracking functions, greatly expanding the diversity of MR experience content and future development potential; and is equipped with a dedicated depth sensor, providing more accurate tracking and an unparalleled immersive experience.

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

"Light the Night and launched interactive drama Light the Night 2700: Redhat Kill" : It is the world's first virtual interactive drama with real-life performances and multi-person connections. This online experience combines real-life drama and virtual concerts. Players can interact with other players in real time, form teams or complete levels, combining social interaction and competition to make watching dramas and music more exciting. It has 8 major features to satisfy all-round entertainment experience at once:

1. Redefining the Metaverse: Is the Metaverse dead? Log in to the virtual city of "The Future Edition" and you will uncover the ultimate witness of the Metaverse in dramas, games, animations, and music!
2. Unlimited play with one ticket: You can play the first and second parts within the period by purchasing a ticket once.
3. "Light the Night" characters travel into the future: Lin Xinru once again serves as the producer, and the original actors Xiu Jiekai and Xie Qiongnuan make surprise appearances. There are endless easter eggs, continuing the unified feelings of "The Lantern Festival".
4. Create avatars to explore stories: Use your computer to play adventures. You are welcome to dress up and collect props to create your own unique virtual avatar.
5. Multi-person connection and team socialization: Support multi-person connection, break through geographical restrictions and join groups with friends online, team up and other social functions to experience zero-time real-time interaction.
6. Group viewing of real-life performances: A number of powerful actors perform in real-person performances, breaking through the limitations of traditional viewing and creating an unprecedented immersive drama.
7. Free perspective of holographic singing: Julia Wu Zhuoyuan's first holographic music performance, transformed into a bionic singer and came to the city, watching 360 degrees without blind spots, and the wonderful performance was zero distance.
8. AI Cute Pet Online Escort: Launch of AI Cute Pet, which acts as the player's personal assistant and instantly assists the player in navigating the city smoothly.

Conceptually, the "Metaverse" still has too much room for imagination for creators to unleash and for audiences to freely take their seats. Although there is no "Harry Potter Cinema" in Taiwan, we hope to add more rich content so that audiences can have a diverse and rich immersive experience, creating the world's first "Metaverse Theme Park".



Protection of IP Rights

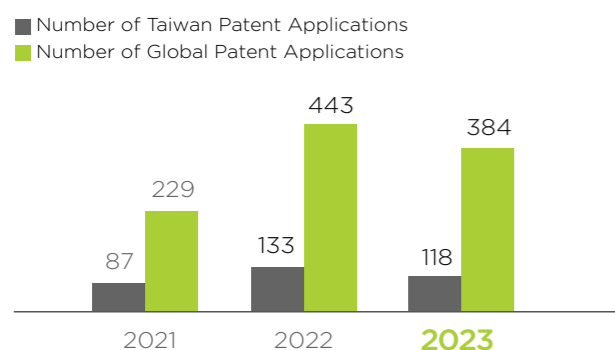
HTC regards R&D and innovation as an essential force needed for the company to remain sustainable and competitive. We actively formulate comprehensive strategies and regulations to protect various intellectual property rights and consolidate the cornerstone of the company's development.

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.

	2021	2022	2023
Number of Global Patent Applications	229	443	384
Number of Taiwan Patent Applications	87	133	118
Cumulative Number of Global Patent Grants ^{note}	8,228	8,515	8,806

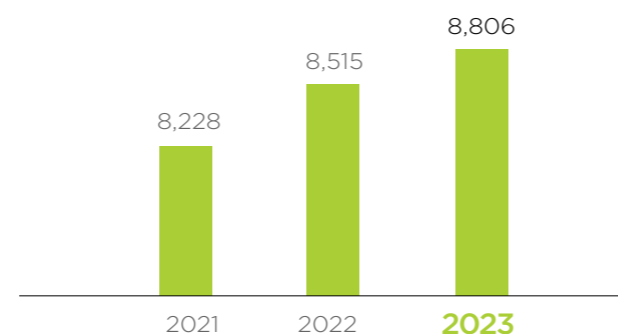
Note: The cumulative number of global patent approvals does not include purchased patents. The information here has been re-edited due to changes in the calculation basis. For detailed revisions, please refer to "Appendix 7, Attachment: Information Re-edited List".

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



- Internal**
1. Positive filing of patent applications to protect the results of our various product R&D and technical innovation.
 2. Organize regular training courses for R&D personnel to promote the company's intellectual property policy to establish a correct intellectual property concept.
 3. Encouraging our employees to invent and create.
 4. 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.

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 2023, HTC holds 6,459 valid patents (including 6,399 internal R&D and 60 M&A patents), with 238 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.

In terms of sustainable innovation layout, LexisNexis Legal & Professional released a report in September 2023, using its patent database PatentSight to conduct data analysis on Taiwanese companies' relevant patent investment in sustainable innovation, revealing that HTC ranked among the top One of the top 20 companies.



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 new VIVE MR Gasket for XR Series provides a more fitting wearing experience, which is comfortable and makes it easier to experience XR content, allowing users to maintain awareness of the real-world environment and synchronize the use of real-world devices (Consumer feedback is shown below). In the year 2023, there were no product recalls due to safety issues, and no related complaints affecting customer health were reported.

Customer feedback on the Discord forum



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 2,954 requests from individuals, out of which 149 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 2023 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 :

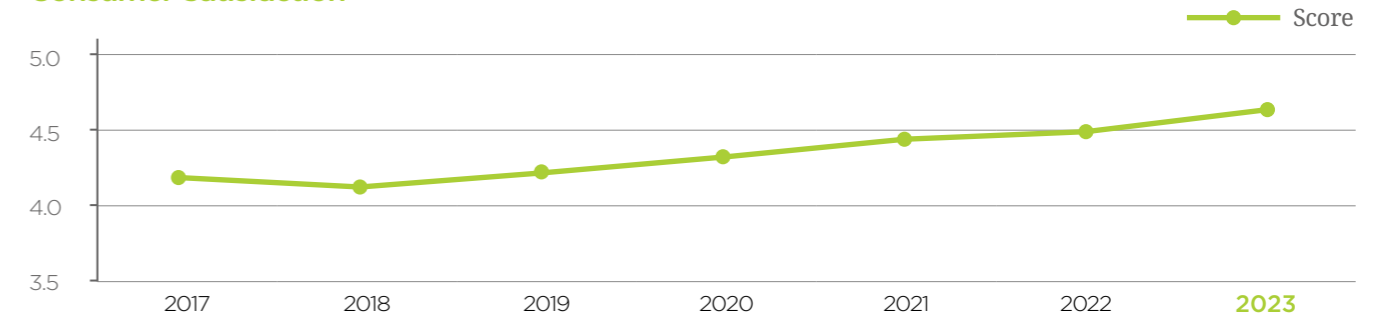
HTC has established customer service centers in key regions worldwide, including Taiwan, the Americas, Europe, the Middle East, Africa, China, North Asia, South Asia, and Australia and New Zealand. These centers provide customer support in multiple languages and employ diverse and region-specific communication 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 21 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 41% of the total repair volume in 2023. Customers can arrange logistics for product collection and delivery through the customer service hotline or online customer service, and track the progress of their repairs through an online web page. In the United States, HTC offers 100% exchange service.

HTC Mobile phone Health Check for HTC good friends

Starting from January 2022, HTC has offered the “HTC Mobile phone Health Check for HTC good friends “ for promotions and door-to-door repair services in Taiwan. Customers only need to call the customer service hotline or use online customer service to easily arrange logistics. For mobile phone delivery services, HTC will bear the logistics freight. This service provides customers with a more convenient and faster repair service and has received a wide response. HTC continues to promote this event and expands applicable models. By the end of 2023, it has provided this service to more than 3,600 mobile phones. Through practical actions, we have extended the service life and life cycle of our products, improved customer service experience, promoted the effective use of resources and reduced environmental burden, reflecting HTC's commitment to sustainable development.

Testimony

The Customer Service Center received a service request submitted through the Help Center from a US customer on June 13, 2023, reporting that a connection error occurred when using the VIVE wireless module. The customer service specialist first guides the customer to perform preliminary troubleshooting and confirms that the basic settings are correct, and then guides the customer to provide system error logs to further detect the source of the problem. After the technical specialist analyzed the log, the customer service center arranged the replacement of relevant components for the customer on June 16, 2023, and quickly solved the customer's problem! The customer expressed high praise and gratitude towards the HTC/VIVE customer service team!

Your team is probably the best customer service team I have ever encountered at any company or channel! Customer service not only diagnosed the current problem, but also discovered potential problems by actually reading the logs I provided. Once the problem became clearer, he didn't make me take any extra steps and solved it efficiently and easily. I can't say enough about how efficient and excellent your customer service team is and I will definitely recommend your company's products to everyone!

Climate Change Management



HTC's expertise in mobile technology and its continuous pursuit of product innovation have enabled us to integrate climate change into our VIVE Reality vision to provide comprehensive solutions for businesses and society to create richer life experiences. In order to strengthen the company's governance of climate change and mitigate the threat posed by climate change, we have incorporated the Climate-related Financial Disclosure Framework (TCFD) into our management. The ESG Committee has designated members to form the TCFD Risk Management Team to regularly assess and identify relevant risk and opportunity factors, analyze possible future transition and physical risks and opportunities, and actively respond to relevant shocks.

We have built a risk framework based on four core elements: "Governance", "Strategy", "Risk Management", and "Metrics & Targets". At the same time, we use the SBTi methodology to analyze, calculate and evaluate carbon emissions in a full range, formulate a net-zero carbon pathway, and formulate corresponding short-, medium- and long-term carbon reduction strategies and management indicators to meet the challenges brought about by climate change.

HTC released its first independent TCFD report in 2023 and was certified as a "Practitioner" through the SGS – TCFD Performance Assessment in 2024, it continued to publish TCFD independent reports, and was awarded the highest level of "Pioneer" in SGS-TCFD performance evaluation Please refer to the [TCFD Report](#) for details.

Governance

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 ESG 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.

“
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 ”

Risk Management

Risk Management Process

To strengthen corporate governance and enhance stable operations and sustainable development, HTC has established a Risk Management Policy for risk management based on each type of risk. It has also set up a full-time unit to implement risk management and measurement work of the company, and establish a sound risk management mechanism. The ESG Office is responsible for the management of risks related to climate change and ESG, and the overall arrangement of the TCFD risk management group to measure risk. In the risk management organization, the Board of Directors is the highest decision-making unit. The ESG Committee was established under the Board of Directors to deliberate the risk management policy, and review the management reports of material risk topics.

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 uses different types of risk measurement methods as the basis of risk management, and uses a variety of information to measure the likelihood of a risk event occurring and the degree of impact on the company. Based on the risk analysis results, HTC assess the risk level, and provide the necessary information as the basis for risk assessment and risk response. Through the climate change risk and opportunity assessment process, Each responsible unit will provide the information to the TCFD Risk Management Group and submit 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 from 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. HTC defines the short, medium, and long-term time intervals of climate-related risks and opportunities, formulate relevant response measures for the top three risks and opportunities with high probability of occurrence and high impact. Starting from 2022, we re-evaluate risks annually and adjust response strategies based on the top three risks and opportunities with high probability of occurrence and high impact, while monitoring the implementation results of relevant indicators and targets.

Process for Identifying Risks and Opportunities of Climate Change

1	TCFD workshop	TCFD risk management team lists business-related climate change risks and opportunity factors by means of scenario simulation analysis and other methods and with reference to internal and external information.
2	Collect identification results	The ESG Office is responsible for compiling the climate change risk and opportunity factors related to the business of each unit.
3	TCFD Risk/ Opportunity Matrix	Calculate the possibility and impact degree of TCFD risk/ opportunity, and draw the TCFD risk/ opportunity matrix.
4	Develop countermeasures	Authorities and responsible units write major climate risk and opportunity response strategies, and calculate the cost of strategy implementation.
5	Calculating Financial Impact	Calculate the financial impact of risks/opportunities and response costs by the responsible units.
6	Develop indicators and goals	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 regularly (quarterly) tracks the implementation status, and the ESG committee regularly reports to the board of directors as a reference for performance tracking.

Scenario Analysis

HTC follows the TCFD guide 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 of Climate-related Risks and Opportunities	HTC evaluates response measure scenarios	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 Sixth 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 [HTC TCFD Independent Report](#) for the current year.

Strategy

Identifying Risks and Opportunities

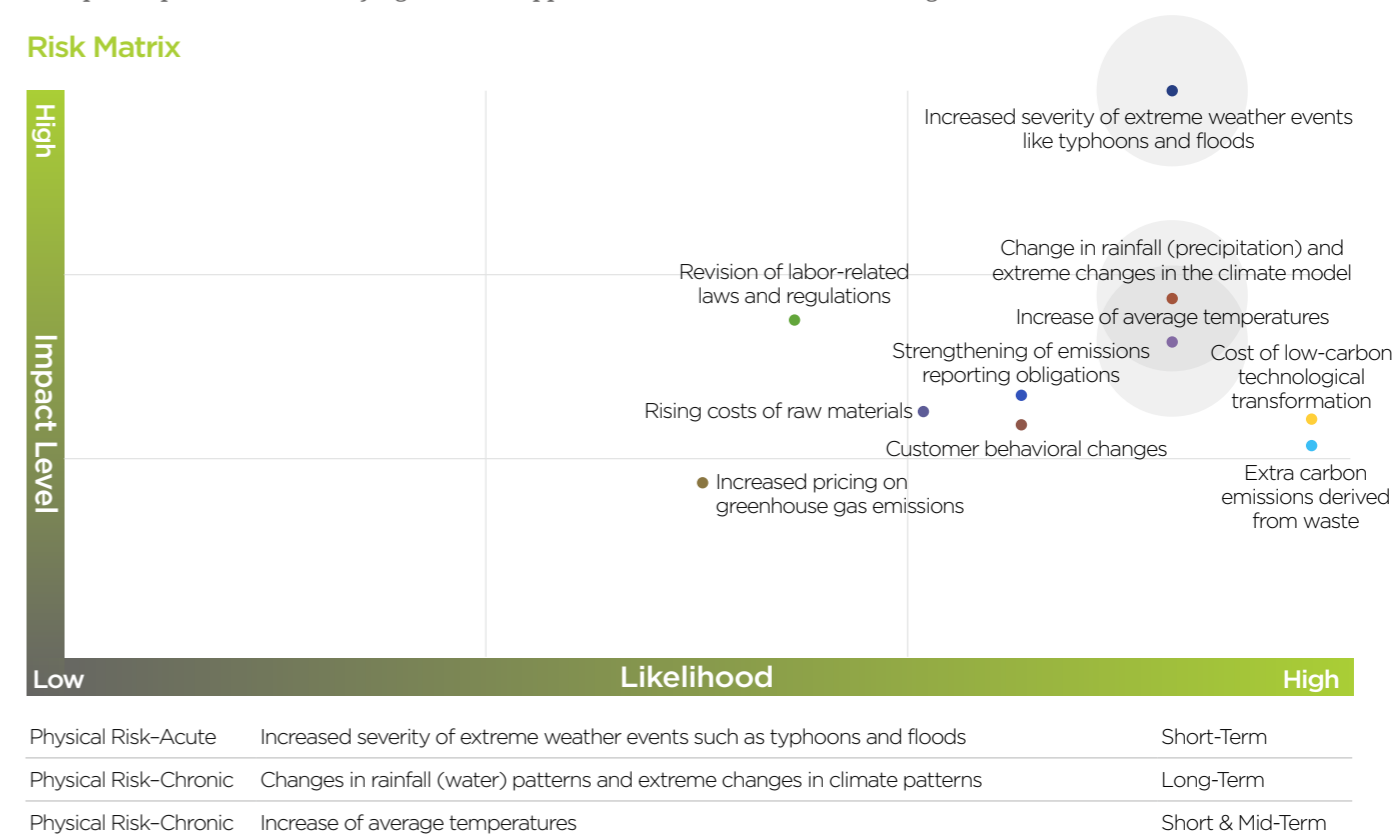
Adhering to the corporate vision and sustainability responsibility, HTC includes climate change related risks in the scope of evaluation and tracking, and continues to pay attention to the climate risks that impact operations, including international regulatory norms and extreme weather conditions. Furthermore, 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.

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

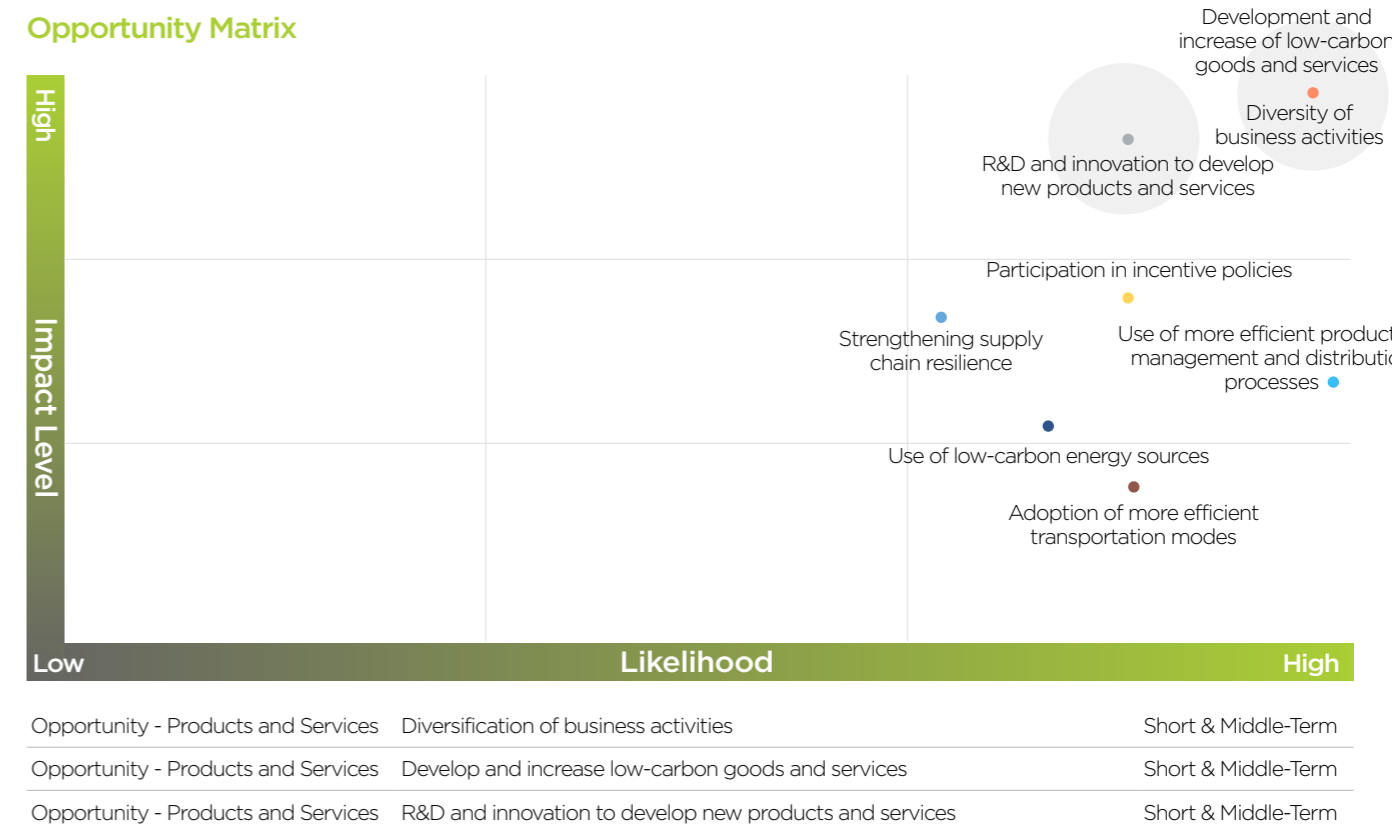


The specific process for identifying risks and opportunities related to climate change is shown as follows:

Risk Matrix



Opportunity Matrix



Coping Strategy and its financial implication

For each climate change risk and opportunity, HTC considers the impact of products or services, supply chain or value chain, climate adaptation or mitigation activities, new R&D or investment, and the type of business operation or the location of business operation facilities. Conduct impact assessment, and carry out climate "mitigation" and climate "adaptation" coping strategies for possible shocks. Based on the identified risk/opportunity items, HTC estimates the financial changes that climate change may cause to HTC, and develops various risk response strategies, evaluates and estimates "management costs" and "management benefits", based on each risk/ The short-, medium- and long-term characteristics of opportunities, and the estimated impact of climate change risks/opportunities on HTC's finances.

For details, please refer to the [HTC TCFD Independent Report](#) for the current year.

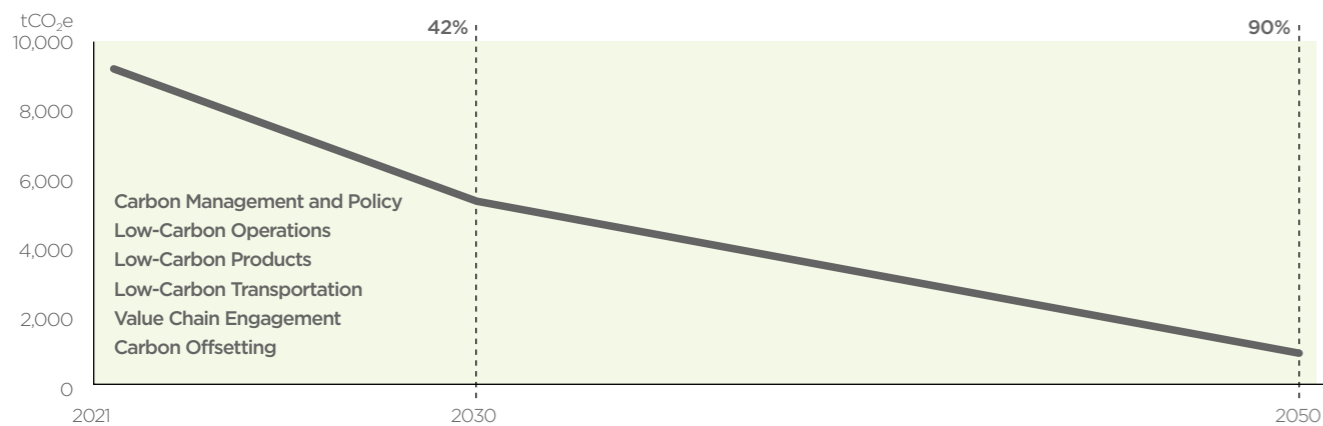
Metrics & Targets

HTC has signed a commitment with SBTi in 2022 to set the company's net zero pathway based on its published decarbonization guidelines and methodologies, aiming to achieve net zero emissions by 2050. By linking its core business with concrete quantified management, HTC has established a clear decarbonization pathway, including six major decarbonization strategies: "carbon management and policy," "low-carbon operations," "low-carbon products," "low-carbon transportation," and "value chain engagement," with "carbon offsetting" as a final measure. In addition, the company submitted its SBTi target review in January 2024, moving towards the 2050 net zero goal through integrated efforts.

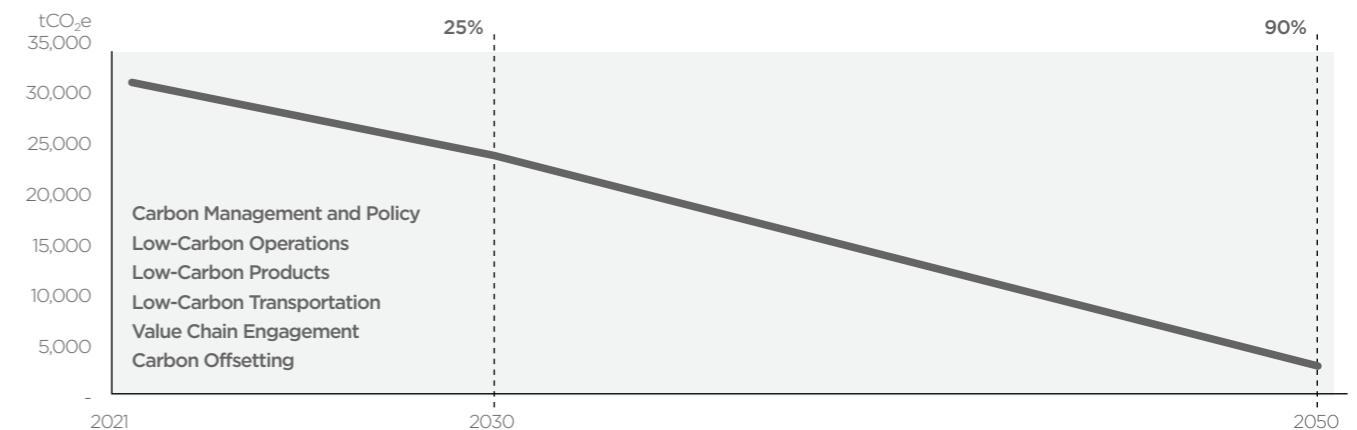
For more details on carbon reduction metrics and targets, please refer to the [HTC TCFD Independent Report](#) for the current year.

HTC Net zero path map

HTC Net zero path: Scope 1 + Scope 2 (100%) / 2030: -42% / 2050: -90%



HTC Net zero path: Scope 3 (100%) / 2030: -25% / 2050: -90%



HTC SBTi Net Zero Target: (Based Year: 2021)

- Scope 1 and 2 reduction targets are 42% reduction compared with the base year in 2030, and 90% reduction compared with the base year in 2050
- Scope 3 reduction target is 25% reduction compared with the base year in 2030; and 90% reduction compared with the base year in 2050

Overview of HTC's Energy and Climate Change Management

HTC has established six clear major decarbonization strategies, which are gradually implemented in the short, medium and long term, to manage and adapt to climate change indicators such as carbon emissions, and we invest considerable resources and human resources to improve and advance these goals every year. We firmly believe that through the implementation of these policies, we can gradually move towards a net-zero path and contribute to sustainable development.

Carbon Management and Policy

- 2008** ● HTC began to participate in CDP and regularly reported carbon risk and carbon management planning, systems, and results regarding climate change.
- 2008** ● Implementation of ISO 14064-1:2006 Greenhouse Gas Inventory, and conducting the revision process for the ISO 14064-1:2018 edition in 2022, in order to address international greenhouse gas and global warming issues, and establish and plan carbon reduction strategies and actions.
- 2009** ● HTC included all its plants in Taiwan in the organizational boundaries of inventory. 2010 - 2015 will include China factory areas in the scope of investigation and carry out external verification.
- 2011** ● Implementing the ISO 50001 energy management system, and upgrading to the ISO 50001:2018 edition in 2020, to establish energy-saving strategies and actions needed to address climate change and extreme weather issues, in order to achieve the goal of sustainable business operation for the enterprise.
- 2022** ● We signed a commitment with SBTi to set HTC's greenhouse gas emission reduction targets and net zero carbon emission goals based on its published decarbonization guidance tools and methodologies, demonstrating our commitment to achieve net zero emissions by 2050.
- 2022** ● Starting from April 2022, quarterly reports on the "Greenhouse Gas Inventory and Verification Scheduling" and the progress of implementation will be submitted to the board for control.
- 2023** ● Submit the "Climate Change Management Policy" to the board for review and implementation; introduce the HTC Carbon Management Platform, which has been launched in early 2024.
- 2024** ● Expand the investigation of 14064-1 boundary, focusing on HTC Group for investigation and conducting third-party verification; initiate the "Low-Carbon Manufacturing Process and Supply Chain Transformation Promotion Plan"; implement internal carbon pricing.

For details on the annual "Carbon Management and Policy" strategy and performance, please refer to this section.

Low-Carbon Operations	2012	● 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.
	2013	● 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.
	2023	● 2023- Through energy-saving management, a total of 370,620 kWh of electricity was saved, resulting in a reduction of 184 tCO ₂ in carbon emissions. The Taiwan site uses renewable energy, achieving a carbon reduction of 10.789 tCO ₂ .
	2024	● Implementing the "Low-Carbon Manufacturing Process and Supply Chain Transformation Promotion Project"- "Energy management and optimization" and "Process intelligence for carbon reduction" projects. A new solar power generation facility will be installed on the top floor of Taipei Office 1 (Taipei Headquarters Building) to increase the proportion of self-consumption, and it is expected to open around April 2024. For details on the annual "Low Carbon Operations" strategy and performance, please refer to this chapter, the "Sustainable Environment" and "Sustainable Manufacturing Process" section.

Low-Carbon Products	●	HTC began product environmental impact inventory and analysis using the life cycle evaluation method in 2010.
	2010	● 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).
	2011	● 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.
	2013	● HTC cooperated with 11 suppliers to complete the first smartphone (HTC One) in the world with an ISO/TS14067 product carbon footprint inventory certificate.
	2014	● HTC established carbon reduction targets and action programs by providing major suppliers with detailed life cycle inventory analysis data.
	2015	● HTC cooperated with eight suppliers to complete carbon footprint checks for two products.
	2016	● HTC completed the water footprint analysis and products checks.
	2022	● VIVE Flow: 1 st HTC VR product to complete ISO 14067 Product carbon footprint verification.
	2023	● VR product packaging design has made significant progress, with the release of the VIVE XR Elite in 2024. The product packaging is made of 100% recyclable materials, with 99.99% being paper-based. 99% of the packaging is made from recycled materials, which is beneficial for reducing environmental impact.
	2024/03	● The VIVE XR Elite annual VR product carbon footprint inventory and report generated through HTC's carbon management platform has passed ISO 14067-1 verification. For details on the annual "Low-Carbon Products" strategy and performance, please refer to this chapter, the "Sustainable Product" section.

Low-Carbon Transportation	Operating Base	
	Form 2012	● Our operating locations have provided bicycle parking spaces to encourage employees to ride low-pollution green energy transportation devices.
	2020	● HTC fully promoted the use of online meetings to replace physical meetings, with approximately 37,000 online meetings held throughout the year, estimated to reduce about 25 tCO ₂ e. In January 2021, the online employee conference was the annual highlight event, estimated to reduce about 30 tCO ₂ e.
	2021	● Operational sites are gradually installing electric vehicle dedicated charging stations to enhance charging convenience, and encourage employees to purchase electric vehicles.
	2024	● Shuttle services at operational sites will be further optimized through passenger count statistics to improve service frequency.
	Product Transportation	
From 2016	● The global warehouse setup strategy aims to optimize distribution patterns and reduce the distance to international air/sea ports by adjusting warehouse locations. Through a comprehensive review, it is possible to significantly reduce carbon emissions from transportation by approximately 38.6%.	
2023	● Product transportation is carried out through combined shipping to reduce overall transportation carbon emissions. The average combined shipping rate for air, sea, and land transportation in 2023 reached 72%.	
2023	● Choose low-carbon transportation and gradually increase shipping and rail transportation. Compared to VIVE Flow in 2022, the proportion of maritime transportation for VIVE XR Elite in 2023 has increased by 25%. For details on the annual "Low-Carbon Transportation" strategy and performance, please refer to this chapter, the "Sustainable Product" section.	

Supply chain Engagement	2018-2019	● 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%.
	2023	● Through the CDP Supply Chain Program, 128 key suppliers were invited to participate in the CDP Climate Change Questionnaire, with an annual supplier response rate of 94%; and was named to the CDP-SER Leadership List(A).
	2024	● Implementing the "Low-Carbon Manufacturing Process and Supply Chain Transformation Promotion Project"- Supply Chain Engagement Project. For details on the annual "Supply chain Engagement" strategy and performance, please refer to this chapter, the "Sustainable Supply Chain" section.

Electricity 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 2023, the design on energy efficiency contributed to 370,620 kWh (1,334 GJ) of reduction, and the total amount of reduction in carbon emission was 183 t-CO₂e which translates into a saving of NT\$1,111,860.

The Electricity Usage in Taiwan

GJ	Year	2021	2022	2023
HQ & Plants	Non-renewable energy (TY3 Building)	29,789.280	25,469.280	23,700.960
	Non-renewable energy (H Building)	8,191.505	8,616.895	9,909.707
	Non-renewable energy - Taidian Count	37,980.785	34,086.175	33,610.667
	Renewable Energy - Solar Energy	N/A	N/A	26.924
Taipei Office 1	Non-renewable energy - Taidian	18,732.683	15,791.128	15,777.585
	Renewable Energy - Solar Energy	54.562	45.612	51.538
Taipei Office 2	Non-renewable energy - Taidian	4,021.841	3,585.632	3,758.353
Total		60,789.871	53,508.547	53,225.067

Note: The information here has been recompiled due to the addition of new disclosure items, please refer to "Appendix VII, Appendix: Information Recompilation List" for detailed modifications.

Electricity Consumption Analysis of HTC Sites in Taiwan

	2021		2022		2023	
	kWh	GJ	kWh	GJ	kWh	GJ
Total energy consumption	16,886,075	60,789.871	14,863,485	53,508.546	14,784,744.7	53,225.066
Purchased electricity	16,870,919	60,735.308	14,850,815	53,462.934	14,762,950.0	53,146.605
Self-consumption Solar energy	15,156	54.562	12,670	45.612	21,794.7	78.461
Percentage of grid-connected electric quantity (%)		99.910		99.915		99.853
Percentage of renewable energy sources (%)_solar energy		0.090		0.085		0.147

Note: The information here has been recompiled due to the addition of new disclosure items, please refer to "Appendix VII, Appendix: Information Recompilation List" for detailed modifications.

In 2023, the total emissions of greenhouse gases of HTC sites in Taiwan reached 10,258.4157 tCO₂e. Compared with the base year of 2021, the variation of greenhouse gases included in the Scope 1 and Scope 2 GHG inventories did not exceed the significance threshold of 3% in 2023. As a whole, CO₂ was the major greenhouse gas generated by HTC; CH₄, N₂O emissions accounted for a very minimal ratio. PFCs, SF₆, NF₃ and HFCs 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 warning effect on the earth due to damage to the ozone.

On our path to net-zero, in addition to complying with legal compliance requirements and the expectations of stakeholders, HTC is taking proactive measures to plan ahead:

1. Completed "HTC Carbon Management Platform" construction at the end of 2023 and conducted inventory disclosure and target management of greenhouse gas emissions in full scopes of the company through a real-time, digital, and transparent cloud platform.
2. Used the "HTC Carbon Management Platform" as a tool to complete the inventory and verification of greenhouse gas emissions (2023) in full scopes of the parent company and all subsidiaries by the end of the second quarter of 2024, which is 3 to 4 years ahead of regulatory requirements!

HTC Global Greenhouse Gas Emissions in the Past Three Years (Carbon Emission Verified by ISO14064-1)

		(Unit : tCO ₂ e)		2021	2022	2023
ISO 14064-1: 2006	ISO 14064-1:2018	Taiwan	Taiwan	Taiwan	Global	
Scope 1	Category 1- Direct GHG emissions	199.458	153.623	163.540	163.540	
Scope 2	Category 2- Indirect GHG emissions from imported energy	8,124.930	7,559.065	7,304.965	7,841.977	
Scope 3	Category 3 - Indirect GHG emissions from transport (Shuttle bus, garbage trucks, overseas travel)	115.685	288.399	1,244.839	1,418.307	
	Category 4- Indirect GHG emissions from Products used by the organization (Upstream emission from outsourced electricity, Waste disposal, and Procurement - tap water, Gasoline and diesel)	1,613.691	1,359.075	1,545.072	1,555.825	
Total		10,053.764	9,360.162	10,258.416	10,979.649	
Emission CO ₂		9,920.909	9,281.582	10,200.225	10,921.458	
Emission CH ₄		80.284	78.394	58.006	58.006	
Emission N ₂ O		0.239	0.186	0.186	0.186	
Emission HFCs		52.333	0	0	0	

- Remark
1. The scope of investigation for Taiwan locations includes HTC headquarters and factories, Taipei office (including subsidiaries such as HungXu Technology Corporation, Viveport Digital Corporation, and REIGN Technology Corporation)
 2. Power Conversion CO₂ equivalent emissions are calculated in accordance with the power emission coefficient (0.495 kg/CO₂e) of the year announced by the Energy Administration.
 3. Regarding the data for category 3, data collection was more difficult in 2021-2022, with only partial data available. However, the data for 2023 is more complete, resulting in a higher total carbon emissions compared to 2021 and 2022.
 4. GHG Emission Coefficient Table, version 6.0.4.
 5. GWP: IPCC 2014 5th Assessment Report (AR5)

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. Also, we 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 Off. In January 2024, HTC signed a commitment with SBTi and generate GHG Protocol inventory reports through HTC's carbon management platform.

HTC Global Greenhouse Gas Emissions in the Past Three Years (GHG Protocol)

Unit: tCO₂e

Scope		2021	2022	2023
Scope 1	Direct GHG Emissions	209.646	179.142	163.769
Scope 2	Purchased Electricity (Location Based)	8,828.427	8,165.184	7,850.136
	Purchased Electricity (Market Based)	8,828.427	8,165.184	7,850.136
	Scope3 Total	31,143.524	26,210.129	19,211.877
	Category 1: Purchased goods and services	22,333.364	17,833.949	10,341.389
	Category 2: Capital goods	379.028	134.090	562.287
	Category 3: Fuel and energy related activities	1,465.454	1,308.675	1,467.574
	Category 4: Upstream transportation & distribution	1,820.583	1,149.131	1,141.641
	Category 5: Waste generated in operations	40.756	36.679	39.985
	Category 6: Business travel	46.260	257.370	285.461
Scope 3	Category 7: Employee commuting	821.358	874.737	1,333.053
	Category 8: Upstream leased assets	155.980	0.000	0.000
	Category 9: Downstream transportation & distribution	545.916	454.140	22.013
	Category 10: Processing of sold products	N/A	N/A	N/A
	Category 11: Use of sold products	702.371	555.118	703.535
	Category 12: End-of-life treatment of sold products	124.237	88.467	20.675
	Category 13: Downstream leased assets	2,708.216	3,517.774	3,294.264
	Category 14: Franchises	N/A	N/A	N/A
	Category 15: Investments	N/A	N/A	N/A
Grand Total		40,181.597	34,554.455	27,225.782

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. Simple carbon inventory was conducted according to the GHG Protocol in 2021 and 2022. The numbers for 2021 and 2022 were fine-tuned when HTC carbon management platform went live in 2023.
	3. Power Conversion CO ₂ equivalent emissions are calculated in accordance with the power emission coefficient (0.495 kg/CO ₂ 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. GWP: 2020-2022 based on IPCC 2014 5th Assessment Report.

The Eco-efficiency Value of HTC

Environmental Indicators	Unit	2021	2022	2023
HTC Taiwan electricity usage	kWh / year	16,886.07	14,863.49	14,784.74
HTC Global GHG Emission [Category1 +Category2]	tCO ₂ e	9,038.073	8,344.326	8013.905
Operating income	Millions	5,253	4,409	4,418
Revenue generated per unit of electricity consumption	Millions / kWh	0.31	0.30	0.30
Revenue generated per unit of GHG emissions	Millions /tCO ₂ e	0.58	0.53	0.55
Carbon intensity/intensity: GHG emissions per unit of revenue	tCO ₂ e/ Millions	1.72	1.89	1.81

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 GHG Emission unit) = Operating revenue (millions) / GHG Emission [Category1 +Category2].

Carbon Management Platform

As a leading brand in the virtual reality industry, HTC VIVE has always been committed to environmental protection and sustainability. In order to monitor the organization's carbon emission data and product carbon footprint in real time, we built the HTC Carbon Management Platform in 2023 and base on the data generated by platform, we conducted ISO14064-1 and VIVE XR ELITE ISO 14067:2018 third-party verification, set up the company's GHG emission reduction and net-zero carbon emissions target tracking, aiming to achieve net zero emissions by 2050. HTC plans to introduce Internal Carbon Pricing (ICP) in 2024, internalizing carbon costs to stay aligned with global trends and enhance ESG competitiveness.

Energy-saving and carbon reduction Actions

2023 Earth Day - Invest in Our Planet

On Earth Day last year, we held the activity of "Lights-off 1 Hour" at office areas during lunch break. This year, we plane 2 simple and feasible measures in response to Earth Day 2023.

Action: Energy saving and emission reduction

The time to turn off the office area lighting at night is advanced by 30 minutes: from 20:00 to 19:30, which is estimated to reduce carbon emissions by about 5.2 metric tons of CO₂ per year and make "energy saving and carbon reduction" to be part of the daily life.

Activity: Healthy and low-carbon vegetarian meal discount

Food systems account for 37% of total human greenhouse gas emissions. According to research, the animal proteins, especially beef, account for much more carbon emissions than other foods. HTC cooperates with suppliers in Taipei and Taoyuan offices to enjoy discounts on ordering plant-based food or bringing their own eco-friendly cups and eco-friendly tableware, encouraging colleagues to make sustainable diets in their lives, which is also more conducive to healthy living!



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 4.2% 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. For example, the electricity consumption of the resumption of normal office in Taiwan in 2023 was lower than that in 2022. Electricity consumption of working from home in Taiwan in the first half of the year. In terms of promoting energy conservation in computer rooms/data centers, we are committed to improving the energy efficiency and energy saving effectiveness of computer room data centers. Specifically, we successfully implemented a data center consolidation project, merging the original two computer rooms into one, saving 37,541 kWh by the end of the year. We also reduced the number of physical servers by 60 through virtualization technology and EOS (End of Service) policy. The total carbon emissions saved in 2023 reached to 183 metric tons of CO₂e. The project not only reduced energy consumption and carbon emissions, but also improved operational efficiency and reduced equipment idling through centralized resource management. We will continue to phase out and consolidate low-usage services to optimize our servers and keep improving energy efficiency. In addition, a total of NT\$ 1.63 million was invested in the new replacement of energy-saving improvement equipment in 2023.



2023 Energy Saving and Carbon Reduction Results

	Amount of Equipment investment (NT\$)	Energy Savings (kWh)	GJ	Amount of Money Saved (NT\$)	Carbon Emission Reduction (Kg-CO ₂ e)
HQ & Plants					
Water system Energy-saving Program	0	5,169,500	18,610	15,509	2,558,903
Exhaust System Energy-saving Program	24,780	4,528.8	16.30	13,586	2,241.76
Lighting Fixtures Energy-saving Program	793,296	144,483.100	520.139	433,449	71,519.135
Data Center Consolidation Program	0	37,541	135	112,622	18,583
Air Conditioning Energy-saving Program	248,116	96,266.450	346.563	288,800	47,651.89
Taipei Office					
Lighting Fixtures Energy-saving Program	567,000	9,519	34.27	28,557	4,711.91
Equipment adjustment and energy-saving Program	0	73,112.140	263.204	219,336	36,190.51
Total	1,633,192	370,619.990	1,334.232	1,111,860	183,456.895

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\$/kWh.
 2.The CO₂ carbon emission coefficient is calculated on a basis of the 0.495 kg/kWh standard announced by the Bureau of Energy in 2022.
 3.Calculation method of estimated value: machine operating power * operating time = actual value
 4."Energy Savings (kWh)" is disclosed according to the information of Conservation Audit Technology Information Service system.

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. From beginning of use of the building to 2023, EUI was 108.26kWh/m²/year. Our efforts are shown in the "Sustainable Environment" section on our official website.



▲ 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.

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 vehicles.

Energy-saving program Descriptions

Solar panels

Self-generated and self-used : Taipei Office has solar panels that generate electricity used for lighting the staircases and basement; the total capacity is 13.8 kW. The cumulative total number of solar panels since it was built has reached 157,221 kWh, including 15,156 kWh in 2021, 12,670 in 2022 and 14,316 kWh in 2023.

Bulk sale to Taipower : 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 804,952 kWh, including 163,760 kWh in 2021 and 145,432 in 2022. The purchase and sale contract with Taipower was terminated on November 29, 2023 and changed to self-consumption. A total of 141,872 kWh was sold back to Taipower for 11 months, 7,479 kWh of self-consumption in December, and the total power generation was 149,351 kWh.

In 2023, a new solar power generation system of about 200kW is planned to be installed on the top floor of the Taipei 1 building for self-consumption, with an estimated annual power generation capacity of 239MWh, reducing carbon emissions by about 118 metric tons, and increasing the company's green power consumption, with a total investment of about NT\$12.6 million, expected to go live in April 2024.

Note: The carbon emission estimate uses the 2022 electricity carbon emission coefficient conversion announced by the Ministry of Economic Affairs, 0.495kgCO₂e/ kWh * 239,150 kWh = 118,379 kgCO₂e, which reduces carbon emissions by approximately 118 metric tons.



▲ Taoyuan-Solar Power Generation System



▲ Taipei-Solar Power Generation System

Energy-saving program

Descriptions

Heat pumps for air conditioning

We installed a heat pump system in the Taipei offices to provide hot water for showering in the staff gymnasium and hot water for cleaning in the kitchen. Besides providing heat, it can also provide partial cooling energy. The iced water produced during the heat exchange can be used for air conditioning. This system provides hot water and cold air at the same time.

Phase-out of air-conditioning refrigerant to R410A

Traditional R22 refrigeration includes chlorofluorocarbons (CFCs), the culprit of ozone layer destruction. We gradually replaced the current R22 refrigeration split-system air conditioners with R410A refrigeration to save the ozone layer that protects the earth against most ultraviolet (UV). We replaced two (14.5KW and 9KW) one to one split-system air conditioners in 2023.

Electric vehicles and bicycles

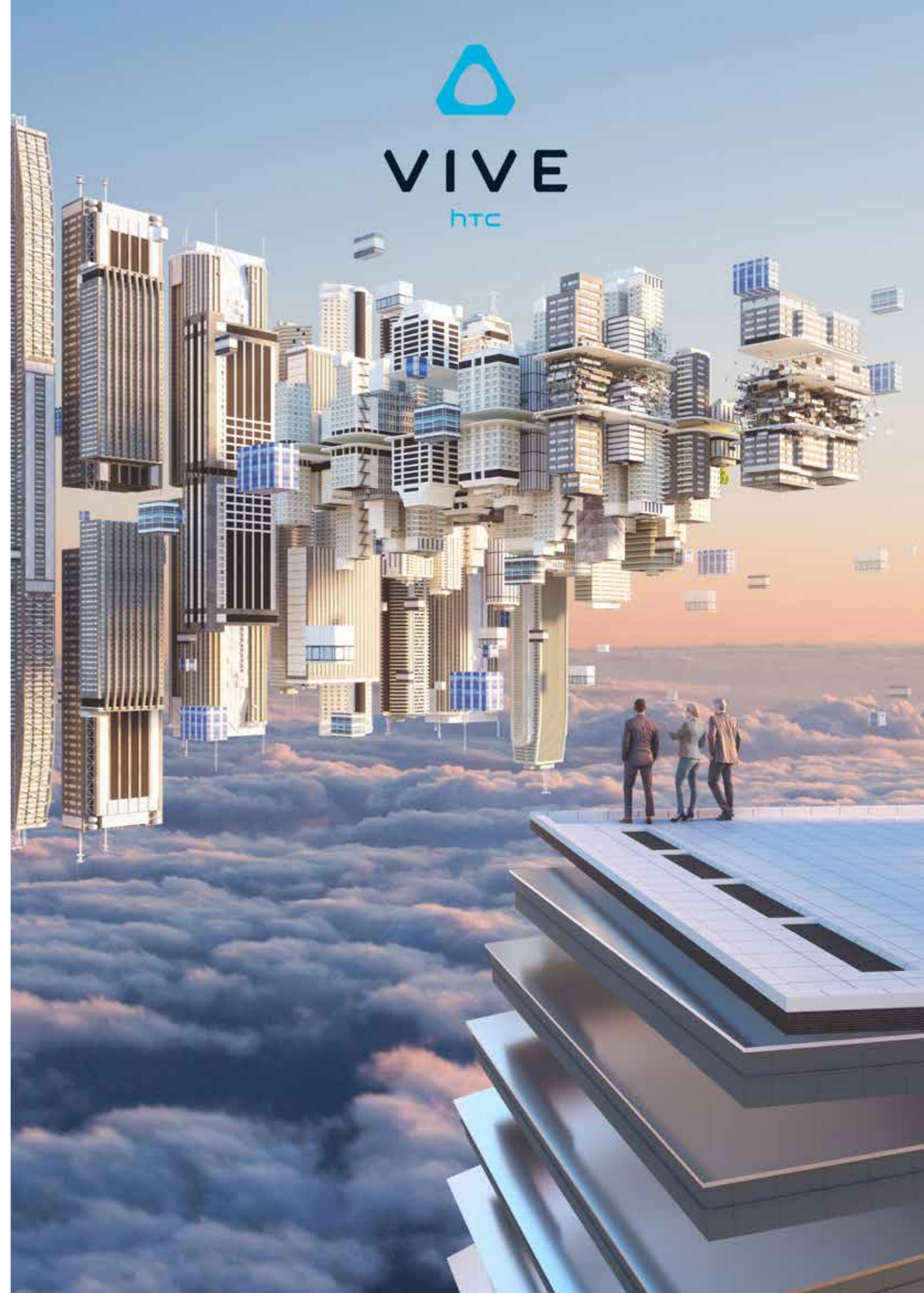
Four dedicated charging piles for electric vehicles were installed, and bicycle parking is provided in our Taipei offices. This encourages our staff to use transportation vehicles with low emissions and high energy efficiency. Plan to continually increase special charging piles for electric vehicles to improve the convenience of charging. 8 more in B2F and B3F, and a total of 12 charging piles were set up in the building in 2023.



^ Electric vehicle charging area



^ Free bicycles for rides

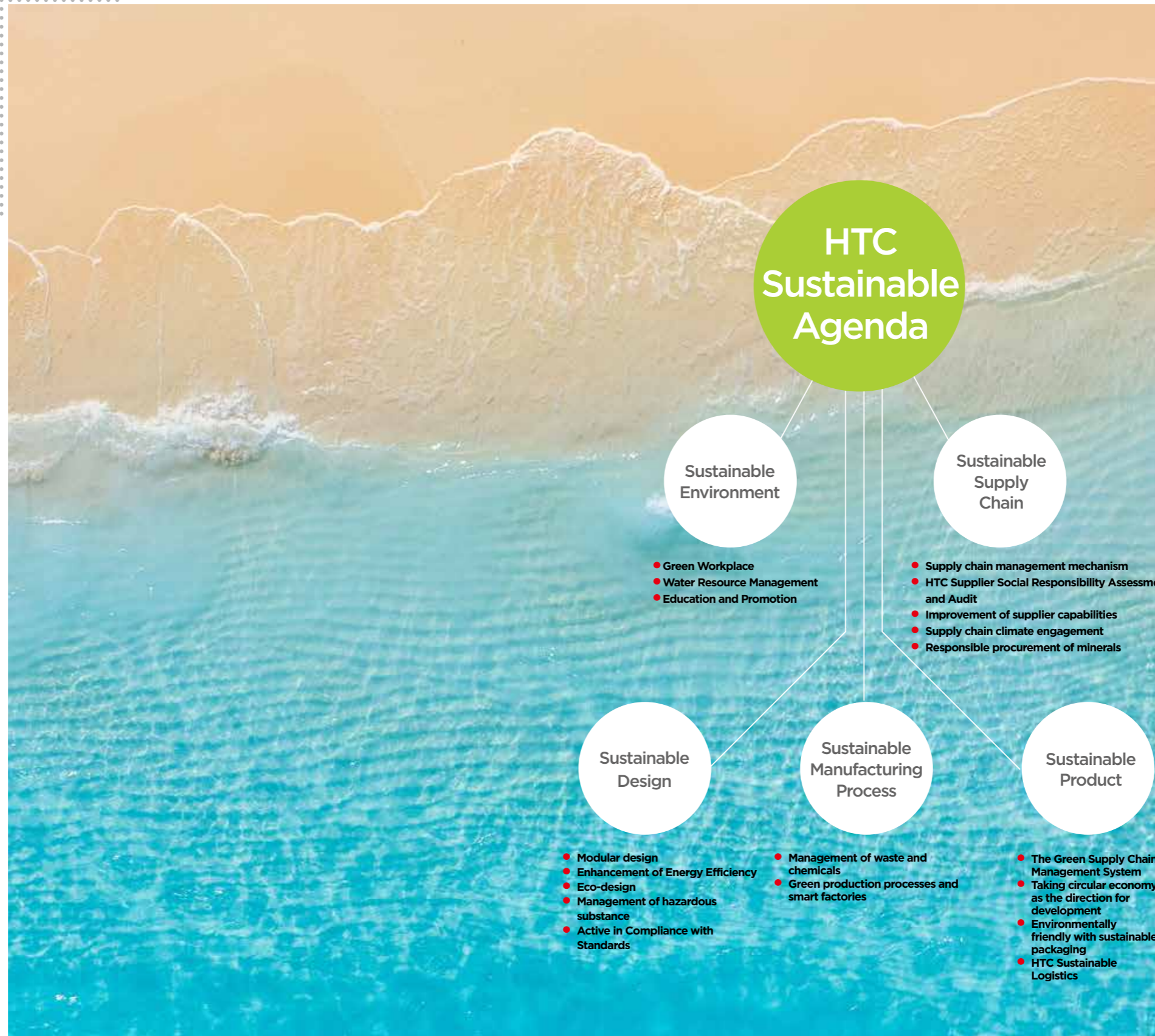


Sustainable Agenda



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.



HTC complies with laws and regulations, and has an occupational safety and health department, which is responsible for the implementation of occupational safety and health work, and implements an occupational safety and health management system, an environmental management system, a greenhouse gas inventory and an energy management system. Formulate an occupational safety and health management plan based on the safety and health management status every year, focusing on compliance with safety and health regulations, hazard identification and risk assessment, chemical labeling, and contractor management to reduce risks. Implement various work priorities, such as occupational safety and health management, education and training, standard operating procedures, automatic inspection, emergency response, health management and safety and health activities, and encourage the participation of all employees to reduce safety and health risks. To ensure that all HTC employees can work in a safe working environment, we have also formulated a health service plan to focus on maintaining the safety, health and well-being of all employees, effectively preventing occupational and environmental hazards and preventing employees from suffering from various injuries and illnesses.

HTC uses ISO 45001, ISO 14001, ISO 14064-1 which have been verified and verified by external third parties ISO 50001 and other international standards establish standards for occupational safety, environment, greenhouse gas inventory and energy management. And formulate relevant policies and objectives, require the implementation of relevant management and advocacy in the factory, systematically implement the management work, and implement it into the daily management, to strengthen the overall management ability in occupational safety and environmental aspects.

In addition to dealing with emergencies that may be caused by human negligence or natural disasters, we also handle them through emergency response plans, situation identification, response measures, and review of feedback processes, and we also regularly hold fire and personnel evacuation drills. In addition, in fiscal 2023, in accordance with laws and regulations, self-defense firefighting training and building evacuation drills were conducted at the Taipei office and Taoyuan factory.



▲ On November 17, 2023, an evacuation drill will be carried out, the elevator operation will be stopped, and all personnel will take the nearest safety elevator to the first floor

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.

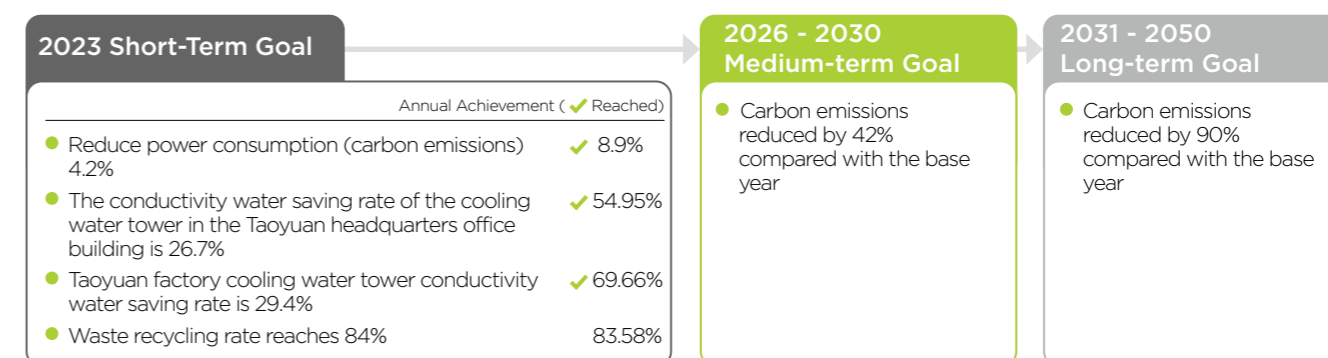
- We regard environment, safety, health, productivity, quality, and effective energy management with equal importance.
- We regard the safety and health of employees, customers, suppliers, and contractors with equal importance.
- We require our employees to observe all guideline regarding safety, operating 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.

Sustainable Environment

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	2021		2022		2023	
		HQ & Plants	Taipei Office	HQ & Plants	Taipei Office	HQ & Plants	Taipei Office
City water consumption	degree	36,003	48,144	41,597	43,663	36,465	49,913
Wastewater	River	Taipei Office- City Dedicated Sewer					
Total city water discharge	Metric Tons	42,019	38,515.2	16,630.2	34,930.40	18,174	32,520
The amount of rainwater recycled	Metric Tons	N/A	2,965	N/A	3,863	N/A	3,522
Total amount of sewage recycled/reused	Metric Tons	8,843	NA	8,401	N/A	N/A	N/A
The ratio of sewage recycled/ reused to total amount of sewage consumed	%	21.05	NA	50.52	N/A	N/A	N/A
The ratio of water recycled/ reused to total amount of water consumed	%	24.56	6.16	20.2	8.85	N/A	7.06
Weight of end-of-life products and e-waste recovered	Metric Tons	4.8543		2.5864		5.3978	
Weight of end-of-life products and e-waste	Metric Tons	7.8698		5.7046		6.5680	
End-of-life products and e-waste percentage recycled	%	61.68%		45.34%		82.18%	
Total amount of waste incinerated - Information product	Kg	8.455		2.980		3.819	
Total amount of waste incinerated - General	Kg	426.202	N/A	311.109	N/A	261.461	2.700
Total amount of waste reused	Kg	N/A	N/A	N/A	N/A	N/A	N/A
Total amount of waste incinerated	Kg	65.550	52.400	58.280	49.600	51.350	49.300
Waste disposal expense	NT\$	619,448	308,700	664,860	377,700	632,022	721,729
Environmental management and recycling amount - Information product	NT\$	454,602		201,548		181,275	
Environmental management and recycling amount - General	NT\$	461,922	N/A	494,933	N/A	305,169	18,428

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. 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.
5. In 2023, due to the scrapping of the laboratory machine in Taipei Office 2, it will be recycled and recycled because it is all metal.
6. In 2023, the Taoyuan plant will cancel the use of recycled water for sprinkler irrigation due to the use of sprinkler irrigation water, so there is no information on recycled water.
7. In 2023, the amount of waste at the Taoyuan plant will be reduced, so the disposal cost will be reduced; The Taipei Office 1 has increased the cost of household waste removal and increased the amount of waste due to space renovation, so the cost is higher than last year.
8. Scrap Product Recycling Statistics: 2021 & 2022 is based on products recycled in the current year and reused in the same year, and 2023 is based on the recycling of existing recycled products in a single year.

Green Workplace

All of our sites and offices are located in industrial and commercial areas that have been environmentally considered and assessed, and HTC complies with local regulations as well as internal environmental policies and practices to ensure that our activities do not have a significant impact on local ecosystems and plant and animal species.

We actively encourage all our operations to carry out environmental beautification actions, introduce green building solutions in new buildings, improve the quality of the working environment for employees, and promote sustainable development practices.

Green Landscaping

HTC adheres to the concept of sustainable environment, and takes into account the changes and impacts on the surrounding environment, landforms and ecosystems when building offices and factories. Therefore, indoor and outdoor green spaces have been created in the Taipei office, head office and factory, and HTC has also considered the growth environment and characteristics of different tree species to ensure that they can grow well in the local ecosystem, highlighting HTC's emphasis on environmental protection, ecological balance and biodiversity.

In order to minimize the damage to the surrounding environment, the head office and factory have a total of more than 131 native tree species in Taiwan, such as camphor tree, Taiwan luan tree, etc., as well as a variety of green plants. From the very beginning, the Taipei office building has adhered to the concept of environmental protection and park-like open area, and the planting area on the first floor has reached 41% of the total site area. A total of more than 260 native trees and large tree species from Taiwan have been planted, such as camphor trees, sweetgum trees, podocarpus, larch pine, cherry trees, etc. In addition, there are eight shrub planting areas with more than 3,200 trees, as well as an ecological pond area with tree magpies, green eyes, and bees roaming the woods. These tree species and diverse vegetation not only provide richer ecosystem services, such as soil erosion mitigation, climate regulation, and habitat for organisms, but also contribute to improved air quality.

In order to improve the quality of the working environment and the green ecology of employees, potted plants that can purify indoor air quality and reduce carbon dioxide concentration are also planted in the building, such as eucalyptus, dracaena, coarse rib grass, white crane taro, round-leaved pepper grass, tiger tail orchid and other species, and different plants are added according to different festivals to enhance the atmosphere of different festivals and provide employees with a fresh office environment.

In 2023, a total of about 23.668 million yuan will be invested in management and maintenance to provide HTC employees with a fresh and green office environment. Regular quarterly administration of pesticides to control dengue fever and other pests, and spraying environmental pesticides in waterlogged areas near the plant area to reduce the density of vector mosquitoes.

Environmental Expenditures

Year	2021	2022	2023
Environmental expenses (NT\$ Thousand)	30,112	28,970	23,668



▲ Bees collect nectar from cherry blossom trees



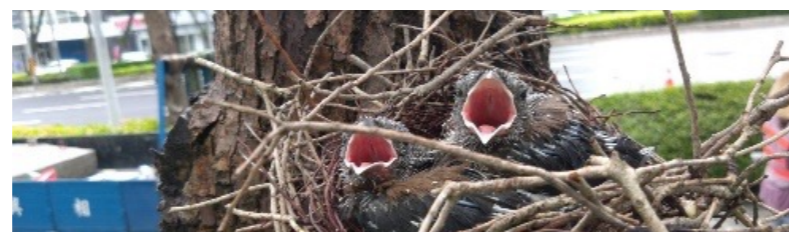
▲ Birds nest in cherry blossom trees



▲ Green embroidered eyes perched on cherry blossom trees



▲ Tree magpies that inhabit forests



▲ A small tree magpie waiting to be fed on a camphor tree

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 2023, the amount of green procurement reached NT\$ 1266 thousand. From 2012 to 2023, the accumulated expenditure for products with green-product stamp was about NT\$ 33.946 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

Global warming is exacerbating climate change, and water management is becoming increasingly important. In our Taipei office, we still maintain a rainwater harvesting system for toilet flushing and planting. Most of the water used is tap water obtained from the Taiwan Water Supply Company. Since the production line uses a dry process, it does not produce wastewater, so the effluent discharged only comes from the domestic water used by employees for general office. Although HTC's processes do not require large amounts of water and have a relatively low impact on the surrounding environment, we strive to reduce water use and encourage water management and recycling.

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

In order to ensure the legality of the management and control of sewage from the head office and the sewage treatment plant of the factory, we strictly follow the company's "Procedures for Sewage System Operation, Repair, and Maintenance.", and carry out daily operation and maintenance and inspection. We commission EPD-approved testing agencies to conduct sewage sampling and testing on a semi-annual basis. The test results of the discharged water and recycled water samples are in line with the discharge water standards of the Water Pollution Control Act, and are declared online in accordance with the "Water Pollution Control Measures and Test Reporting Management Regulations".

For domestic sewage such as discharged water and recycled water, our BOD and COD test data from 2016 to 2023 both met and exceeded the environmental protection discharge water standards, and did not cause adverse effects on the surrounding surface water bodies. Since 2017, we have been sampling and testing the heavy metal value of the discharged water and testing the knot

None of the results were detected or lower than the detected value, and would not cause pollution to the environment. In FY2023, the cost of the head office and the factory's sewage treatment plant was approximately NTD 3,488,365

Including operation (including power use and chemical addition), maintenance, water quality testing, and instrument calibration.

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
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
2023	18,174	N/A	9.25	28.30	6.30	N/A

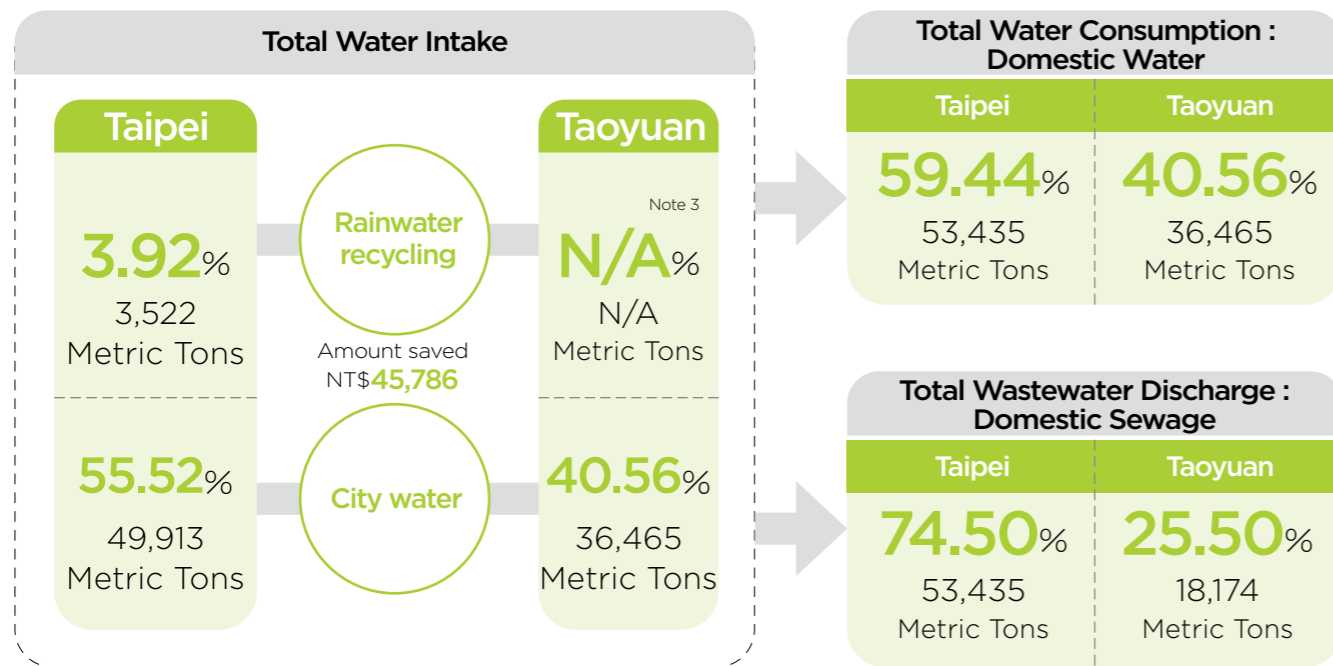
Note:
1. Tested items of heavy metals: Cd, Cr, Cr+6, Cu, Zn, Ni.
2. The scope of statistical data is HQ & Plants

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.

In the Taipei office, we use water-saving equipment and prioritize the procurement of equipment with water-saving labels or water-saving functions. For example, we installed sensor faucets that reduce water output, and in fiscal 2022, we replaced a total of 120 sensor faucets, saving 70% of water compared to conventional faucets. In addition, we have installed a rainwater recycling system in HTC's Taipei office, which uses the recycled air conditioning condensate and rainwater for toilet flushing and planting to further conserve water. In 2023, the Taipei office recycled a total of 3,522 tonnes of rainwater, effectively saving water resources.

2023 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.
3. The rainwater recycling system of the head office and factory (Taoyuan) is used by tenants, so it is N/A here.

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 2023.

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, and inspire their active participation and support.

The organization process is comprehensively paperless, digital, and optimized

At the beginning of 2023, Sustainable established a vision of a fully paperless, digital, and optimized organizational process. To achieve this, we plan and improve for a fully paperless and digital approach through a comprehensive review of the company's internal processes. Through well-designed process optimization, we eliminate unnecessary red tape, improve efficiency and quality of work, and ensure that the company operates more smoothly, environmentally friendly and cost-effective, not just to save energy and reduce carbon emissions, but to transform the entire staff and internal culture. This important transformation will enable us to be more competitive and continue to strive for excellence.




Through the ESG Committee, we have taken stock of all the company's work processes as a whole, and after a year of continuous efforts and improvements, in addition to meeting external requirements and regulatory restrictions, we have successfully achieved the first phase of results, and with the active participation and cooperation of all employees, we have compared with 2022, in 2023, we successfully reduced the amount of paper used by nearly 80%, further improving the efficiency of the organization and environmental awareness.

In 2024, HTC will continue to promote the second phase of paperless office, integrating the concept of paperless into all aspects of business operations, hoping to contribute to the protection of the environment through this action.

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

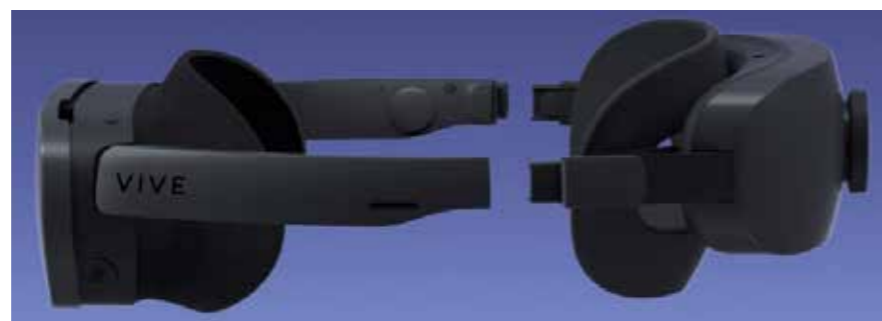
<p>Verified by a third-party verification company (UL) as meeting North American (US and Canada) PSU energy efficiency requirements.</p> <p>Applicable Area</p> <p>VR Power Supply Units</p> 	<p>Verified by a third-party verification company, through the US Department of Energy (DOE) and the Canadian Department of Natural Resources (NRCAN), the energy consumption requirements for battery products</p> <p>Applicable Area</p> <p>VR device, including Accessories with rechargeable batteries, etc.</p> 	<p>Working with Call2Recycle (RBRC) to properly recycle used batteries in North America.</p> <p>Applicable Area</p> <p>Batteries</p> 
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HTC is committed to improving resource reuse through a design concept that increases recycling rates, and actively seeks to reduce the use of environmentally harmful substances to reduce the negative impact on the environment. In order to achieve the goal of sustainable product design, we develop the whole process from carbon reduction development technology to resource recycling from the perspective of the whole product life cycle to achieve the goal of low-carbon products.

At present, we mainly focus on modular design, enhancement of energy efficiency, recyclability design, and reduction of hazardous substances in the sustainable design practice of products, so as to enhance the green competitiveness of products. Through these initiatives, we are committed to creating more environmentally friendly and sustainable products.


Modular Design

The VIVE XR Elite headsets have a detachable battery, which allows users to easily replace the battery by themselves rather than having to discard the whole device. This not only extends the product's usable lifespan but also reduces waste and optimizes usage of nonrenewable resources. In addition to battery modules, peripheral accessories related to HTC VIVE products will also develop in the direction of modular design in the future, which not only has the potential for customization, but also allows accessories to be repaired independently, improving product quality and maintainability. These advantages not only help improve the competitiveness of products, but also help reduce environmental impact.



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 Energy Star (U.S.), California Energy Commission (U.S.), Energy-related Products and are approved with energy efficiency verification by third-party verification companies. All of their energy efficiency meets the 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 0.025W, which is much lower than the standard by 75%. 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. These measures ensure the high efficiency and energy saving characteristics of HTC products in terms of energy use, and further comply with the principles of environmental protection and sustainable development.

 <p>HTC U23 pro</p> <p>115V Standby energy consumption 0.043W</p> <p>Compared with Level VI standby power ↓ 57%</p>	<div style="background-color: #76b82a; color: white; border-radius: 50%; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <p style="margin: 0;">Level VI standby power standard 0.1 W</p> </div>	 <p>VIVE XR Elite</p> <p>115V Standby energy consumption 0.025W</p> <p>Compared with Level VI standby power ↓ 75%</p>
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In addition, we refer to the regulations of the U.S. Department of Energy and Natural Resources Canada as standards to reduce the energy consumption of the battery charging process. This is used to improve the charging efficiency of our products and thus reduce the ongoing energy loss after a full charge. Not only can the energy consumption of the whole product be minimized, but also the goal of energy conservation and carbon reduction can be achieved. For example, in the new HTC VIVE product launched in 2023, the VIVE series battery holder is designed with a large power capacity, which can be used for up to 2 hours of power use. In terms of unit energy consumption (UEC), the performance of this product is significantly lower than the regulatory standard of 6.11%. This represents HTC's commitment to improving the energy efficiency of its products, while actively promoting energy conservation and carbon reduction to achieve environmental and sustainable development goals.



VIVE XR Series battery holder	
UEC Regulatory limits (kWh/yr)	6.493
Represented value of UEC (kWh/yr)	6.096
Compared to regulatory standards	↓ 6.11%

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.

Among the new products in 2023, we also have a bright performance in the investment and development of the circular economy. VIVE's next-generation VR headset weighs only 92 grams more than its predecessor, which not only does not affect the convenience of wearing, but also greatly improves the specifications of the hardware, bringing consumers better control and a more amazing virtual and real experience. In terms of recycling rate, the percentage of recyclable materials can reach 76.7% after actual dismantling and testing by a third-party laboratory, which is 39.5% higher than the recycling standard of WEEE, indicating that this product not only achieves a high recovery rate, but also achieves the goal of reducing carbon emissions.

VR related Product

 <p>VIVE XR Elite Weight 280.5 g Recycling rate 76.7% Compared to regulatory standards ↑ 39.5%</p>		 <p>VIVE Flow Weight 188.62 g Recycling rate 79% Compared to regulatory standards ↑ 24%</p>
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Smartphone- U Series




INDICE DE RÉPARABILITÉ



U23 Pro
Weight 198.96 g
Recycling rate **91.75%**
EU WEEE Standard **55%**

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

For HTC phones, the new U23 / U23 pro phone product still features a design with a high recycle rate. In relation to legal compliance, the product received a 8.4 green label in the most recent Repairability Index for France (2022 Desire 22 pro is 7.5). 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.

From products to accessories, HTC also thinks about recyclable designs in accessories to achieve sustainable and low-carbon emissions. In the past, we used plastic material to wrap and fix the wire, but in 2023, we have introduced a material fixing method using paper rings. Paper is 100% recyclable, does not harm the environment, and is easier to dispose of than plastic. In the future, HTC's cables will also be packaged and fixed in accordance with the paper ring method, which will help the design of the product in terms of carbon reduction.



In response to the European law on the circular economy, France has adopted a law on the labelling of consumer information based on the principle of product classification called the "Triman logo", which contains the product information required by consumers and the graphic of the classification collection. HTC follows the regulations and labels the product according to its contents, and by adding classification information to the product, the product can be properly sorted and recycled.



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, 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 2023, a total of 95 suppliers participated in the REACH regulation SVHC survey, with a response rate and compliance rate of 92.6%. 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.

The new VIVE XR Elite in 2023 is designed to comply with China RoHS regulations, even if the virtual headset is not in China RoHS Under the regulated product category, HTC voluntarily participates in the RoHS certification promoted in China (also known as China RoHS). The products are tested for harmful substances in China and certified. In addition to being HTC non-toxic, VIVE XR Elite parts can also fully comply with local hazardous substance management regulations around the world, achieving non-toxic products and reducing the chance of harm to the human body and the environment.

In July 2023, the European Union officially published the Battery and Waste Battery Regulation in the Official Gazette, which will be implemented in phases to manage the various stages of the life cycle of battery products on the EU market in order to implement the European Green Deal and promote the sustainable development of EU society. HTC-related built-in battery products have already complied with labeling and implemented composition analysis of third-party chemical substances, and will be carried out in stages with the advancement of regulations in the future, and the battery-related information will be disclosed, and waste batteries will be recycled in the market to meet the regulatory requirements.



Phone and Battery Recycling

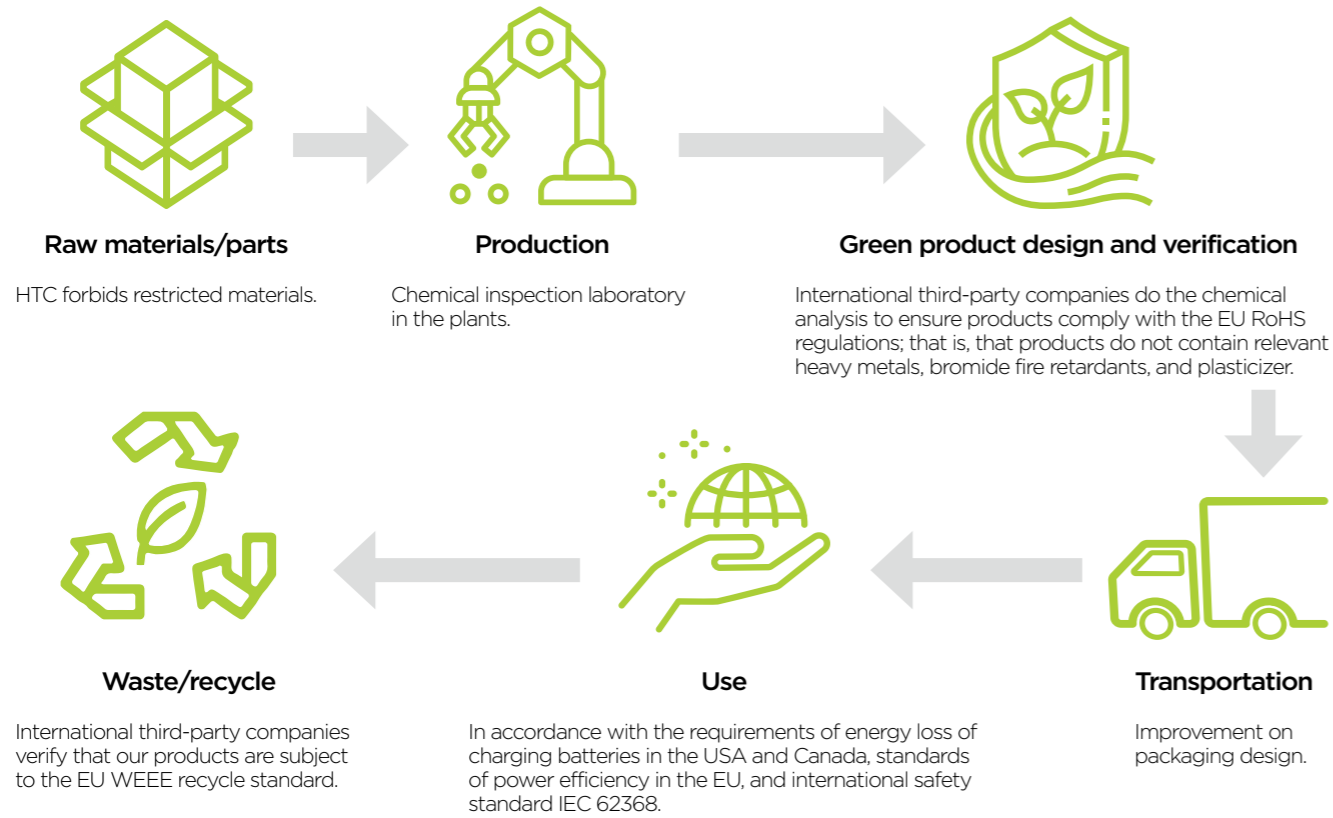
To properly fulfill their responsibilities as a manufacturer, HTC, which is 100% in line with EU WEEE requirements, has also promoted the US and Canadian related electronic product recycling program. To reduce the undue disposal or handling of old mobile phones and the impact of this upon the environment.

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 participates in Call2Recycle, the oldest and largest battery management and recycling program in North America, which continues to collect and recycle all types of batteries, including lithium-ion batteries for mobile phones, in the United States and Canada. HTC pays Call2Recycle to assist with recycling of every phone sold in the United States. Despite rising battery recycling costs, more than 3.63 million kilograms of batteries will be collected for recycling in the United States in 2023, including more than 2.45 million kilograms of rechargeable batteries and more than 1.18 million kilograms of primary batteries. See the official website for details : <https://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.

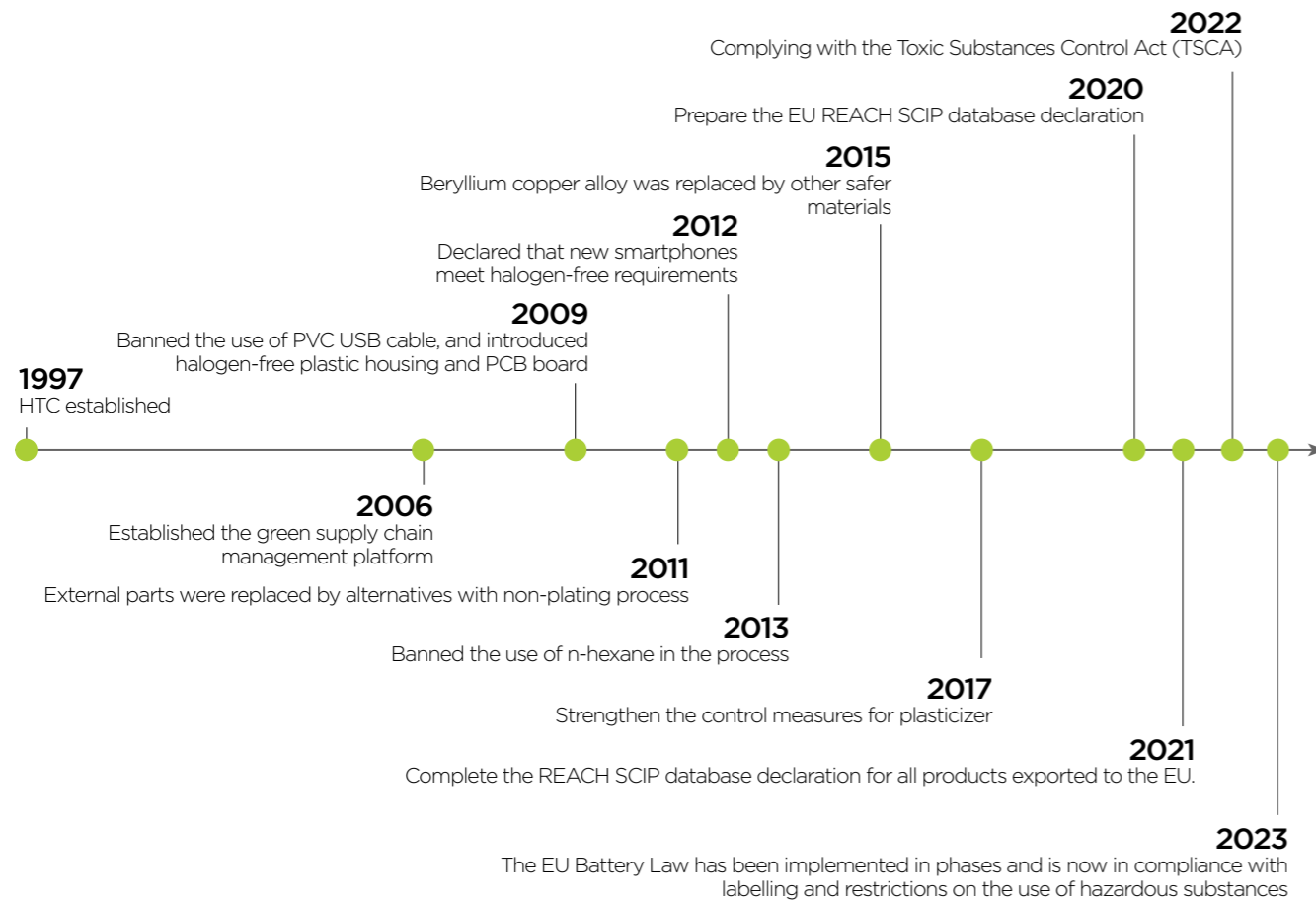
Each state has a different setup for ensuring end-of-life electronics are recycled responsibly. The states use various mechanisms for determining how much manufacturers must recycle each year – many states determine a company's annual obligation of pounds of e-scrap to collect based on its market share. 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 211.65 million kg of e-scrap have been recycled from Washington residences since the program began in 2009. For more details, see HTC : <https://ecology.wa.gov/Waste-Toxics/Reducing-recycling-waste/Our-recycling-programs/Electronics-E-Cycle>



Description of the HTC product lifecycle and its different stages



HTC Hazardous Substance Control Schedule



Active in Compliance with Standards

All HTC products are verified by international public certification companies. 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.

We minimize the amount of waste that has a negative impact on the environment in our manufacturing process and comply with environmental, safety and hygiene standards to ensure that waste is removed and disposed of legally and without environmental impact. We uphold our commitment to proper waste disposal, entrust legal waste removal and disposal vendors to select the most suitable disposal method for the nature of waste, and supervise waste removal and transportation through online reporting and regular audits of waste disposal vendors. Processed waste will be reported to the EPD's "Waste Reporting and Management Information System" platform to comply with regulatory requirements and achieve HTC's environmental sustainability expectations. For details of value chain impacts, please refer to the "2023 Activity Flow Chart of Significant Waste-related Shocks".

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 15.83 Metric tons of domestic waste in 2023.
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.

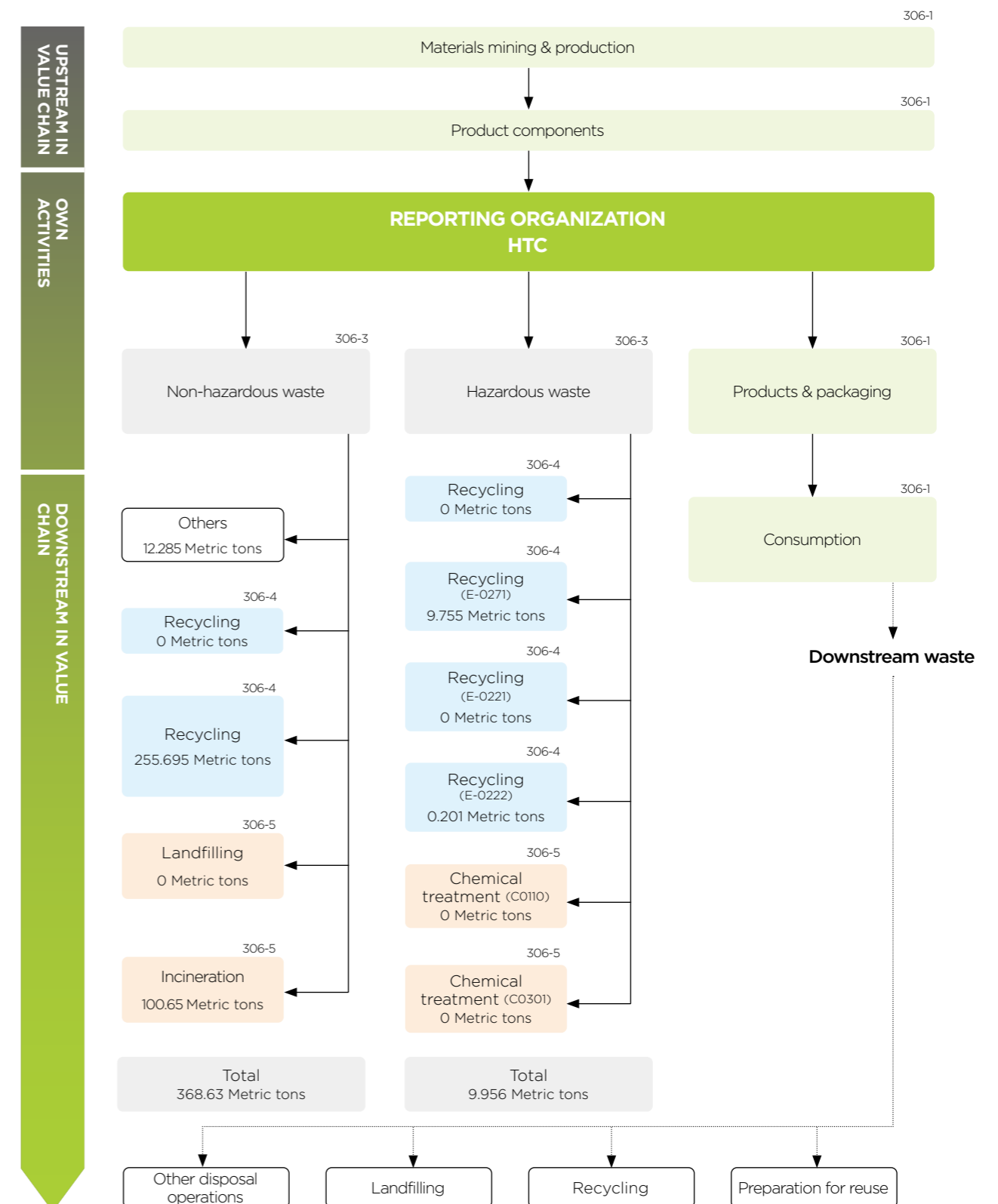
HTC Waste Statistics

Type	Recovery Operations	Unit	Offsite Weight (Outsourcing)			2023 Density	Description
			2021	2022	2023		
Non-hazardous waste	Preparation for reuse	Metric tons	0	0	0		
	Recycling	Metric tons	405.645	299.328	255.695		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	65.55	107.880	100.65		Including Domestic garbage
	Other: Landfilling	Metric tons	0	0	0		Waste Bakelite
	Other: Recycling	Metric tons	29.012	47.836	12.285		Kitchen leftover
	Subtotal	Metric tons		500.207	455.044	368.63	0.083
Hazardous waste	Preparation for reuse	Metric tons	0	0	0		
	Recycling: E-0217	Metric tons	7.606	8.937	9.755		Scrapped electronic parts and components, leftover scrap and defective goods.
	Recycling: E-0221	Metric tons	0.00001	0.552	0		Scrapped metal containing PCBs and scrapped powder
	Recycling: E-0222	Metric tons	0.055	0.083	0.201		Scrapped PCBs containing parts and components
	Chemical treatment: C-0110	Metric tons	0.215	0.2	0		C0110- Harmful waste liquid containing copper and C0301- Harmful waste liquid The chemical treatment shall be conducted once every two years for the treatment according to "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste".
	Chemical treatment: C-0301	Metric tons	0.31	0	0		
Subtotal	Metric tons		8.186	9.772	9.956	0.002	
Total	Metric tons		508.393	464.816	378.586	0.086	

Note:

- The computer host and screen are estimated based on the weight information obtained from the official website.
- 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.
- Recycling: Reprocessing of products or components of products that have become waste, to make new materials.
- 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.
- The formula for intensity is as follows: Waste Weight (in metric tons) / Annual Revenue (in millions of dollars). For the year 2023, the annual revenue is 4,417,932 million dollars.

Flow Chart of Activities for Significant waste-related Impacts in 2023

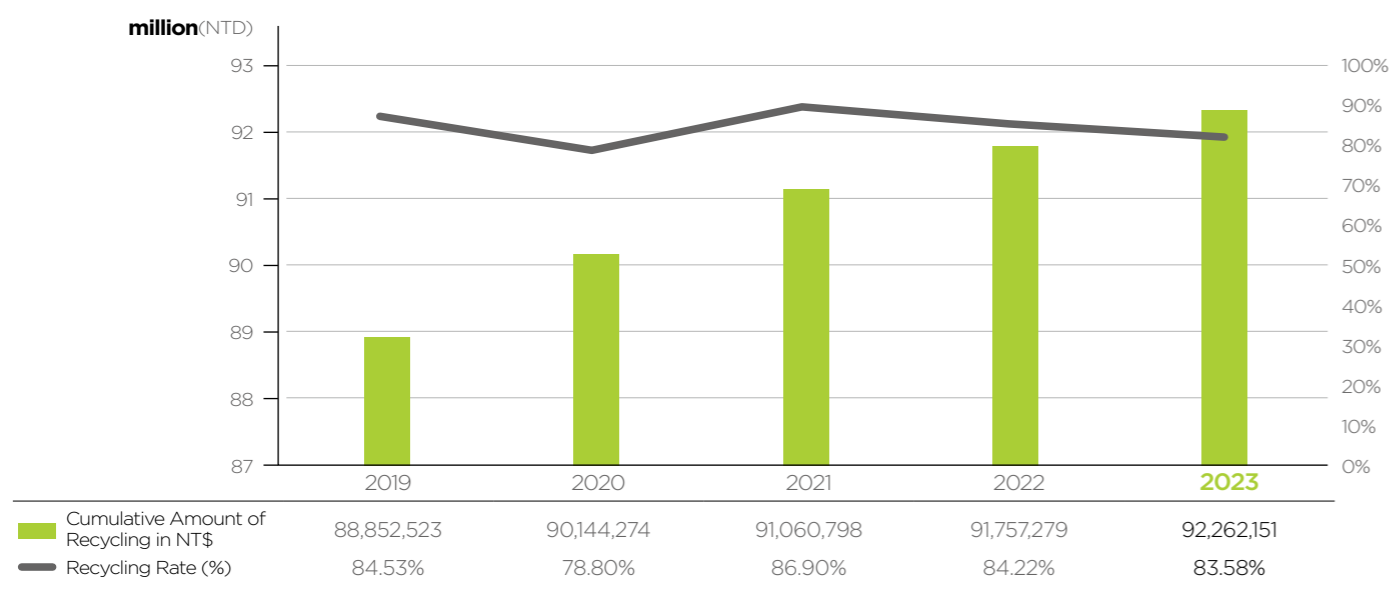


Waste Reduction, Recycling and Reuse

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 2023, a series of measures such as sorting and recycling, the money earned or saved by recycling waste rose year by year to reach NT\$ 504,872 in 2023. The recycling rate of non-hazardous waste increased from 56.89% in 2011 to 83.58%. By the end of 2023, the total amount of non-hazardous waste recycled is about 267.98 metric tons, the accumulated recycling income reached NT\$92,262,151.

Waste Recycling Effect and Rate



Hazardous Substances and Chemical Control

Reduction of Hazardous Substances - Raw Material Management Mechanism

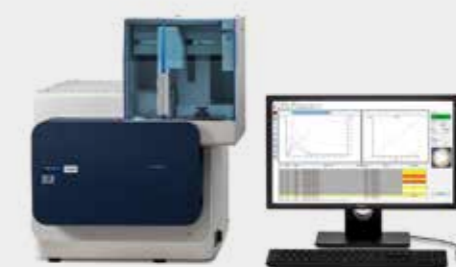
Always been dedicated to becoming an environmentally friendly enterprise, we place equal emphasis on the EP features of our products and the establishment of a green supply chain. We continuously strive to improve the environmental performance of our supply chain by regularly convening supplier conferences. 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 addition to maintaining the validity of the IECQ QC 080000:2017 Hazardous Substances Process Management System Certificate every year, no hazardous substances were found in the 2023 incoming inspection batches and product-related consumables.

In the product development stage, we 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 CO2 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

2023 Smart Factory Programs

Our process optimization and energy improvement project in the year 2023 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. In addition, in order to cooperate with the company's product carbon footprint reduction plan, we successfully converted the originally purchased product VIVE Base Station 2.0 to self-made, and successfully carried out production and shipment.

In order to reduce the carbon footprint of products, the original purchased products are converted to self-made

In response to the company's product carbon footprint reduction plan, VIVE Base Station 2.0 was converted to self-made for the original outsourced product, and successfully undertook the production and shipment of the product by its own improvement plan, self-made production tools, self-developed test software and reuse of existing equipment, and saved US\$596,377 in costs.



▲ VIVE Base Station 2.0

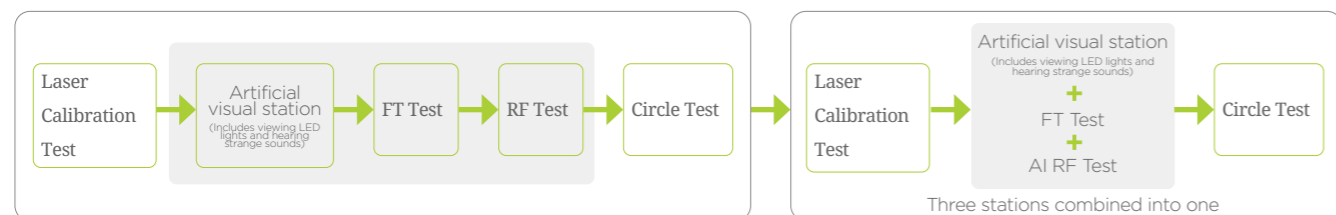
With AI artificial intelligence, the test station automation and site integration and AI line control center are introduced

In order to continue to improve the efficiency of the production line and low-carbon operations, it will be gradually introduced in 2023: (1) AI test station automation and site integration, and (2) AI line control center - smart factory auxiliary tool. Successful savings amounted to \$44,389.

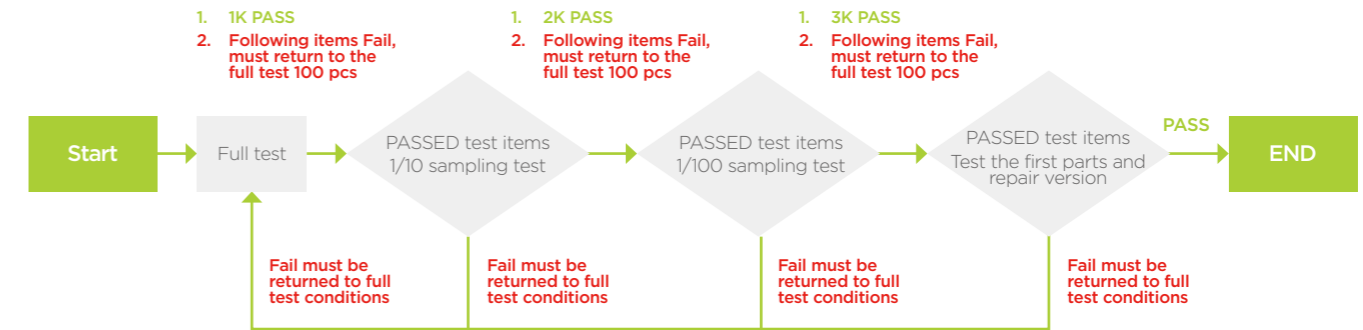
(1) AI test station automation and site integration

Using HTC's existing technical capabilities, the three test stations that were originally required were integrated into one station, and the test was automated through programs and AI automatic judgments. This improvement not only reduces the risk of personnel misoperation, but also saves labor costs, optimizes production line productivity, and saves equipment energy use.

Site integration



AI is introduced for the original phased sampling test of the production line, combined with the process management system (Shop Floor Control System, referred to as SFC), and the number of tested and defective test items can be counted in real time as a data analysis center, SFC can reduce manpower monitoring and operation to achieve the goal of intelligent production.



(2) AI line control center

By monitoring test defect rate trends through software tools, we can alert engineers to preventive maintenance and treatment. At the same time, the software tool can record maintenance notes and experience, so as to reduce the number of maintenance notifications by production line personnel and the frequency of sudden equipment defects by 50% each. In addition, we also use AI to suggest troubleshooting methods, and through step-by-step human-machine learning, we can improve the repair accuracy rate by more than 80%.



These two programs have also received the 112th annual low-carbon and intelligent upgrading and transformation subsidy for large and small manufacturing industries from the Industrial Development Administration of the Ministry of Economic Affairs, with a subsidy amount of NTD1,210,000. The manufacturing industry will use this subsidy to continue to promote the process AI intelligent carbon reduction plan, and improve operational efficiency through the introduction of automation and artificial intelligence technology, reduce carbon emissions and energy waste.

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 2023, we continued to expand the scope of paperless, and through process optimization, software upgrades and other improvement measures, we further saved nearly 100,000 sheets of paper.

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 1,200 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. Since 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 2023, 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\$745,200 by reusing solder paste, solder dross, steel plates, and synthetic stone carriers.

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 2023. 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

As part of HTC's commitment to the Sustainable Development Goals, we are committed to designing and manufacturing products that use the planet's limited resources efficiently and prudently. We focus on extending the life cycle of our products and continuing to recycle them in the following directions:

- 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.

Extending the product life cycle, HTC is committed to sustainability

The VIVE Ultimate Tracker is an all-in-one device that allows consumers to track their head, hands, feet, and waist at the same time, and is designed with continuity and compatibility in mind. This external accessory is compatible with VIVE XR Elite, VIVE Focus 3, and select third-party PC VR headsets. Through its compatibility with different product ranges, VIVE Ultimate Tracker extend the life of their devices and incorporate circular economy concepts into virtual reality technology. More than half of the components are compatible with the previous generation of products, reducing the waste of maintenance materials and resource consumption, and further promoting the effective use and recycling of resources.



VIVE XR ELITE Product Carbon Footprint



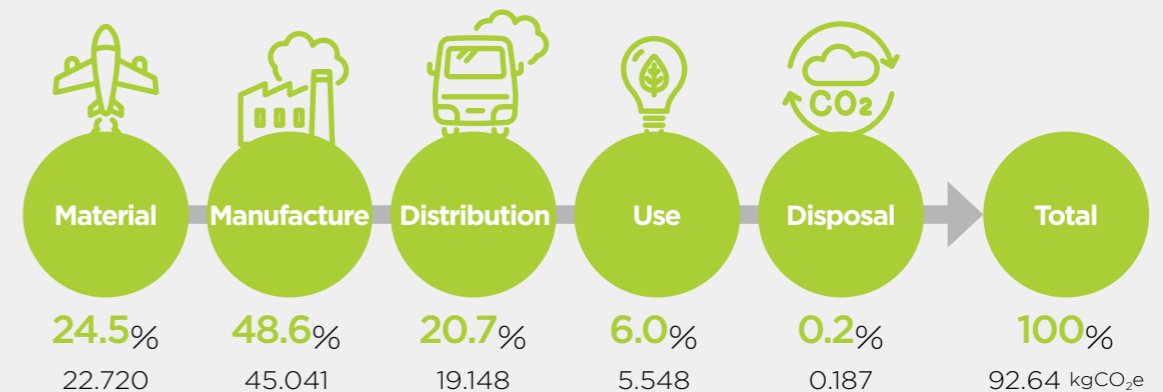
As a leading brand in virtual reality industry, HTC has been committed to environmental protection and sustainability. To reduce the impact of products to the environment, from January to March 2024, we used the new established internal carbon management platform to conduct a comprehensive carbon footprint assessment of each stage process of the VIVE XR ELITE, 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, and disposal stage. The carbon footprint of each VIVE XR ELITE (including packaging) is 92.64 kgCO₂e, 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.

HTC VIVE XR ELITE Product Carbon Footprint Verification Opinion : <https://www.htc.com/us/esg/certificate-report/>



▲ VIVE XR Elite ISO 14067 product carbon footprint, the certificate awarding ceremony was held by Deputy General manager of SGS (Left), HTC Chief Sustainability Officer (right)

HTC VIVE XR ELITE Product Carbon Footprint



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

Reduce the use of plastics

Expand the use of sustainable

Printing color simplification

The facilitation of shipment.

Starting in 2022, HTC will use 99% recycled materials to make packaging while maintaining the exquisiteness of the packaging. In 2023, it will be fully introduced into the latest VIVE XR Elite series project. Not only are all packaging materials used 100% recyclable materials, 99.99% of them are made of plant fibers, actively promoting the maximum use of plant fibers in full packaging, demonstrating HTC's unremitting pursuit of corporate social responsibility. In terms of sustainable packaging design, the VIVE XR series battery holder and the paper packaging materials for VIVE accessories have recycled content accounting for up to 99%, confirming HTC's active efforts in promoting a circular economy and its commitment to starting from small businesses. Our firm commitment to environmental sustainability is reflected in the details.



In addition, on the premise of ensuring transportation safety, reducing the packaging materials stacked on pallets not only reduces the weight of the entire pallet, but also reduces the transportation carbon footprint. It not only maintains the stability of cargo packaging, but also reduces the burden of material management and increases improve management flexibility.

History of HTC "Sustainable Packaging"

Weight

Has been reduced, helps to reduce GHG emission resulting from transportation.



The packaging body is actively miniaturized

The increased number of products that can be stacked on a single pallet can reduce freight costs and shipping carbon footprint




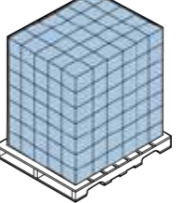

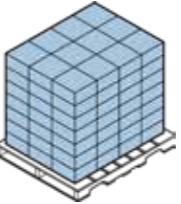
Proportion of recycled content

Increase the proportion of packaging materials containing recycled raw materials

2023 VR Product Packaging Material Analysis - VIVE XR Elite

 <p>VIVE XR Elite Weight 777.5 g Recycled Content Weight 772.5 g Recycled Content Rate 99%</p>	 <p>htc U23 Pro Weight 141.14 g Recycled Content Weight 80 g Recycled Content Rate 56.67%</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
2021 Pizza Box (FOCUS 3)	 375x338x126.5mm	820	 54pcs	<ul style="list-style-type: none"> ● Use higher recycled materials on the outer box. ● Use of corrugated board that is lighter yet sturdier. ● Best pallet pattern to reduce carbon footprint.
2021 Rigid Box (VIVE Flow)	 184x91x123mm	240	 420pcs	<ul style="list-style-type: none"> ● Monotone color print for a minimalist, sophisticated design. ● Optimized space allocation, light and compact outer design to change perceptions of a heavy VIVE series.
2023 Pizza Box (VIVE XR Elite)	 288x278x130mm	777.5	 84pcs	<ul style="list-style-type: none"> ● We employ a minimalist monochromatic style in our printing, utilizing simple ink printing techniques to convey the product's refined and elegant texture. ● 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.

Sustainable Supply Chain

HTC Sustainable Logistics

HTC has customers all over the world, and considering the importance of sustainability, we actively reduce the volume and weight of product packaging, improve shipping efficiency, and choose transportation methods with lower environmental impact to reduce our carbon footprint and do our part in global sustainability.

According to research, the means and distance of logistics and transportation have a significant impact on carbon emissions. In order to reduce its carbon footprint, HTC uses low-carbon transportation methods as much as possible in its global logistics and transportation. On average, replacing air freight by sea can reduce carbon emissions by more than 95%. In addition, we actively promote carbon reduction measures while distributing goods transportation, which can not only effectively reduce carbon emissions, but also save costs, and pass back the saved costs to customers to achieve win-win benefits.



Global warehouse setup strategy to optimize distribution mode and shorten the distance to international airports/seaports, adjust warehouse locations:

In 2016, HTC set up logistics warehouses in the eastern United States to meet the needs of the e-commerce market in the United States, however, with the deepening of operations and data analysis, HTC found that the proportion of customers in the western United States is higher. In order to reduce the carbon footprint during transportation, it was decided to add a warehouse in the West Coast in October of the same year. This not only improves distribution efficiency, reflects the emphasis on customer service, but also significantly reduces carbon emissions.

In addition, HTC has successively adjusted the location of its warehouses in Europe, America and Australia, focusing on locations close to international airports/seaports.

Through a comprehensive review, this strategy has been validated by warehouse adjustments, and XR ELITE products can significantly reduce the carbon emissions generated by transportation by about 38.6% during the distribution process due to the reduction of delivery distances, demonstrating the commitment to environmental protection.



Choosing a low-carbon means of transport:

According to the data, shipping by sea can reduce carbon emissions by more than 95%. In addition to increasing the amount of ocean freight with lower carbon emissions, it has also increased the mode of rail transportation, and the shipments to the East of the United States will be transported by sea to ports in the West of the United States, and then transported by truck to the East of the United States by rail, which can reduce carbon emissions by 85% per pallet on average. In 2023, our VIVE XR Elite will increase the proportion of sea and air freight weight, and the proportion of ocean freight will increase by 25% compared to VIVE Flow. And continue to promote and improve.



Multiple orders or multiple products are combined to reduce the number of deliveries:

In order to reduce the number of product deliveries and reduce carbon emissions, HTC continues to consolidate multiple orders for the same customer or destination as much as possible, and in 2023, the average air, sea and land transportation consolidation rate reached 72%.

HTC's commitment to sustainable logistics not only reduces carbon emissions, but also reduces costs and improves shipping efficiency, resulting in a win-win situation for businesses and customers. In the future, we will continue to focus on green transportation solutions, and work with partners who also attach importance to sustainable development to contribute to reducing the carbon footprint of the planet.

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. We support the balance between local procurement and supply chain diversification. In addition to reducing the carbon emissions of the overall supply chain and creating local employment opportunities, it can also reduce the risks of the overall supply chain. The amount of local procurement of raw materials account for 56.39%. We not only require our suppliers to provide quality services and products, but also measure our supply chain against stringent ethical and environmental standards.

Starting from 2022, we will increase the proportion of ESG scores in the supplier quarterly business review (QBR) scorecard, in order to grow simultaneously with our supply chain partners on the road to sustainability.

Supply chain management mechanism

HTC has participated in the Responsible Business Alliance (RBA) since 2023 and actively participates in discussions and actions on various supply chain social and environmental responsibility issues to understand the trends in the implementation of social responsibility by international companies and the practical experience of members. The company follows the RBA Global Responsible Business Alliance Code of Conduct and formulated the HTC Supplier Code of Conduct. It is committed to improving and enhancing the environment, labor rights, ethics, safety and health, and expanding the social responsibility of the supply chain system. We also hold supplier meetings from time to time every year to promote relevant issues. To ensure effective implementation, supply chain ESG management and plans are formulated and implemented after discussions between the procurement unit and the sustainability office, and are supervised by the ESG Committee.

HTC Supplier Code of Conduct

The HTC Supplier Code of Conduct details the responsibilities and regulations that have to be followed by all suppliers doing business with HTC. In addition, HTC also conducts a regular assessment of the implementation of the Code as the basis for our further selection of business partners. At the end of 2023, there were a total of 96 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](#).

Supplier management objectives

2023	2025	2030
<p>Target (Target: Tier 1 suppliers)</p> <ul style="list-style-type: none"> Supplier Code of Conduct 100% return rate RBA SAQ completion rate 75% CDP survey response rate 75% 100% conflict-free minerals (3TG) Conflict Minerals (Cobalt and Cloud) 100% survey rate 	<p>Target</p> <ul style="list-style-type: none"> Supplier Code of Conduct 100% return rate RBA SAQ completion rate 80% Climate Change Management: CDP survey response rate 90% Suppliers report 75% of their carbon emissions to CDP 100% conflict-free minerals (3TG) 	<p>Target</p> <ul style="list-style-type: none"> Supplier Code of Conduct 100% return rate Climate Change Management: CDP survey response rate 95% Suppliers report 85% of their carbon emissions to CDP 100% conflict-free minerals (3TG)
<p>achievement</p> <ul style="list-style-type: none"> ✓ 100% ✓ 79% ✓ 94% ✓ 100% ✓ 100% 		

The HTC Supplier Social Responsibility Assessment and Audit

In addition to fulfilling its own corporate sustainability responsibilities, HTC has also extended the concept of sustainability management to the supply chain. Manufacturing suppliers are located in Taiwan, China, the Philippines, the United States, Malaysia, South Korea, Thailand, Singapore, Japan, Vietnam and other regions, and the main production bases are located in China and Taiwan.

HTC values the ESG performance of its suppliers, and not only evaluates its suppliers' ESG performance on a regular basis, but also conducts supplier ESG communication meetings and provides RBAs from time to time Web-based training courses to ensure that supplier partners understand and comply with the Supplier Code of Conduct. By providing consulting and counselling services, we work hand-in-hand with our suppliers to build stronger partnerships to drive sustainable development.

A Quick Look at the HTC Supply Chain Management

Definition of HTC Critical Supplier

Due to differences in industry characteristics and supplier category attributes, critical suppliers are defined based on purchase amount (annual transaction amount is the top 80% of the total purchase amount for direct suppliers), substitutability, strategy and technological leadership.

Management Mechanism

- New Supplier Management**
 - New suppliers must pass the new supplier assessment and sign the HTC (RBA) Code of Conduct before they can become an official supplier. 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, on-site audits are also conducted. No new suppliers in 2023.
- Quarterly Evaluations**
 - During the quarterly supplier business review meeting, key suppliers are evaluated on their sustainability performance through the ESG scorecard based on the five major aspects of labor, environment, health and safety, ethics, and quarterly project performance. Each aspect is assessed in terms of legal compliance, performance exceeding legal requirements, and management system certification, and the sustainability performance of key suppliers is verified to be included in the priority supplier selection considerations.

Yearly On-site Audit

- Since the implementation of "Supply Chain Social Responsibility Audits and Performance Evaluations" in 2011, we have adopted the latest version of the RBA Code of Conduct, which includes: labor, health and safety, environment, ethics, and management systems. We introduced the RBA Risk Assessment Platform in 2023 to assess high-risk suppliers through information such as supplier country risks, manufacturing processes and product categories, as well as the RBA Self-Assessment Questionnaire (SAQ). We also encourage suppliers to actively implement the Validated Assessment Program (VAP) to expand the usage scope of audit results and enhance overall industry responsibility and compliance.
- In 2023, a total of 69 suppliers (100 factories) underwent the high-risk supplier assessment process. A total of 36 audits (number of factories) were conducted, all of which were carried out on-site. Nearly 90% adopted the RBA Validated Audit Process (RBA VAP), with details provided in the "2023 On-site Audit Results Analysis". The comprehensive assessment showed that among the high-risk suppliers, 41% have already implemented RBA VAP. We will further identify high-risk suppliers that have not implemented RBA VAP for on-site audits in 2024.
- In response to the identified deficiencies, HTC not only requires suppliers to provide corrective measures but also offers them the Company's experience in the implementation management systems for reference. If the audit results are below standard, these suppliers are placed on the priority list for on-site audits in the following year to prevent similar incidents from occurring again. There were no suppliers whose audit results did not meet the standards in the current year.

2023 On-site Audit Results Analysis

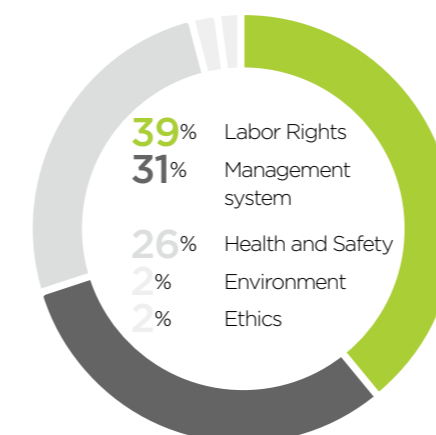
Percentage of all Tier 1 suppliers in the RBA-validated audit process

2023-12 edition SASB criterion	2023
The number of suppliers that have been audited by a third party / Number of facilities across all trading providers	36%
The number of high-risk suppliers that have been audited by a third party / Number of high-risk provider facilities	41%
Percentage of people who fail to pass the audit	-
Significant missing numbers / Number of supplier facilities that have been audited by a third party	0.06
Other missing numbers / Number of supplier facilities that have been audited by a third party	5.47
Number of significant missing improvements / Significant missing numbers	0%
Number of other missing improvements / Other missing numbers	44%

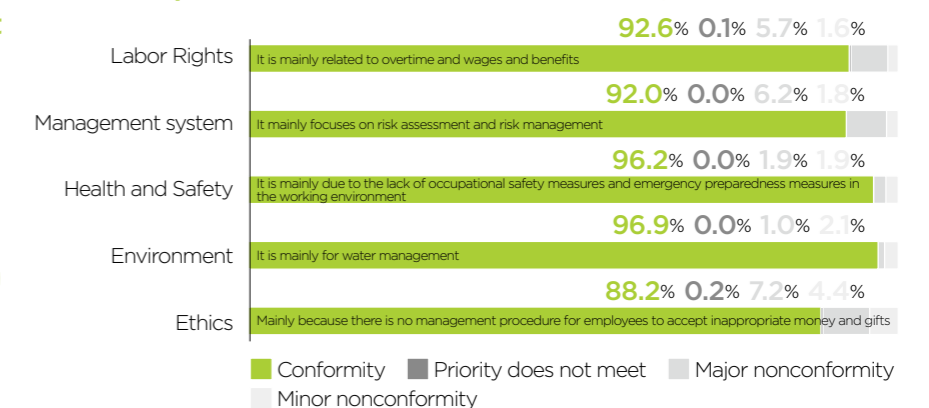
Note:

- In 2023, the RBA risk assessment tool will be introduced and the RBA Self-Assessment Questionnaire (SAQ, Self-Assessment Questionnaire) survey will be used. High-risk suppliers will be judged to be high-risk by the RBA SAQ or have not been completed. SAQ and rated as high risk/medium risk facilities by RBA Risk Assessment Platform.
- Third-party audits include HTC on-site audits and VAPs, and are based on RES pass standards.
- The statistical period is the data of supplier facilities that were audited by HTC in 2023 or VAP.
- In response to the above findings, HTC in addition to requiring suppliers to reply to improvement measures, it also provides suppliers with experience in the introduction and implementation of the management system, and if the audit results do not meet the standards, they will be included in the priority list of on-site audits in the next year to avoid similar situations from happening again. Suppliers who have not had audit results that do not meet the standards in the current year.

Distribution of non-conformities found in the audit



RBA Compliance with the Code of Conduct (%)



Note: The statistical period is the supplier's facility data that was audited by HTC's on-site audit or Effectiveness Audit Program (VAP) in 2023

Supplier capacity improvement

Vendor ESG Communication meetings

We continue to communicate with our suppliers to help them improve their ability to respond to sustainability issues, and encourage them to incorporate sustainability into their corporate management agendas. In line with HTC's sustainability strategy, we hold various supplier sustainability seminars, and provide the latest ESG development trends, analyze the main priorities and actions of the supply chain in various issues, and strengthen the cooperative relationship through two-way communication. It also provides the supply chain with the ability to enhance environmental and social responsibility. In 2023, three supplier training sessions were held, with more than 295 suppliers participating.

RBA Web-based training courses

We offer the RBA e-Learning Academy training system to encourage suppliers to learn synchronously. At the same time, we continue to follow up on the changes and updates to the terms of the RBA Code of Conduct, and release them to suppliers in a timely manner, providing interpretation of relevant content and consulting services for the implementation of improvement plans.

In addition, when there is a major change in the Code of Conduct, we will educate and train relevant personnel and suppliers within the company in order to quickly and effectively introduce new issues and establish the necessary organizational norms and capabilities. Following the release of the 8th edition of the RABA Code of Conduct in 2024, we will arrange for relevant personnel to participate in training activities to ensure that they are aware of and comply with the latest requirements of the Code.

Supply Chain Climate Engagement

To truly reduce environmental harm in a meaningful way, companies must connect with their entire supply chain and take collective action to assess and reduce supply chain climate risks. HTC's net-zero commitment represents not only HTC's determination to promote zero-carbon transformation, but also an oath to work with the supply chain to take positive actions towards low-carbon transformations. We are committed to reducing value chain carbon emissions by 25% in 2030 compared with the base year (2021) through initiatives, establishment of supplier climate capabilities, and supply chain greenhouse gas management strategies.

Climate capacity building

HTC uses various supply chain projects combined with education and training to enhance the supply chain's ability to respond to sustainable development challenges. We continue to invite suppliers to participate in supplier ESG communication meetings, CDP project briefings, and provide relevant social and environmental responsibility management training, so that suppliers can understand the latest knowledge and trends. We provide suppliers, HTC management, and industry experts with opportunities for multilateral communication. In the series of annual supplier communication meetings, we shared the latest international corporate sustainability trends and climate change mitigation and adaptation, as well as HTC's project goals related to supply chain ESG management.

In 2023, we focused our communication on the digitization of carbon management, strengthening supply chain climate management capabilities through the CDP supply chain program, and the new HTC supply chain carbon management system. Based on the life cycle assessment (LCA) carbon footprint system, we will effectively collect and manage carbon emissions at the supply chain end to build the foundation for the HTC's net-zero carbon emissions promotion.

At the beginning of 2024, the HTC supply chain carbon management platform will be officially launched, and in the future, we will further introduce an internal carbon pricing system, which will take carbon emission costs into the consideration of corporate operations, and integrate this system into supply chain management to promote suppliers to participate in carbon reduction actions. At the same time, we have actively launched the "Supply Chain engagement" project, which is expected to guide 10 local suppliers to build carbon inventory capabilities and set carbon reduction actions and targets, through which we will continue to strive to implement the concept of sustainable development and contribute to environmental protection.

CDP Briefing

In 2023, HTC partnered with CDP to host CDP briefings for HTC suppliers to provide climate-related international information and management trends. Assist the supply chain to better understand the content of the company's response to the CDP questionnaire, including issues related to the transformation plan and the process of using the CDP website and online response system (ORS). In this way, we look forward to understanding the significance of suppliers' disclosure of climate information, improving the quality of disclosure information, and strengthening the awareness of the importance of climate management, and we hope that more companies can join the ranks of climate management.

Supply Chain GHG Management

HTC has made onto CDP's 2023 Supplier Engagement Leaderboard, which is the highest grade of Supplier Engagement Rating (Grade A). Among more than 11,500 companies around the world that participated in the rating, only 450+ companies can receive this highest honor.

To make truly meaningful reductions in harm to the environment, businesses must cascade action down the entire supply chain. We're proud to have earned a place as a leading company on CDP's 2023 Supplier Engagement Leaderboard, for taking action to measure and reduce climate risk within our supply chain. "As a Supplier Engagement Leader, HTC is demonstrating supply chain leadership, a prerequisite for the transition towards a net-zero, nature-positive future." - Simon Fischweicher, Director of Supply Chain and Reporter Services, CDP.



HTC became a CDP Supply Chain Member in 2023 and further integrated supply chain CDP performance into the ESG scorecard to manage the environmental impacts caused by the supply chain and incorporate supplier rating results into procurement evaluations, thereby advancing the overall supply chain's ability to address climate change.

In 2023, the CDP questionnaire response rate for Critical suppliers reached 94%. Among them, over 70% of suppliers reported on Scope 1/Scope 2, 77% included climate issues in board-level oversight, 62% set carbon reduction targets, and 30% used renewable energy. We will continue to communicate with tier-1 suppliers, gradually expand our influence, and work with upstream suppliers to deepen the carbon management capabilities of the industry chain.

Suppliers achieve performance

	2023 HTC Supply Chain	2023 CDP Global Supplier Average
Percentage of suppliers reached		
Overall response rate	94%	66%
Climate issues are included in the scope of director-level supervision	77%	74%
Climate risk analysis	73%	69%
Integrate climate into business strategy	80%	79%
Carbon reduction target setting	62%	46%
Take action to reduce carbon emissions	66%	56%
Report Scope 1 emissions information	78%	67%
Report Scope 2 emissions information	74%	62%



Responsible Procurement of Minerals

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 2023, 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

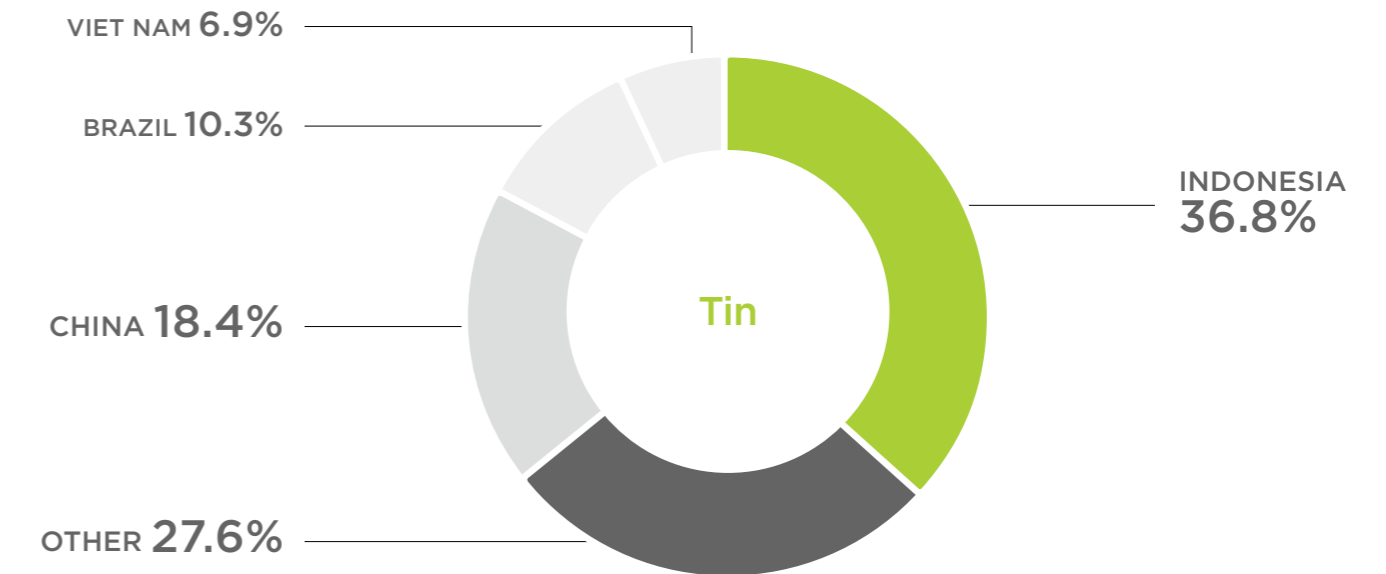
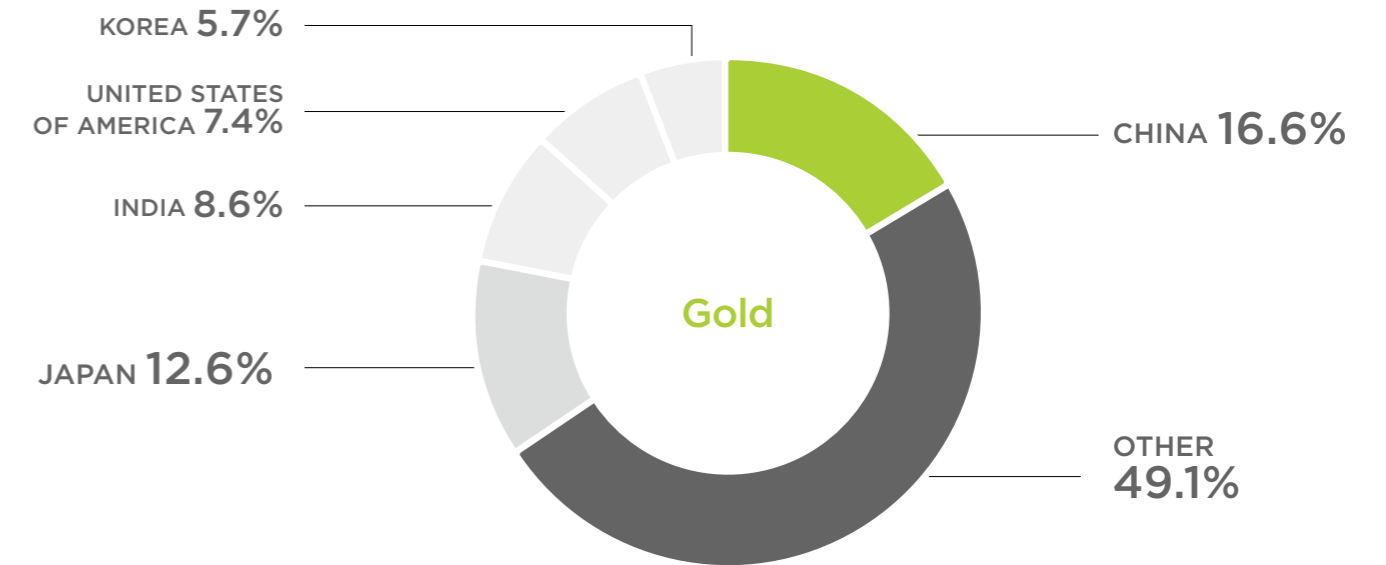


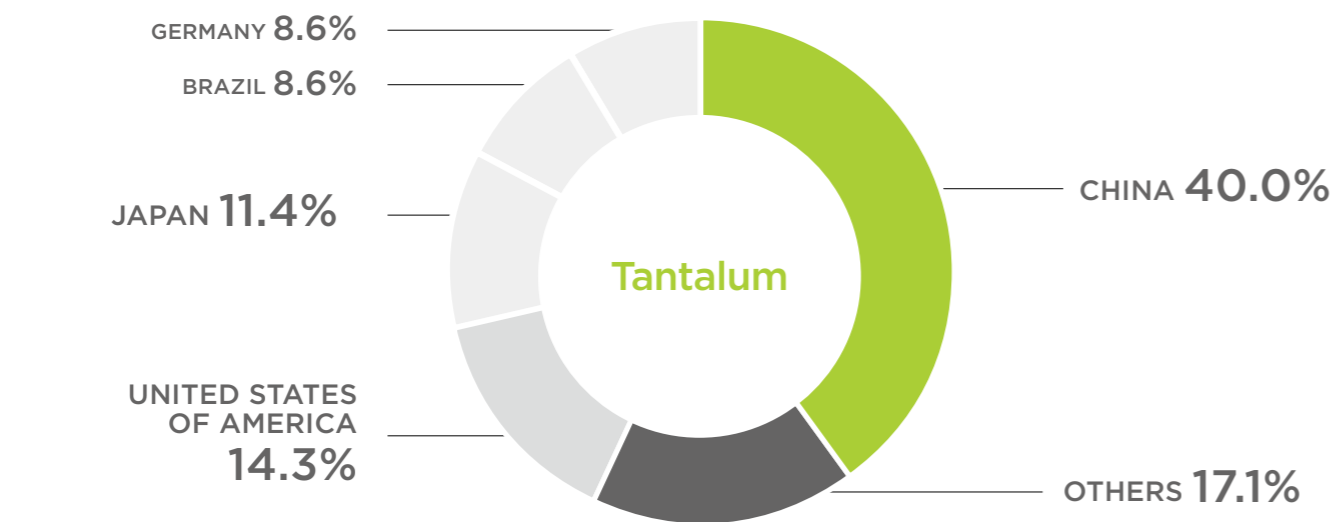
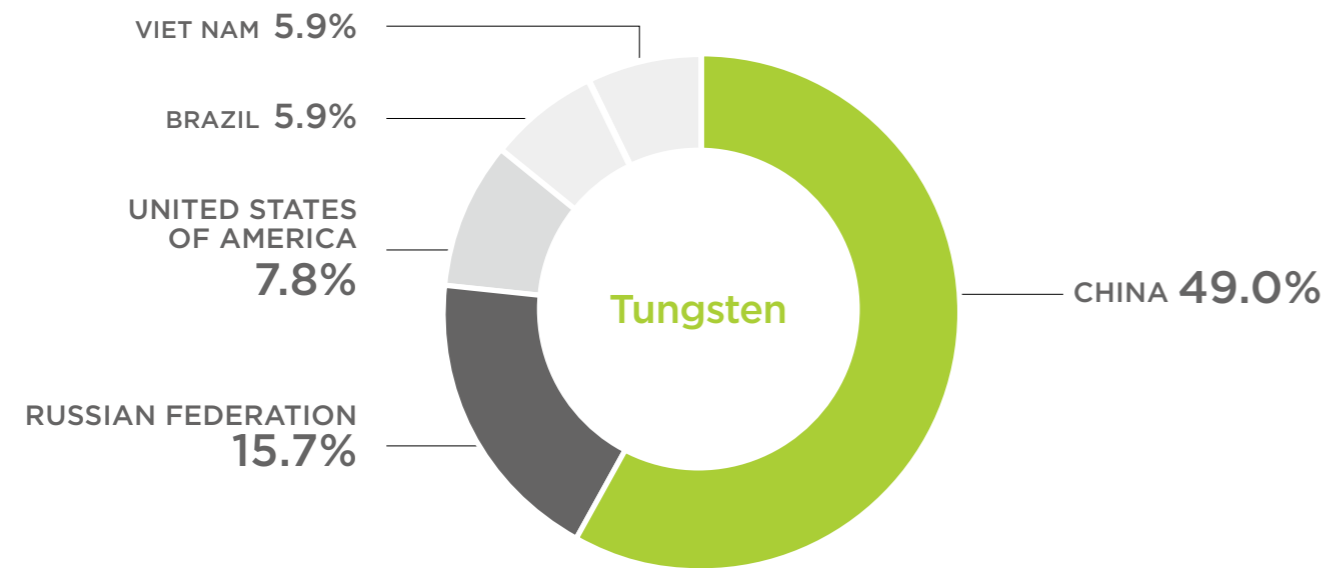
Point of use:
Used on lithium batteries
Intended use:
As electrode material for lithium battery



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, Germany, 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, Portugal, Saudi Arabia, Singapore, Spain, Sudan, Sweden, Thailand
 2. Smelter countries of Tantalum include: Estonia, India, Kazakhstan, Mexico, 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, Congo
 4. Smelter countries of Tungsten include: Germany, Japan, Korea, Austria, Philippines, Taiwan




VIVE
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Friendly Workplace



Human Rights Management and Commitment

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
Employees	
Labor-capital Relation	
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 2023, a total of 4 employee complaints were received, which were accepted by human resources, and according to the needs of the case, together with occupational safety, legal affairs and other relevant units, the investigation, disposal, response to employees and follow-up of cases were carried out in a confidential manner at the first time, and there were no cases of illegal infringement in the workplace, and in addition, the company did not have any cases of violation of 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 factors into account 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.
Diversified equal rights	
Anti-discrimination	At HTC, we uphold the principle of equal opportunity and ensure that we do not tolerate any form of discrimination in recruiting, 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.
Good Workplace	
Provide a safe working environment and training for workers	HTC is committed to creating a safe and healthy workplace environment and conducts regular and irregular inspections of workplaces, vehicles, equipment, facilities, and firefighting equipment to ensure a safe 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 2023, 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 2023. See the ' Sustainable Supply Chain ' section for further details.
Labour human rights	
Free choice of profession	
Unemployed child labor and illegal labor	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, identifying deficiencies and taking corrective actions, 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. By the end of 2023, a total of 96 suppliers signed the code of conduct; a 100% return signing rate. See the ' Sustainable Supply Chain ' section for more details.
No Forced Labor	
Salary and Benefits	
Human Treatment	
Anti-discrimination	
Freedom of Association	
Corporate Customers	
Personal Information Security and Privacy	
No personal information or other information leaks	Attaching great importance to the security of personal data and information, 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 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 during menstrual cycles, providing a comfortable environment for rest, equipped with electric heating pads and far-infrared therapy devices, 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 3,528 times in 2023.
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 2023, a total of 24 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
2021	15	31	46
2022	18	59	77
2023	16	25	41

Employees Applying for Unpaid Parental Leave and Resuming Duty after Leave in 2023

	Male	Female	Total
The Number of Qualified for UPL for Raising Children in 2023 (Note 1)	71	38	109
The Number of Person Actual Applied UPL in 2023	5	11	16
UPL Application Rate in 2023 (Note 2)	7%	28.9%	14.6%
The Number of Reinstatement-to-be in 2023	4	12	16
The Number of Application for Reinstatement in 2023 (Note 4)	4	9	13
Reinstatement Rate in 2023 (Note 5)	100%	75%	81.2%
The number of Application for Reinstatement in 2022 (Note 3)	1	9	10
The Number of Retention Over 1 Year After Reinstatement in 2022	1	2	3
Retention Rate in 2023 (Note 6)	100%	22.2%	30%

Note:

1. The number of employees eligible to apply for maternity leave and paternity leave in 2023 is calculated based on the number of employees who have taken maternity leave and paternity leave in the past three years (2021-2023)
2. The 2023 application rate for parental leave = the actual number of people applying for parental leave in 2023/the number of people eligible for parental leave application × 100%
3. The number of people who have been reinstated in 2022 includes those who applied in 2020, 2021 and 2022, and were reinstated in 2022.
4. The number of people who have been reinstated in 2023 includes those who applied in 2021, 2022 and 2023, and were reinstated in 2023.
5. The 2023 Reinstated Rate = Number of reinstated people in 2023 / Number of reinstated people expected in 2023 × 100%
6. The 2023 retention rate = Number of people who continued working for one year after resuming employment in 2022 / Number of people who resumed employment in 2022 × 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 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.

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. We hold quarterly labor meetings regularly as important references for improving various practical aspects. The 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", etc. 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 2023.

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 2023, the corporate labor union has not proposed any demand for collective agreement.

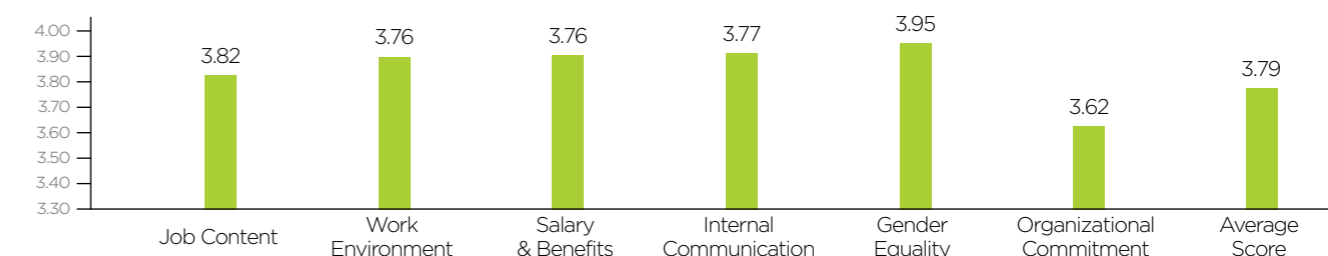
Employee Engagement Survey

HTC values employee voice and recognition, and annually conducts employee engagement surveys to gauge employees' feelings about the company's priority measures so we can strengthen and improve specific programs accordingly.

In 2023, HTC conducted an engagement survey for manufacturing colleagues, sampling 67 people, with a response rate of 100%. The survey result was 3.79 out of 5. The survey covers six aspects: job content, working environment, salary and benefits, internal communication, gender equality and company identity. The results showed that employees affirmed HTC's performance in areas such as gender equality and job content design.

HTC continues to take improvement measures and track improvements to ensure that employee input is taken seriously and that a better work place is created.

The manufacturing employee's questionnaire survey conducted in 2023



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, this Code of Conduct takes precedence over any local regulations. HTC has zero tolerance for violations of the Code of Conduct. Any employee who violates the HTC Employee Code of Conduct will be subject to appropriate action and may be subject to termination of their employment contract.

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, to ensure that employees have a clear understanding of these important issues.

In addition, we provide concrete examples through e-courses to improve the effectiveness of the training sessions. HTC will continue to strive to create a workplace environment that is honest, fair, respectful, and compliant.

Items	Hours	Hours	Unit	2021		2022		2023	
				Person	Total hours	Person	Total hours	Person	Total hours
Preventing illegal infringement in the execution of duties	0.5	Annual/in-service	MFG	494	247	640	362.5	413	425.5

Note: The number of participants in the course on preventing illegal infringement in the execution of duties accounts for 23.4% of the total number of employees in Taiwan.

Overview of Human Resource Structure

At the end of 2023, HTC global employee workforce totaled 2,079. Of these, 28.17% of the global supervisors were women. In addition, HTC's 2023 turnover rate of direct employee in Taiwan is 10.19%, including manufacturing colleagues and contract employees; The global turnover rate of indirect staff was 9.47%, including general colleagues, interns and contract employees; The voluntary turnover rate for full-time employees worldwide is 9.59%.

* 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.

2023 HTC Human Resource Structure Overview

	Direct / Indirect	Male		Female		Total		
		Person	%	Person	%	Person	%	
Employee category	Executive management	Indirect	46	2.21%	9	0.43%	55	2.65%
	Non-executive management	Indirect	640	30.78%	260	12.51%	900	43.29%
	Technical employees	Indirect	374	17.99%	144	6.93%	518	24.92%
	All other employees - Indirect	Indirect	93	4.47%	147	7.07%	240	11.54%
	All other employees - Direct	Direct	112	5.39%	254	12.22%	366	17.60%
Type of employment	Full-time employees		1,256	60.41%	797	38.34%	2,053	98.75%
	Part-time employee		9	0.43%	17	0.82%	26	1.25%
	Employees without set hours		0	0.00%	0	0.00%	0	0.00%
Employment contract	Irregular contract/ permanent employees		1,236	59.45%	793	38.14%	2,029	97.59%
	Fixed-term contracts/ temporary employees		29	1.39%	21	1.01%	50	2.41%
Employees with physical and mental disabilities		7	0.34%	3	0.14%	10	0.48%	
Total number of employees	Global employees		1,265	60.85%	814	39.15%	2,079	100.00%

- Note:
- The calculation method in the "Percentage" column is: the number of employees in this type / the total number of employees as of December 31, 2023.
 - The definition of employment job titles is as follows:
 - Executive management: CEO, CMO, CFO and other executive positions above Vice GM.
 - Non-executive management: Director, Managers, Assistant Manager, etc.
 - Technical employees: engineers, senior engineers, principal engineers, etc.
 - All other employees: specialists, senior specialists, principal specialists, etc.
 - Direct employees: All other employees - Direct.
 - Indirect employees: All non-other employees - direct employees fall into this category.
 - The definition of employment type is as follows:
 - 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.
 - 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.
 - The definition of employment contract 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)

2023 HTC Employee Rank Distribution by Age

Age	Male									
	Executive management		Non-executive management		Technical employees		All other employees		Total	
	Person	%	Person	%	Person	%	Person	%	Person	%
≤ 29	0	0.00%	8	0.38%	141	6.78%	41	1.97%	190	9.14%
30-50	24	1.15%	540	25.97%	231	11.11%	149	7.17%	944	45.41%
≥ 51	22	1.06%	92	4.43%	2	0.10%	15	0.72%	131	6.30%
Total	46	2.21%	640	30.78%	374	17.99%	205	9.86%	1265	60.85%

Age	Female									
	Executive management		Non-executive management		Technical employees		All other employees		Total	
	Person	%	Person	%	Person	%	Person	%	Person	%
≤ 29	0	0.00%	6	0.29%	52	2.50%	53	2.55%	111	5.34%
30-50	4	0.19%	227	10.92%	91	4.38%	273	13.13%	595	28.62%
≥ 51	5	0.24%	27	1.30%	1	0.05%	75	3.61%	108	5.19%
Total	9	0.43%	260	12.51%	144	6.93%	401	19.29%	814	39.15%

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		Executive management		Non-executive management		Technical employees		All other employees		Total	
		Person	%	Person	%	Person	%	Person	%	Person	%
2021	Male	43	1.97%	610	28.01%	357	16.39%	280	12.86%	1,290	59.23%
	Female	12	0.55%	235	10.79%	127	5.83%	514	23.60%	888	40.77%
	Subtotal	55	2.53%	845	38.80%	484	22.22%	794	36.46%	2,178	100.00%
2022	Male	45	2.07%	628	28.90%	368	16.94%	249	11.46%	1,290	59.36%
	Female	12	0.55%	252	11.60%	134	6.17%	485	22.32%	883	40.64%
	Subtotal	57	2.62%	880	40.50%	502	23.10%	734	33.78%	2,173	100.00%
2023	Male	46	2.21%	640	30.78%	374	17.99%	205	9.86%	1,265	60.85%
	Female	9	0.43%	260	12.51%	144	6.93%	401	19.29%	814	39.15%
	Subtotal	55	2.65%	900	43.29%	518	24.92%	606	29.15%	2,079	100.00%

HT Global Site Employee Structure Distribution

Percentage of gender group representation of global employees in HTC 2023

	Global	
	Female	Male
Executive management	0.43%	2.21%
Non-executive management	12.51%	30.78%
Technical employees	6.93%	17.99%
All other employees	19.29%	9.86%
Total	39.16%	60.84%

The total number of employees that require a work visa in the past three years

Year	Employees that require a work visa			
	Male		Female	
	Person	%	Person	%
2021	7	0.32%	2	0.09%
2022	12	0.55%	2	0.09%
2023	10	0.48%	2	0.10%

Total number of employees in HTC by region

		Permanent employees	Full-time employees	Part-time employees	Temporary employees	Employees without set hours
APAC	Taiwan	1,714	50	1,742	22	0
	Others	137	0	137	0	0
America		99	0	99	0	0
EMEA		79	0	75	4	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	%
2021	1,097	50.4%	756	34.7%	193	8.8%	132	6.1%
2022	1,087	50.0%	752	34.6%	203	9.3%	131	6.0%
2023	1,062	51.1%	688	33.1%	203	9.8%	126	6.1%

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

Year	APAC				America		EMEA		Total
	Taiwan	Others	Subtotal		Person	%	Person	%	
	Person	Person	Person	%					
2021	1,862	143	2,005	92.1%	94	4.3%	79	3.6%	2,178
2022	1,852	145	1,997	91.9%	94	4.3%	82	3.8%	2,173
2023	1,764	137	1,901	91.4%	99	4.8%	79	3.8%	2,079

2023 HTC global new and resigned employee statistics

	APAC				America		EMEA									
	Taiwan		Others		Male	Female	Male	Female								
New Recruits of Employees																
Age	Male	Female	Male	Female	Male	Female	Male	Female								
	Person	%	Person	%	Person	%	Person	%								
≤ 29	72	3.79%	56	2.95%	2	0.11%	1	0.05%	3	3.03%	0	0.00%	3	3.80%	0	0.00%
30-50	55	2.89%	35	1.84%	11	0.58%	8	0.42%	13	13.13%	6	6.06%	10	12.66%	3	3.80%
≥ 51	0	0.00%	2	0.11%	1	0.05%	0	0.00%	0	0.00%	0	0.00%	1	1.27%	1	1.27%
Subtotal	127	6.68%	93	4.89%	14	0.74%	9	0.47%	16	16.16%	6	6.06%	14	17.72%	4	5.06%
Total					243		22		18							
%					12.78%		22.22%		22.78%							

Age	Turnover of Employees															
	Male		Female		Male		Female		Male		Female					
	Person	%	Person	%	Person	%	Person	%	Person	%	Person	%				
≤ 29	35	1.84%	34	1.79%	3	0.16%	1	0.05%	1	1.01%	2	2.02%	0	0.00%	0	0.00%
30-50	103	5.42%	99	5.21%	9	0.47%	10	0.53%	5	5.05%	3	3.03%	9	11.39%	5	6.33%
≥ 51	11	0.58%	22	1.16%	2	0.11%	1	0.05%	2	2.02%	1	1.01%	2	2.53%	0	0.00%
Subtotal	149	7.84%	155	8.15%	14	0.74%	12	0.63%	8	8.08%	6	6.06%	11	13.92%	5	6.33%
Total					330		14		16							
%					17.36%		14.14%		20.25%							

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: 1,901 people from Asia; 99 people from the Americas; and 79 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. For example, in 2023, we invited the heads of R&D units to participate in the Campus Talent Expo, not only to introduce HTC's VIVERSE Metaverse ecosystem, but also to promote our talent needs through on-site sharing by supervisors. Such events not only allow job seekers to better understand the strengths, characteristics and value of HTC metaverse talents, but also effectively enhance brand awareness.

“ We firmly believe that we can shape the corporate charm of “bringing people together” through such innovative momentum. ”

When recruiting partners for joint interviews, observing the supervisor's interview and providing exclusive feedback can help improve talent selection capabilities. The selection of supervisors is critical to talent density and corporate competitiveness. In addition, we believe that members with diverse backgrounds and professions can stimulate more creative ideas that go out of the box and generate leapfrog innovation momentum.

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, and cooperate with schools to hold youth resume health screening activities and National Taiwan University talent sustainability and industry-university co-education initiatives to promote in-depth exchanges and interactions with current students. HTC has worked with schools to build an industry-academia co-education talent platform to enhance the competitiveness of Taiwan's sustainable talents.

In addition, HTC offers internships each year that allow students to apply their knowledge and technology to industrial practice, gain a deeper learning experience, and quickly adapt to the workplace culture to enhance their competitiveness in the workplace. In 2024, HTC is expected to officially join the "Taiwan Mentor Program - Interdisciplinary Internship Program" of National Taiwan University, and HTC will provide internship vacancies and corporate mentorship system for any department to serve as a corporate guide. Combined with the development trend of the industry, focusing on the three themes of sustainability, intelligence and innovation, students participate in related projects in cooperation with HTC to lay out the future. Through this program, HTC is able to identify potential talent, prioritize development and provide job opportunities that lead them directly to become HTC employees.

Diverse Recruitment Approaches to Put the Spotlight on Brand Value

In 2023, HTC launched a new version of the talent acquisition system, which not only provides employers with functions such as online application for manpower needs, viewing job vacancies, resume search, and interview progress tracking, but also provides candidates with a more convenient, faster, and more efficient recruitment process experience! 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.



Talent Cultivation and Development

HTC not only pursues its own excellence 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 to achieve symbiosis and co-prosperity between employees and the company.

2023 HTC talent training goals and achievement



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.

Talent cultivation and development system

Level		New Training	IC Functions	Management functions	Multiple platforms	Job skills
Managerial positions	Executive	<ul style="list-style-type: none"> One on One (Legal /IT/ HR/OSH) 		<ul style="list-style-type: none"> Leading People Lead change Strategic thinking and decision-making 	<ul style="list-style-type: none"> Thinker Forum Areas of Focus: Technology, Business, Art and Culture 	Language Proficiency Enhancement Program
	People Manager	<ul style="list-style-type: none"> Corporate culture training GA Introduction OSH Training Courses prescribed by law 	<ul style="list-style-type: none"> Customer Focus Teamwork Driving for Result Communication & Influencing Planning & Organizing 	<ul style="list-style-type: none"> Sense Academy Share a variety of real-time topics 	Learning platform	
Professional occupation	General Staff					

Supporting Taiwan's talent through practical actions

As a pioneer in technological innovation, HTC has always regarded talent cultivation and development as a top priority. With the rise of ESG and DEI, global companies are paying more and more attention to the social responsibility of talents. In this environment, in 2023, HTC continued to participate in and support the initiative of "TALENT, In Taiwan, Talent EGS Action Alliance"!

We are committed to promoting six aspects of sustainable talent development, including "Meaning & Value", "Diversity & Inclusion", "Organizational Communication", "Rewards & Incentives", "Physical & Mental Health" and "Talent Growth". In a rapidly changing industrial environment, we are committed to take these key aspects into account to ensure the sustainable competitiveness of our talents.

We work with "Commonwealth Learning", "Cheers Happy Workers" and more than 200 alliance partners to advocate for the Hope Project to nurture talent and create a better future for everyone.

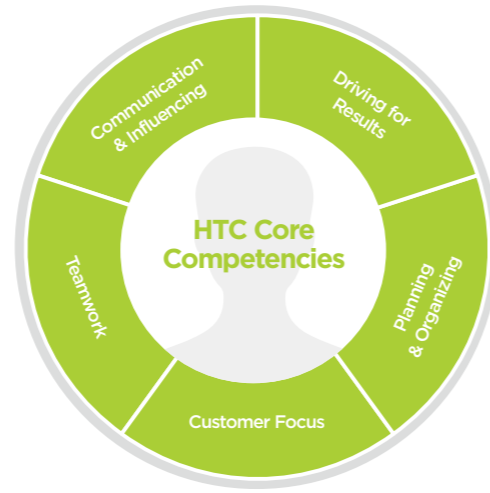


Five Core Competencies

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 expertise and skills to meet future challenges. In 2023, we held:

8 in-person courses and online lectures, including "Logical Expression", "Storyteller - Speak 10x Value" and "Listen Before You Speak - Conflict Resolution Communication Course" in the Communication and Influence category; the result-oriented "Responsible Worker"; "OGSM Building Agile Teams" in the teamwork category; "Design Sprints" for Customer-Oriented Studies; and "Project Management Practice Study" in the category of planning and organizational skills. A total of 333 people participated in the training, with an average overall satisfaction rate of 4.75 points.

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. Through these initiatives, we are committed to expanding our human capital, creating competitive advantage, and helping our employees to continuously learn and improve to meet the ever-changing challenges.



▲ 2023 IC Training



Assist new employees to quickly integrate into the process

With a deep understanding of the importance of attracting the best talent, HTC has planned and executed a series of orientation programs designed to help new employees quickly integrate into the company and reach their full potential. These courses cover the knowledge of the company's institutional norms, history and culture, etc., and provide a variety of resources to help employees demonstrate their professional value. For newly hired executives, we provide customized one-on-one orientation courses to ensure that they can smoothly integrate and contribute to the development of the company.

Welcome activities on the first day of registration	Dedicated human resources personnel will assist them in completing the documents required for registration, introducing the company's environmental facilities and internal platform systems, and quickly becoming familiar with the resources required for work
Orientation and new employee training courses	Complete the online training courses for new employees within three months after registration, including occupational safety, information security, and self-reading courses, to help new employees become familiar with the company's norms and behavior guidelines in the shortest possible time
Quarterly physical new training activities	In order to help new employees better understand the company's organizational structure, vision and values, and current main products, integrate into HTC's culture, and enhance their sense of identity with the company, we comprehensively updated the training course materials for newcomers in 2023, and launched a physical half-day training course from the fourth quarter. By the end of 2023, a total of 34 new employees have been trained in two shifts
New employee experience questionnaire	After completing various new employee training courses, new colleagues were invited to fill in questionnaires. The survey areas included "work content", "supervisors and peers getting along", "working environment", "training resources", etc. A total of 77 valid questionnaires were collected, and the overall satisfaction of this course reached 4.4 points

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

Senior Executives

Successful managers are the helmsmen who lead the enterprise forward. In order to cultivate the strategic thinking and leadership skills of senior executives, we arranged the GLS Global Leadership Summit in 2023, with a series of speeches and thematic sharing by world-class leaders, top scholars and leadership masters, to help executives lead their teams to achieve their goals and inspire colleagues to realize their potential in the thinking of "leading others, leading the company, and leading themselves".

Grassroots Supervisors

Grassroots supervisors are an important core strength of HTC, a bridge between the company and employees, adhering to the principles of diversity and inclusion (DEI) to jointly create an innovative, inclusive, and welcoming workplace environment, and shoulder the responsibility of cohesion and nurturing subordinates. In 2023, we will be practice-oriented, combining theory and case analysis, to plan comprehensive management training, covering topics such as subordinate cultivation and coaching skills, coaching-style counseling and behavioral case interview skills, to help new managers grow and make breakthroughs in team building, employee motivation, problem solving and goal achievement, so as to provide guidance and help for employees' career development. The annual satisfaction rate of the management and leadership training course is as high as 4.8 out of 5, which is highly praised.

Professional workers

i IC Training

We design courses based on the five core functions to encourage employees to continue learning. Through various forms such as physical workshops and online lectures, we encourage colleagues to enhance their soft power in the workplace and enhance key development functions in the workplace. In 2023, a total of 8 physical and online courses were held, with a total of 333 participants and an average overall satisfaction rate of 4.75 points.

ii HTC Talk

In order to provide colleagues with opportunities for close communication with scholars in various fields, we will invite the internationally renowned quantum physicist John. Dr. John Martinis gave a special speech on "System Engineering" and shared his and his team's research and achievements in the field of quantum computers. In November of the same year, Dr. Edward Y. Chang, a visiting professor at the Department of Computer Science at Stanford, shared "SocraSynth: Multi-Agent Reasoning with Large Language Models", using concise and clear case explanations to lead HTC colleagues to understand generative AI and large languages. Problems that models can solve in contemporary times and their applications

iii Trend Lectures

HTC pays attention to international digital economy, management policies and trend issues. In 2023, it will cooperate with the Information Policy Council to bring a series of trend lectures, covering "Generative AI Application Trends", "Information Security Industry Development under the AIoT Wave", "2023 Global Computing System" "Market Development and Hot Topic Observation", "Global Green Digital Dual-Axis Transformation" and "2030 Trend Forecast", the content is rich and diverse, stimulating innovative thinking among colleagues.



2023 Management Training



2023 HTC Talk - Dr. John Martinis 「System Engineering」 speech

AI Lectures and application practice

In 2023, We witness the explosive growth of generative artificial intelligence technology, deep learning models.

Deep learning has changed the landscape of human-computer interaction, allowing machines to understand and generate human language and content more naturally. This trend has not only increased the flexibility and functionality of the system, but has also had a profound impact on the way people work.

In response to this new technology trend, HTC has specially planned the "AI Webinar" in 2023. These lectures cover AI ethics, information security risks, and applications such as AI office application tool awareness and data analysis visualization. More than 500 colleagues participated in the courses and achieved an overall satisfaction score of 4.4.

In addition, in response to the growing importance of AI in the industry, we also held two AI Hackathon to encourage internal colleagues to collaborate in the development and use of AI Technology can effectively improve work efficiency. A total of more than 35 AI application solutions were proposed, and 21 winning teams were selected.

Thinker Forum

In 2020, the Forum invited Dr. Yuan Tseh Lee to discuss "Global Warming and Sustainability in Taiwan", and what we should know from the global shift and energy transition in Taiwan. In January 2022, the Forum went online with Peter Pu, who spoke about the "2022 Latest Global Risk Trends – Sustainability Challenges and Opportunities" with the Development of Technology, exposing employees to substantial learning and trends for the next 25 years of HTC. In October 2023, we invited Ming-je Tang, President of Chang Gung University, to share the theme of "Corporate Growth Strategy and Innovation Breakthrough", and discussed the importance of business model transformation and innovation culture through domestic and foreign industry cases, and new technologies such as VR and AR with the rapid development of technologies such as AI, how to strengthen organizational resilience and response capabilities is the key to enterprise leadership. In November, Professor Hsin-Chien Huang, director of the International VR Gold Award, was invited to bring "A User's Perspective and the Future of XR", sharing the journey of transnational creation through XR technology in recent years, the presentation concept of his works expands colleagues' understanding of virtual reality and the metaverse, and brings innovative stimulation of the collision of technology and art from different perspectives. Through the exchange and dialogue between top external scholars and experts and internal practice practitioners, we lead employees to confidently face future technological developments and challenges.

Training and Performance Integration

As HTC's organization and business expand, we actively drive innovation and development, while expecting every employee to align with the organization's common understanding and goals. To this end, we have established a systematic performance management system to help employees clarify their job objectives and performance standards. This system covers relevant indicators to help employees think about and plan their annual priorities.

HTC's performance management system is closely integrated with the training and development system, so employees can review their plan progress at any time according to the individual performance goals set at the beginning of the year, and identify the abilities that need to be strengthened and learned. At the same time, they can also participate in courses planned by the company or external training to improve their abilities. In the performance management system, supervisors and employees have in-depth meetings at the beginning of the year to jointly set personal annual goals and performance standards, and at the same time clarify the ability of employees to strengthen and learn for personal development. As time progresses, in the middle of the year, supervisors and employees will jointly review the achievement of goals and adjust the focus and schedule according to the company's development needs. In addition, at the end of the year, employees will conduct a self-assessment to review the achievement of annual goals, and receive feedback from supervisors and peers across units. Such a system allows supervisors to comprehensively evaluate the overall performance of employees and team results, making performance management a core tool for employee development, compensation design and training planning.

In 2023, we have comprehensively updated our performance management training materials, focusing on giving supervisors and employees correct cognition and practical case exercises to avoid common cognitive misunderstandings in performance appraisal and improve communication effectiveness. This year, our overall employee performance appraisal 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.

Employees Training Hours and Sex Ratios at Taiwan All Levels in 2023

Level/ Gender	Total Course (Hours)		Average Training Hours	
	Male	Female	Male	Female
Executive management	84	137.5	2.33	17.19
Non-executive management	2,158.5	1,537.75	4.43	8.74
Technical employees	1,596	865.17	4.38	6.27
All other employees	4,132.92	10,044.87	22.22	27.22

Note: Total of training hours of the year/ Total of Taiwan employees of the year end of period = Average 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 to ensure the fairness and reasonableness of remuneration 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.

To retain outstanding talent, we provide appropriate salary adjustments based on employees' annual performance, development potential, company operating conditions and market salary adjustment expectations. In addition, key technology colleagues are provided with retention bonuses and long-term incentives ranging.

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

Item	2021	2022	2023	2023 vs. 2022
Full-time employees	1,786	1,093	1,024	-6%
Average salary (NT\$)	1,175	1,139	1,208	6%
Average salary (NT\$)	949	897	937	4%
Total employee salary and benefits expenses (NT\$)	2,518,708	1,575,030	1,602,177	2%

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

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 internalize them in their work practices to achieve continuous growth. Due to HTC's presence in the global market, we also encourage employees to continuously improve their English proficiency according to their job needs. In 2023, we assisted the sales team leader to set up two shifts of 36 hours of English briefing classes, and planned a wealth of online English learning resources for the demand team, covering business emails, business negotiations, customer complaint handling, business meetings, etc., to improve employees' English communication skills in the workplace.

Training Result

As the epidemic gradually subsides in 2023, the company's internal and external training will gradually resume, and various departments will pay more and more attention to the career development and learning of employees. In 2022, the company spent about NT\$2.08 million on training-related expenses, and by 2023, the amount has increased to NT\$3.7 million.

HTC Taiwan Employees Training Hours in the Past 3 Years

(Unit : Hour : %)

Year	Total Course (Hours)	Average training hours/ person	Average training days / person	Maximum completion rate of a single course (%)
2021	21,269	11.42	1.43	
2022	19,780.64	10.68	1.34	
2023	20,556.71	11.65	1.46	
	General Courses		Professional Courses	
	Total Course (Hours)	Average training hours/ person	Total Course (Hours)	Average training hours/ person
2022	4,012.38	2.17	15,768.26	8.51
2023	4,128.42	2.34	16,428.29	9.31

Note:
 1. Total of training hours of the year/ Total of Taiwan employees of the year end of period = Average of training hours per person of the year.
 2. Average of training days per person = Total annual training hours / 8 hours (daily working hours) / Total of employees at the end of the year in Taiwan.
 3. In 2021, only the total training hours were recorded, without separating general courses and professional courses.

2023 Ratio of basic starting salary to minimum wage 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\$26,400.

HTC Average Compensation Ratio for Men and Women in Taiwan

Employee Type	Average Compensation Ratio (Male: Female)			
	Executive management	Non-executive management	Technical employees	All other employees
2021	1.26:1	1.19:1	1.18:1	1.03:1
2022	1.46:1	1.19:1	1.14:1	1.11:1
2023	1.41:1	1.20:1	1.14:1	1.10:1

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 2023.

Diversified Employee Welfare

In order to ensure the rights and interests of employees and improve the cohesion of the company, we provide a comprehensive welfare system to all regular employees, and strive to improve the happiness of employees and create a pleasant working environment.

HTC employee welfare measures

Basic benefits	Insurance	<ul style="list-style-type: none"> 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. 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.
	Emergency assistance fund	<ul style="list-style-type: none"> 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.
	Pension systems	<ul style="list-style-type: none"> 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. 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.
Rewards and benefits	Encouragement from senior employees	<ul style="list-style-type: none"> 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.
	Employee Association	<ul style="list-style-type: none"> 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.
Improve facilities	Stadium	<ul style="list-style-type: none"> 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.
	Gym	<ul style="list-style-type: none"> 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 2023, a total of 28,749 users availed of the facility.

Benefits and subsidies	Healthy Catering	<ul style="list-style-type: none"> 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. 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.
	Meal allowance	<ul style="list-style-type: none"> Direct 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 (interns and contract) and direct employees who work during regular working hours receive subsidies ranging from NT\$ 35-50 per shift schedule, as well as daily afternoon tea.
	Transportation	<ul style="list-style-type: none"> 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.
	Employee travel subsidies	<ul style="list-style-type: none"> 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, physical and mental health with family life through tourism. In 2023We cooperate with PayEasy platform. Through the platform cooperation, colleagues can quickly purchase travel itineraries and diversified dining and entertainment tickets through a convenient online platform.
	Children's Scholarship	<ul style="list-style-type: none"> 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 2023 was 347, and 306 in the second semester.
	Child Care Subsidy for 2nd child and beyond	<ul style="list-style-type: none"> HTC is committed to creating a supportive work environment for our employees, and we provide employees with a monthly subsidy of NT\$500 for their second child until the child reaches the age of 1. At the same time, we also encourage our colleagues to achieve a balance between family and career.
	Epidemic Care	<ul style="list-style-type: none"> Despite the gradual easing of the epidemic situation in 2023, HTC Health Centers continue to provide free rapid screening services and implement strict ventilation and disinfection measures in screening areas to ensure that employees entering the office area are not at risk of infection. We are committed to providing our employees with the most effective and timely health care to protect their health in an all-round way.
	Care, attention and protection for people with disabilities	<ul style="list-style-type: none"> Proportion of employees with disabilities : 0.57% (Parent company + Subsidiary) Actively participate in the government's employment policy for people with disabilities, and strive to make jobs more suitable for people with disabilities and improve their work skills through job redesign Ability to adapt. We engage with people with disabilities to understand their needs and continue to work to create a more inclusive work environment.

In support of the company's "paperless policy", we launched a partnership with PayEasy, the country's largest corporate welfare network in 2023. We have changed the travel benefits and three-festival gifts to be distributed in the form of digital points, which not only allows employees to easily purchase travel and accommodation itineraries or hospitality tickets on a one-stop platform, but also saves the time and cost of paper application and verification for employees, and reduces the waste of paper resources. In addition, the online application process for the relevant welfare subsidy applications provided by the Employee Welfare Committee were launched in the second quarter.



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

HTC Gallery is a place where colleagues can rest in their minds, bodies and spirits in a work environment, and stimulate creativity through different artistic creations. Every season, we invite different artists from home and abroad to exhibit their works in the gallery, which has become a creative and dynamic art exchange platform. We cordially invite anyone interested in art to come to HTC Gallery and explore new ideas. In order to enrich and diversify the exhibitions of HTC Gallery, through cooperation with professional galleries in Taiwan and other islands, artists can go out of the gallery space and exhibit their creations in a wider office building. It is also introduced through guided tours such as professional art galleries to enhance HTC's internal artistic atmosphere and increase creative thinking. Below are photos from each of the 2023 HTC Gallery showcases.

2023 Artist Guo Feng Chiu Solo Exhibition



2023 Bluerider Art [Genesis] Overseas Artists Group Exhibition



2023 Yankefu [The Way We Came] Solo Exhibition



2023 The IDEAS Print Studio Group Exhibition



2023 HTC Town Hall and thanksgiving year-end party

As the global pandemic gradually stabilizes, HTC held a thanksgiving year-end party for 2023, which resumed its physical form while incorporating a staff meeting. The event was held on January 5, 2024 at the National Taiwan University Gymnasium, with more than 1,400 Taiwanese colleagues enthusiastically participating. In the event, we not only have the president shared the company's vision and future plans, as well as reports from 18 senior executives who shared their business results for 2023 and their expectations for the new year.

The thanksgiving dinner not only arranged wonderful performances, but also thanked the long-term employees for their hard work. At the event, 20 and 25 years of veteran employees took the stage, and the chairman personally presented commemorative medals in recognition of their long-term contributions. In addition, considering the rapid growth of generative AI in 2023, the winning teams of the two tiers of AI Hackathons were also recognized at the event. More than 400 cash and gift prizes were awarded throughout the event to convey the company's deep appreciation for their hard work and continuous innovation.

Employee activities in 2023

To celebrate Mother's Day in May, HTC has planned two special events at two of its main locations in Taiwan:

Xindian : "Drink with you - hand-brewed plum wine"

In cooperation with the local social enterprise "CAN Culture, Art & Nature" in New Taipei, we held a handicraft class for colleagues to easily complete the hand-brewed plum wine in just two hours under the guidance of the instructor, and can take it home to share with their loved ones. The income of this course was directly returned to the local plum farmer and local innovation schools, making a modest contribution to the sustainable development of the local community.

Taoyuan: "Accompany you to do public welfare - second-hand sale".

Before Mother's Day, we co-hosted a two-day second-hand bazaar with our friendly manufacturer, MSI. We collected more than 200 items, with a total proceeds of NT\$43,599 from the charity sale, all of which were donated to the Orphan Welfare Foundation.

Participation Hand-brewed plum wine: 65 participants, satisfaction rate of 4.92
Second-hand sale: 200 participants, satisfaction rate of 4.74

Mother's Day

HTC is committed to helping employees build better parent-child relationships. During Father's Day, a physical book fair and an online lecture on "Daddy's Travel" were held. Through reading and traveling, the dialogue and interaction between parents and children are enhanced, and the time spent with parents and children is effectively increased through a relaxed journey, and the communication and emotional exchange between them are more effectively enhanced.

Participation 221 actual participants, satisfaction rate of 4.5

Father's Day

Christmas Love Without Borders

In 2023, we worked together to break through the encirclement, support each other, and spread love and warmth at Christmas. Continuing HTC's annual Christmas concert tradition, we're inviting performers to perform to add even more joy and warmth to the festive season.

Participation More than 230 people participated



Colleagues expressed their gratitude through the online gratitude wall

HTC sports season

Thanksgiving

HTC sports season "Employees are HTC's most valuable asset" HTC values the physical and mental well-being of its employees. Five team activities were held for 11 days, including basketball, badminton, dodging frisbee, attack on pinball, and VR e-sports competition. Let colleagues show their skills, develop a company-wide culture of loving sports, and enhance employee feelings and promote health. It is expected to cultivate an atmosphere of sports love among employees and create an efficient workplace.

Participation 525 actual participants, satisfaction rate of 4.6

As the epidemic slows down, we resume holding gratitude wall activities. In addition to the physical Wall of Appreciation, an online Wall of Appreciation section has been set up on the homepage of our internal employee website, myHTC, where colleagues can participate in the two-week event online and offline at the same time to express their gratitude. Online activities can be liked and responded, and colleagues interact very warmly. In addition, you can also receive a thank you snack box by participating in the event, encouraging colleagues to take the initiative to thank their partners who have provided assistances at the end of the year.

Participation Attracted more than 1,400 online comments with 482 participants and more than 50 messages on the physical thank you wall

More than 900 people participated in total, satisfaction rate of 4.88



Through the sports season, colleagues not only relax and relax, but also strengthen the emotional communication between colleagues



^ Christmas Love Unlimited, inviting performers to put on a wonderful performance to add more joy and warmth to this festive season.

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.

Health Management	<ul style="list-style-type: none"> ● Annual health check-ups for employees ● Health checks for special operation employees ● Analyses and evaluations of labor physical (health) examination results ● Health examination anomaly tracking management ● Management of labor allocation and resumption of work ● Four major plans for labor health protection ● On-the-job training of emergency personnel
Health Promotion	<ul style="list-style-type: none"> ● Handle various health lectures and related health education activities based on health examination analysis and seasons ● Influenza vaccine injections, infectious disease prevention and control ● Blood donation activities ● Health instrument settings ● Provide health information
Healthcare	<ul style="list-style-type: none"> ● Set up a health center to coordinate and plan employees' physical and mental health related affairs. General and emergency injury treatment. ● Breastfeeding room ● Physician on-site health services

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 2023, the number of people who should undergo physical examinations was 853, and the number of people who completed physical examinations was 617; a completion rate of 72.33%. In 2023, a total of 444 manufacturing employees completed physical examinations, of which 20 also completed special homework physical examinations; a completion rate of 100%. There were no incidents of injury caused by overwork in 2023.

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 nurses 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 2023

	Direct Employees	Indirect 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 444, with 267 people with abnormal results, accounting for 60%	The total number of people is 617, with 177 people with abnormal results, accounting for 28.6%
Top 3 abnormal items	High blood pressure, low hemoglobin, occult blood in the urine	High total sterols, proteinuria, occult blood in the urine
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 2023, 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, 5 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 to ensure the safety and well-being of our employees.

2023 HTC Specific Health Check Implementation

	No. of people requiring a Specific Health Check	Inspection completion rate
Employees engaged in special health hazardous operations	20 people	100%

2023 HTC Specific Health Check Results

Employees under Grade 1 Control: all categories normal, or no abnormal results as declared by a physician	15 people	Continue with regular examinations
Employees under Grade 2 Control: part or all categories declared abnormal and not related to work	5 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 2023, 75 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 2023, a total of 24 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 direct employees, a musculoskeletal symptom questionnaire is distributed. 2. Indirect employees conduct musculoskeletal symptom surveys via email every two years.	Evaluate employees with abnormal pain symptoms to prevent and promote musculoskeletal diseases. Continue to conduct musculoskeletal health surveys, and 1,144 questionnaires were collected in 2023. For employees who feel uncomfortable, we will arrange interviews with health service doctors, provide individual health guidance, and make appointments to use far-infrared therapy devices as needed.
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 851 employees trained in 2023.

Employee Assistance Program (EAP)

HTC has been working with the Hsinchu Lifeline Association since February 2009 to provide employees with psychological counseling and guidance with respect to working career, relationships, family and parenting, gender sentiments, mental illness, and physical and mental stress. Each year, employees can enjoy unlimited telephone consultations and 6 free face-to-face consultation services, which are paid in full by the company. In 2023, a total of 131 people will use the psychological counseling service telephone and professional counseling services; From 2009 to 2023, more than 5,000 employees have benefited from telephone and professional advisory services. In 2023, 11% of employee counseling questions related to emotional adjustment, while 9% related to physical and mental stress, both of which are the focus of our attention. In the future, we will provide soft seminars, such as self-stress management, emotion regulation and stress reduction, to help employees achieve balance and adjust their physical and mental state in their busy lives.

In addition, HTC promotes the spirit of diversity and equality, in addition to telephone and email consultation resources, we commission professional organizations to share diversity topics on a monthly basis. The articles cover topics such as interpersonal relationships, management and leadership skills in the workplace, DEI diversity and inclusion, and daily fitness stress relief, etc., to help supervisors and colleagues make more flexible use of professional resources to enhance physical and mental health.

In order to establish a good communication environment and assist employees in resolving complaints and dissatisfaction caused by work or related matters, the company has set up a care and consultation referral hotline within the company, where human resources colleagues can assist or coordinate in real time to solve employees' daily work troubles, management conflicts, or gender equality disputes. Through a variety of consultation channels and assistance solutions, we stabilize the physical and mental health of our employees, thereby improving their work mood and enhancing work efficiency.

Employee Assistance Program (EAP)

2023 年 11 月 EAP 關懷報



打造出積極共融的職場人際關係

每個人都說做人比做事更難，也很多人選擇留下或離開一份工作，是因為跟主管與同事的相處狀況。人際關係在職場發揮著至關重要的作用，對職業成功和整體工作滿意度有著顯著的貢獻。良好的工作關係不僅對個人幸福感至關重要，而且對組織的順利運作也至關重要。下面將分享一些建立職場人際關係的重點，說明性格差異對人際關係的影響，並提供有效的溝通技巧，以及處理職場衝突的實際建議。

世上無難事，只怕不合作

△ The content of EAP Caring Newspaper not only includes topics such as multiple care, physical and mental health, leadership and management, but also shares with articles on workplace interpersonal relationships that are closely related to each colleague

Advisory and Assistance Channels

1. Call the HR hotline
2. Employee Help hotline E-mail: HelpMe_8585@htc.com

Achievements in the use of EAP

Year	2021	2022	2023
Number of free phone inquiries	796	293	11
Number of Interviews	109	173	120
Invested expense (NT\$)	623,700	720,462	540,128



Occupational Safety and Health Committee

The Occupational Safety and Health Committee has 12 members and regular meetings are held every quarter. Among them, there are 4 labor representatives, which accounted for 1/3 of the total number, 1 healthcare professional, 2 labor safety related engineer technician and 5 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.



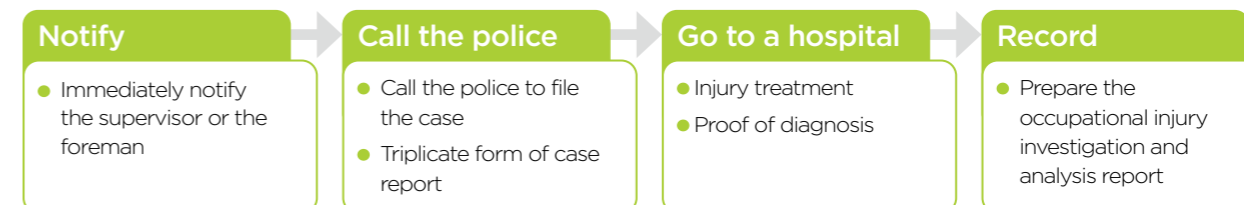
Positively Preventing Occupational Accidents

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.

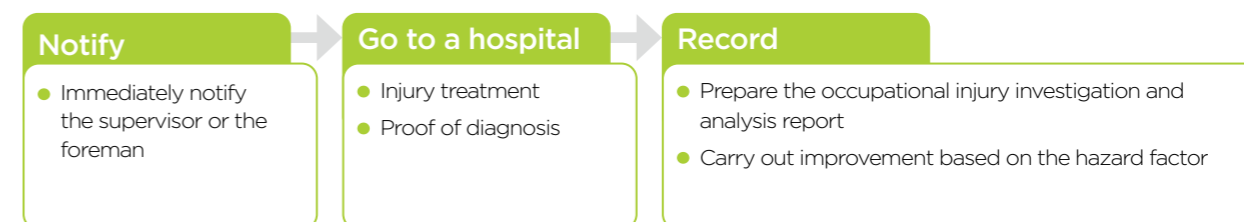
Our work covered seven aspects: “Management of Safety and Health”, “Education and Training for Safety and Health”, “Standard Operating Procedures and Job Safety Analysis”, “Inspections for Safety and Health”, “Emergency Response”, “Health Management and Enhancing” and “Safety and Health Campaign” for 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"> Operational norms, maintain norms, and safety work procedures have been established. Health and safety work guidelines have been updated, and hazard substance communication and risk assessments are conducted. 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.
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	<ol style="list-style-type: none"> An emergency rescue Hot Line has been set up as part of a fully comprehensive emergency notification system. Sufficient first aid personnel have been put in place according to regulations and handle training courses for first aid personnel. 18 Automated External Defibrillators (AED) are available at specific places within the company. Annual fire emergency evacuation drills and personnel training are arranged. Regular AED+CPR lectures are held internally.
Health Management and Enhancing	Regularly arrange special hazard health examinations for employees engaged in special operations, and conduct relevant inspections for existing employees and new employees to assess the possible impact of abnormal workloads on health, and conduct human and sexual hazard prevention assessments and abnormal tracking management.
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.



▲ In response to the hot summer in Taiwan, it is easy to cause heat hazards to outdoor workers, so we have strengthened the advocacy of relevant policies.

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

Course	Hours	Frequency	Responsible Unit	2021		2022		2023	
				Person	Total Hour	Person	Total Hour	Person	Total Hour
General Training									
Environmental protection and safety and health education training	3	On board	OES Dept.	208	624	233	699	206	618
Operational equipment hazard notifications	3	After arriving at the dept. of work	Equipment	0	0	0	0	0	0
General labor safety and health in-service education training	1	Annual/ On-job training	MFG OES Dept.	1,138	1,138	1,117	1,117	1	0
Hazardous chemical use notice	1	Annual/ On-job training	MFG	222	222	165	165	165	165
Professional Training									
Health and Safety Education and Training For Class-1 Managers of Occupational Health and Safety - Preliminary Training	42	Preliminary Training	External training	2	84	0	0	1	42
Health and Safety Education and Training For Class-1 Managers of Occupational Health and Safety - Retraining	6	Retraining/ 2 years	External training	5	15	4	12	0	0
Occupational safety and health specialist - Retraining	12	Retraining/ 2 years	External training	3	18	3	18	2	12
Occupational safety and health management personnel - Retraining	12	Retraining/ 2 years	External training	3	18	3	18	3	18
Scaffolds assembly works supervisor - Retraining	6	Retraining/ 3 years	External training	1	6	0	0	1	6
Scaffolds assembly works supervisor - Preliminary Training	18	Preliminary Training	External training	1	18	1	18	0	0
Hypoxia operations Supervisor - Preliminary Training	18	Preliminary Training	External training	1	18	1	6	0	0
Organic solvent operation manager - Retraining	6	Retraining/ 3 years	External training	7	21	2	6	3	18
Radiation workers receive continuous - Retraining	3	Retraining/ year	External training	12	36	11	33	11	33
Supervisors in charge of roofing operations - Retraining	6	Retraining/ 3 years	External training	1	3	1	6	0	0
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	0	0	0	0	1	6
Specific chemical substance operation supervisor - Retraining	6	Retraining/ 3 years	External training	0	0	0	0	2	12
Stacker operator (>1 ton) - Retraining	3	Retraining/ 3 years	External training	1	3	1	3	1	3
Special operation safety and health education and training for aerial work vehicle operators	16	Preliminary Training	External training	0	0	0	0	9	144
Fire prevention management personnel - Preliminary Training	24	Preliminary Training	External training	0	0	0	0	2	48
Fire prevention management personnel - Retraining	6	Retraining/ 3 years	External training	1	6	2	12	0	0
Waste disposal technician (Class A)	103	Preliminary Training	External training	0	0	0	0	1	103
Waste disposal technician (Class B)	74	Preliminary Training	External training	0	0	0	0	1	74
Job training for waste disposal technician	6	On board	External training	0	0	2	12	1	18

Note:
(1) 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. The occupational safety and health training for in-service personnel in 2023 is expected to be completed by June 30, 2024 in accordance with regulations.
(2) Special operation safety and health education and training for aerial work vehicle operators is due to the use of aerial work vehicles in Taipei buildings and changes in regulations.
(3) Initial training for fire prevention management personnel, waste disposal technician(Class A/B) on-the-job training are due to changes in personnel.

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.

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 821919/ 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 will launch 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.

2023 Occupational injury in Taiwan

In 2023, HTC's average Injury Frequency Rate (FR) was 0 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 2023.

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

Type	Count	Work content
Cleaning personnel	81	Cleaning and disinfection of public areas
Horticultural personnel	7	Gardening and greening maintenance of factory and office building
Security and Real estate service personnel	29	Personnel entering and exiting the factory and office building areas (including employees, visitors, manufacturers), and vehicle management
Catering staff	165	Catering suppliers (serving counters, tea shops, coffee bars)
Engineering construction personnel	846	Contractor enters the factory for construction
Recycling and sorting of resource waste personnel	1	Recycling and sorting of resource waste
Sewage treatment personnel	1	Operation and maintenance of sewage treatment plant equipment
Dispatched personnel	2	Financial administration related work

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.

2023 Main types and statistics of occupational injuries

(Unit: person)

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

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
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
2023	Staff	1,087,083.18	0	0	0	0	0
	Non-staff worker	141,865.5	0	0	0	0	0

Note:

- 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
- Recordable injury rate: (recordable cases x 1,000,000) / total working hours
- The Disability Severity Rate is the frequency of severe injuries per Million Hours Worked(exclude death) = Disability Severity Injuries X1,000,000/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.
- 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
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
2023	Staff	1,087,083.18	0	0	0	0	0
	Non-staff worker	141,865.5	0	0	0	0	0
		Target	-	-	1	6	-

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
- 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 X1,000,000/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 X1,000,000 /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 always defined caring for society and promoting public welfare as our cause. We have long been and continue to be a supporter and sponsor of the "HTC Foundation". With people-oriented values, we cultivate a culture of character. As we pursue corporate growth and promote technological development and creativity, we invest more into society in terms of urban culture, care for disadvantaged families, and provide opportunities for underprivileged children to receive education. This shapes HTC's unique corporate culture in terms of the humanistic spirit.

HTC has also leveraged our industry expertise to create more possibilities for society through technological research and development and innovative approaches. In recent years, the company has been committed to developing innovative products that not only respond to the United Nations' Sustainable Development Goals (SDGs) set in 2015 with our core technologies, but also to practicing social care, meeting the various types of people's needs, and actively implementing corporate sustainability.



HTC Foundation

The main mission of the HTC Foundation is to help schools promote character education and promote the character development of children and adolescents through the help of teachers. At the same time, we work with towns and cities to create a culture of character in the community and city, and care for disadvantaged families and provide educational opportunities for disadvantaged children. We are also committed to donating to education on environmental ecology and earth protection, and actively participate in social welfare activities to promote the stability and well-being of society by promoting the humanistic spirit.

We work together to shape our core values and culture of integrity, integrity, love, respect, care, positive thinking, and respect for natural resources through educational programs that provide continuous learning. Over the years, HTC Foundation has been committed to promoting character education for children and adolescents, and has cooperated with towns and cities to jointly build a character culture in communities and cities, while caring for disadvantaged groups and providing educational opportunities for disadvantaged students. We spare no effort to participate in community activities and social services, and contribute to the stability and well-being of society.

The HTC Education Foundation invested NT\$ 44 million on education in 2023, while HTC Social Welfare and Charity Foundation spent NT\$ 30 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 senior high school students. These free courses each last for five weeks. They include three hours of training and activity per week. A total of 10 classes in five schools were implemented in 2023, benefiting a total of 235 students. 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 on a monthly or quarterly basis, promoting a character theme and lead by example to learn character lessons together. Group discussion and experience sharing with different themes and related to work will be arranged timely. Participants include public service units and other non-profit organizations; public service units such as units directly under the county government, township offices, prisons, Ministry of Resources and Electricity, 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.

Character Education School Subsidy Program

We conduct character education seminars to promote core education emphasizing the development of well-rounded character and lifelong learners. Through principal workshops, we promote this nationwide, and invite schools to organize character education leadership teams to help establish consensus and formulate practical plans through character education practice program briefings. After the aforementioned activities, schools at the level of high schools and below that are committed to comprehensive and extensive character education to shape the campus character culture may apply for a project plan to the association. The association will conduct preliminary review, and then form a review panel consisting of external experts, retired principals or teachers who are concerned about character education. The selected schools can receive an annual award of NT\$200,000 to NT\$300,000 for a period of three years to promote character education within the school. Before the end of the three-year period, they must hold a public presentation of the results. The 2nd round of awarding 13 schools was completed in 2023, and the selection process for the 3rd round of schools is ongoing in 2024.

Use immersive technology to promote art and culture and preserve cultural assets

VIVE Arts is the first to apply immersive technologies such as VR, XR, and the metaverse to the art and cultural sectors, pioneering groundbreaking digital art pieces and experiences. This effort sparks infinite creativity among artists and creators while also preserving the world's heritage and culture. In 2023, VIVE Arts specially participated in the "Future Content Field Demonstration Project" of the TAICCA(Taiwan Creative Content Agency), and jointly invested NT\$11 million with G REIGNS, hoping to jointly help promote Taiwan's 5G entertainment and media industry to the world.

VIVE Arts has been collaborated with over 50 artistic institutions around the world. In 2023, VIVE Arts has completed 7 major international collaborations including:

- The Le Bal de Paris de Blanca Li was on the opening program of the 2023 TIFA Taiwan International Arts Festival in February 2023 and has become an absolute hit. In December of the same year, VIVE Arts, Surprise Lab and the Taiwan Cultural Content Initiative collaborated to upgrade the VR content for the first time and create a long-term fixed-length narrative, which was brought to the audience at the National Taiwan Science Education Center in Shilin. A new sensory experience integrating real-life interaction, multi-person dancing, and 5G and large-area multi-person real-time entertainment tracking technology (Location-Based Entertainment, LBE), Le Bal implements a realistic and engaging interactive experience.
- The VIVE Arts partnered project The Horizon of Khufu - Immersive Expedition was exhibited at Shanghai HKRI TaikooHui in May, 2023. This project is the world's very first immersive virtual reality expedition based on the recreation of the interior and surroundings of the Pyramid of Khufu in Egypt. It took three years for Excurio, a brand created by French studio Emissive and the Giza Project team of Harvard University to work together to realize this project, and brought to Asia for the first time by the company The Metaverse Project.
- In June, VIVE Arts partnered with Gazelli Art House in London to present the UK premiere of Always I Distrust, the first VR artwork by the celebrated multimedia artist Cheng Ran. Always I Distrust debuted in 2020 as part of the opening exhibition of the X Museum, Beijing and is commissioned by K11 Art Foundation and VIVE Arts.
- In August 2023, through the joint planning of HTC and VIVE Arts, Eternal Notre-Dame was successfully introduced to Taiwan and exhibited at the National Museum of Science and Technology in Kaohsiung for eight months. This exhibition is also the first stop of a global tour for the experience. Through the form of virtual reality experience, Notre Dame Eternal takes the audience on a 45-minute in-depth tour of Notre Dame de Paris, allowing them to appreciate the rise and history of this magnificent space, and completely revealing the important cultural relics and artistic assets in its collection.
- VIVE Arts' 2023 landmark institutional partnership was majestically opened at the Musée d'Orsay in Paris, France on October 3. In addition to supporting the major exhibition Van Gogh in Auvers-Oise: The Last Months as a sponsor, VIVE Arts also served as a co-producer of the exhibition's virtual reality experience Van Gogh's Palette, providing the Musée d'Orsay the museum's first ever VR experience. Van Gogh's Palette uses the last palette used by Van Gogh as a starting point to construct a virtual scene inspired by the painter's world and use of color, allowing viewers to have a unique perspective and interactive experience engaging with important paintings by the artist from this period.
- Using HTC's leading metaverse technologies, VIVE Arts and VIVERSE joined hands with Gray Area and Leonardo to jointly fund creators with disabilities to create immersive art works. Artists Indira Allegra and Melissa Malzkuhn created two artwork prototypes for VIVERSE, which were exhibited at the Gray Area Festival in San Francisco in October 2023.
- In November 2023, VIVE Arts and the Esther Schipper Gallery in Berlin jointly commissioned and presented a new virtual reality work Metaone by the artist Ben Elliot.

Looking forward to 2024, VIVE Arts will continue to delve into the field of combining art with technology to create unforgettable artistic experiences. In addition to continuing to deepen exploration in areas such as XR technology, blockchain, and Web 3.0, the rapid advancement of technology will further change the way art is created, presented, and experienced. VIVE Arts will continue to work with the world's most influential artists and cultural institutions to bring innovative and inspiring artistic content to audiences around the world.

Virtual reality recreates the eternal Notre-Dame Cathedral

Notre-Dame de Paris, as one of the landmark buildings in Paris, France, carries rich historical and cultural heritage. However, due to a severe fire in 2019, this ancient cathedral was tragically ravaged by Zhurong. HTC saw the importance of digitizing traditional cultural heritage and decided to base it on innovative VR technology to bring the splendor and beauty of Notre Dame Cathedral to life.

With the support of the Digital Department, the Kaohsiung City Government, and the National Museum of Science and Technology, HTC will make the first stop of its world tour in Kaohsiung, Taiwan, where it will be exhibited at the Kaohsiung National Museum of Science and Technology from August 25, 2023 to April 7, 2024. In the future, we will work with the central government to integrate AIoT technology into Kaohsiung's digital industry and lead the transformation of the industry.

Users can enjoy a 360-degree view of the architecture, art deco and historical background of Eternal Notre-Dame Cathedral in VR without having to physically visit the site, and reveal the complete collection of artifacts and art assets. From the towering minaret to the exquisite rose windows, every detail comes to life, as if you were in the scene; Through interactive displays and multimedia presentations, the audience is also shown the history behind the building and its importance in French culture, giving insight into the rich connotations behind this ancient building.

The HTC "Eternal Notre Dame" VR exhibition is an innovative presentation of traditional cultural heritage in the digital era. It not only allows users to re-understand and appreciate the beauty of Eternal Notre Dame, but also provides new ideas and possibilities for the protection and inheritance of cultural heritage. In the wave of digital transformation, HTC will continue to be committed to bringing more unique cultural experiences to users and injecting new vitality and power into the inheritance and innovation of traditional culture.



▲ The Eternal Notre-Dame VR exhibition has been well received by visitors on social media with its vivid immersive experience.

Van Gogh's Palette VR Experience Special Exhibition

HTC's "Van Gogh's Palette" VR exhibition takes visitors into the world of color by the Dutch post-impressionist painter Van Gogh. This exhibition focuses on Vincennes. In the last days of Van Gogh's life, he was treated by Dr. Gascher in Auvers-sur-Oise (Gachet), this palette-inspired experience is guided by Dr. The voice of Gachet's daughter, Marguerite, was mediated by Vincent. Van Gogh's final palette is used as a starting point, and the colors in the palette are deeply analyzed through high-resolution scanning, allowing the audience to immerse themselves in the scene and explore Van Gogh's unique color palette and rich artwork. From bright sunflowers to colorful starry skies, each painting makes people feel as if they have traveled back in time and felt Van Gogh's emotions and creative passion. The special exhibition will end in February 2024, after which it plans to launch a "full version for global distribution", which will include other famous works of the artist.



▲ VIVE Arts collaborated with the Musée d'Orsay to present the virtual reality experience Van Gogh's Palette.

Immerse yourself in the splendor of the Paris Ball with the dancers

After the resumption of international exchange in 2023, the TIFA Taiwan International Arts Festival was organized by Spanish choreographer Blanca. Blanca Li's VR immersive experience Paris Ball kicks off with a presentation by VIVE Art, HTC's art and creative team VIVE's full-body tracking system and live entertainment technology, in collaboration with the two national government agencies, have launched a Chinese-language version for the first time, combining digital technology and live dance, showing the artist's vision and imagination to realize the exquisite VR immersive experience of "Paris Ball".

"Paris Ball" won the Best VR Experience Award at the Venice Film Festival in 2021. It will be performed at the National Theater Experimental Theater from February 18 to March 4, 2023, with a total of 70 performances. Each performance will be performed by 10 audience members and 2 professional dancers in a physical space, each of whom will be able to move freely within the space, choose a ball costume designed by Chanel to dress up their avatar in the virtual space, and follow the heroine's love story on a journey through different universes interact with other audience members or dancers at any time, seamlessly blend reality and virtuality, and dance with friends or others for a 35-minute VR feast. In December of the same year, in cooperation with Surprise Lab and the Taiwan Cultural Content Institute, an upgraded version of the long-performance fixed-program drama was launched at the Shilin National Taiwan Science Education Center.



Contribute to the public with technology and promote social health and welfare

Continuous innovation and development of convenient medical services have become an indispensable part of today's rapidly evolving healthcare technology landscape. HTC leverages technology to benefit the public, bringing more comprehensive solutions to human health and medical care. Linebot, developed by HTC DeepQ in cooperation with the Taiwan Centers for Disease Control, Changhua Christian Hospital, Chi Mei Medical Center and other institutions, uses AI technology as the basis to provide diversified medical services, aiming to improve people's quality of life and happiness. Future medical education also needs to integrate modern technology. By introducing the DeepQ AI Platform, doctors and patients can diagnose and receive treatment faster and more accurately, contributing greatly to public health.

Continuous collaborating with CDC and promoting healthcare services to the public

HTC DeepQ cooperated with CDC to develop Disease Control Butler 3.0 (DCB 3.0) to provide related information of COVID-19, and pandemic prevention information, decrees and health education propaganda, etc. As of the end of 2023, the user number of DCB has reached 10.44 million, with active users of 25,100, effectively assisting the NHCC's policy to deliver to the public. The system updates domestic infectious disease-related screening, treatment, and preventive medication hospital query map data every week, as well as important domestic and foreign epidemic statistical data to ensure the timeliness and accuracy.



In response to seasonal changes, and according to different age groups and identities, users are provided with opening vaccination times, vaccination instructions and FAQs for influenza vaccine, COVID-19 XBB, and pneumococcal vaccine during autumn and winter.

In addition, DeepQ cooperated with the CDC to build a new service “Taiwan V-Watch Vaccination Report System” to track whether people have adverse reactions after being vaccinated against COVID-19. In 2023, Taiwan V-Watch has completed its phased tasks and terminated related services due to the easing of the COVID-19 epidemic. 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, and expanded to all counties across Taiwan in 2023, helping students and parents track the vaccination schedule and information.

In 2023, DeepQ continued to provide assistance to the domestic medical industry with its unique innovative products – Disease Control Butler (DCB) and Disease Containment Expert chatbots, and stood out in the National Innovation Award and winning the Excelsior Award. In the future, DeepQ will continue to fully use its advantages of scientific and technological innovation and be committed to human health and make greater contributions to social development.



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. In 2023, the introduction of AI health education Q&A function can accurately answer public health education questions in natural language and reduce the workload of medical staff. As of the end of 2023, the user number of Dr. Lan has reached 37,000. Besides, 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. As of the end of 2023, the user number of Chi-Yi Butler has reached 19,000.

DeepQ AI Platform

To accelerate the introduction of medical-related artificial intelligence, future medical education needs to rely on modern technology. HTC DeepQ launched medical application “DeepQ AI Platform” in September 2019, allowing doctors to train AI themselves to judge medical images, and to easily complete AI model development without investing high hardware costs through cloud. In 2023, the version update provides more complete AI insight reports, related deep learning quantitative metrics and statistics, new built-in pre-training models and datasets, model re-optimization shortcuts, and the model deployment of related management and monitoring tools, which can significantly improve doctors' independent training and optimization model capabilities, as well as the management and application of model deployment. For example, a medical center developed thoracic X-Ray pneumothorax AI model detection technology. Through the AI model, it actively detects an average of more than 5,000 thoracic X-Ray shots per month and actively reports via text messages. After the introduction, the emergency notification rate has been greatly improved (increased by approximately 13%) as well as the notification rate within 2 hours (increased by approximately 14%), and significantly shorten notification time (by approximately 50%).

In 2023, DeepQ AI Platform continued to cooperate with Machay Hospital, Changhua Christian Hospital, Hualien Tzuchi Hospital and Shin Kong Hospital to promote how to conduct medical imaging model research and application without programming, and will continue to publish relevant results.



Customizing virtual environment simulation to support the mental health of astronauts

HTC VIVE, in partnership with XRHealth and Nord-Space Aps, has sent the first virtual reality headset VIVE Focus 3 to the space to support astronauts during their important mission.

Nord-Space Aps has launched an initiative to support the psychological well-being of astronauts during their space missions. The isolated and highly stressful environment can take a toll on their mental health. By utilizing virtual reality technology, this initiative aims to provide a stimulating and supportive environment for astronauts, helping them maintain their mental balance.

VIVE set out to solve these challenges with unique solutions, configuring the VIVE Focus 3 headset to the microgravity conditions of space. Our team developed a special tracking methodology which utilized a controller as an anchor point to solve the tracking and locationing problem of using VR headsets in microgravity environment. The VR therapy includes immersive 360° videos that act as powerful tools to help astronauts in the realms of relaxation and meditation and also attractive contents such as sunsets, swimming with dolphins etc. to support astronauts' mental health.



▲ VIVE Focus 3 is ready to be transported to the International Space Station

▲ A VR virtual reality experiment conducted during the 80th parabolic flight event of the European Space Agency (ESA) between November 14 and 25, 2022. This VR simulator was developed to train astronauts in zero gravity conditions.

Use VR to expand educational horizons and create diverse learning channels

Education is the cornerstone of social inclusion and equity. In the digital age, education is becoming more diverse, interactive, and integrated. Therefore, SDG 4 emphasizes the importance of quality education. HTC's "Digital Twin Science Laboratory Project" not only provides ten teaching courses suitable for children aged 6 to 12 but also showcases a comprehensive learning and exploration journey of the metaverse through three major thematic virtual laboratories. Additionally, through the 5G and metaverse new technology learning demonstration school program, innovative technology is integrated with teaching, offering students a more vivid and immersive collaborative learning experience. These brilliantly echo the core values of SDG 4, creating more possibilities for education and society in the future.

Collaborating with Hsinchu City Government to build a smart and DEI Cultural metaverse city

Hsinchu City Government and HTC work together to build a city of humanities, science and technology. Under the guidance of the Ministry of Digital Affairs, the Department of Industrial Technology of the Ministry of Economy and the Industrial Technology Research Institute, the "Digital Twin Science Popularization Laboratory" was jointly launched. It will last for three years, with free admission and ten lesson plans suitable for children aged 6 to 12 years old, using three major themed virtual laboratories to demonstrate the all-round learning and exploration process in the Metaverse. In addition, you can also experience functions such as interact, chat and photo shooting etc. of the metaverse space through online platforms. The exhibition showcased Hsinchu's local glass craftsmanship, science park semiconductors and other themes, with the concept of sustainable development of renewable energy ran through it. The exhibition design combined elements such as cutting-edge technology, geographical features, history, culture, and artistic aesthetics, and was inspired by the characteristic "wind" of Hsinchu City, presenting a multifaceted and elegant appearance. This exhibition not only provides a learning experience in the virtual space, but also establishes a digital and physical integration space in reality, creating a futuristic digital technology city.



▲ KOL Eli, Yifei, Jeffrey took a group photo with their virtual clones.

Partnering with the Ministry of Education and building an educational metaverse

Under the guidance of the Department of Information and Technology Education of the Ministry of Education, HTC teamed up with the 5G New Technology Learning Demonstration School Counseling Program Office, National Pingtung University, National Kaohsiung University and the Miaoli County Government Education Department to demonstrate learning through 5G and the new technology of metaverse. The project integrates innovative technology with teaching to provide students with a more vivid and rich immersive learning experience.

We also held the "Educational Metaverse Open Class Observation and Results Presentation" at Tongxiao Elementary School in Miaoli County. Teachers and students entered the "Educational Metaverse Classroom" constructed by VIVERSE to conduct interdisciplinary and interesting learning courses, breaking through geographical restrictions and achieving resource sharing learning experience. This event is not only the first of its kind in Taiwan, but also demonstrates the open and equal learning concept, provides teachers and students with a new way of learning together, and realizes HTC's commitment to technological innovation and the future of education.



▲ HTC has partnered with the 5G New Technology Learning Demonstration School Counseling Program Office, National Pingtung University, National Kaohsiung University, and the Miaoli County Government Education Office to integrate innovative technology with teaching and learning to provide students with a more vivid and rich educational metaverse learning experience.



▲ Virtual laboratory lesson plan 1-Co-creation hall, learn about silicon



▲ Students crossed schools to enter the VIVERSE Education Metaverse Classroom to listen to Mr. Yang Chengda explain the content of the "Sound of Play Education Metaverse Classroom" created by VIVERSE.

Inspire the diverse spirit of innovation and open up cross-sector applications for the Metaverse industry

"Promoting inclusive and sustainable economic growth" has always been a common goal around the world, and the development of innovative technologies has provided us with related solutions. VIVE ORIGINALS leveraged the BEATDAY metaverse brand to successfully provide audiences with new entertainment experiences and promote the development of Taiwan's virtual reality entertainment industry. Through cross-sector cooperation with other brands in different fields, we have demonstrated the possibilities of diverse applications and created a new social entertainment ecosystem. BEATDAY is not only a major breakthrough for the entertainment industry, but also an important contribution to achieving the goal of inclusive and sustainable economic growth.

Creating brand value—the brand new BEATDAY entertainment experience metaverse

To subvert people's understanding of culture, VIVE ORIGINALS uses innovative technology to create the world's first music metaverse brand BEATDAY, which not only provides audiences with a new entertainment experience but also promotes the development of Taiwan's virtual reality entertainment industry. In addition, VIVE ORIGINALS also elevates BEATDAY to the metaverse, allowing the audience to experience the splendor and richness of the metaverse in BEATDAY. By watching the metaverse concert, the audience not only avoid the risks caused by participating in large-scale events during the epidemic but also reduce the energy consumption and transportation carbon emissions of attending physical events. This not only contributes to environmental protection, but also reflects an environmentally friendly attitude towards when enjoying entertainment.

In 2023, BEATDAY held the following event:

1. Collaborating with famous drama IP Light the Night and launched interactive drama Light the Night 2700: Redhat Killer
2. Working with 77Ke and HIM and presenting the new song Wonderland metaverse concert, the first physical and virtual concert format
3. Launching Vtuber concert Illusionary in collaboration with Springfish Studio, integrating 6Dof 3D motion capturing technology, and allows virtual idols to break the 2D images on online audio and video platforms in the past and provide an extremely realistic and immersive experience
4. Inviting renowned hip-hop singers to hold Taiwan Roar-Beef mix virtual concert that combines cloud rendering technology for the first time, allowing users to easily enjoy a unique free-perspective fantasy concert across platforms.

Holding 2023 VIVE & VIVERSE Developers Meetup

VIVERSE is committed to creating an open and diverse metaverse ecosystem and growing together with global partners. HTC cooperated with the Minister of Digital Affairs and TAICCA to invite new generation directors, cultural workers and digital industry developers to promote technology and Cultural and economic development. This event attracted hundreds of innovative entrepreneurs to explore new opportunities in content creation and application development.

VIVERSE has created a full range of application cases at home and abroad, such as virtual fashion design exhibitions, virtual reality shows and online Vtuber concerts, including virtual fashion design exhibitions in cooperation with ELLEverse and Shih Chien University, Light the Wild - TV virtual reality show, Taiwan's first online full-view Vtuber concert, and the e& Universe created in cooperation with e&. It also demonstrates the potential of the metaverse in educational applications, allowing schoolchildren to have a deeper understanding of knowledge content. These cases highlight the versatility and diversity of the VIVERSE platform and present the potential of the Metaverse in various fields.



▲ A live demonstration of the simple VIVE Mars virtual filming process.



▲ Experience the MR multi-person mixed reality interactive experience on site.



Accelerate industrial innovation with a solid technological foundation and promote virtual and physical sustainable living

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 Forging Program takes advantage of the opportunities in the metaverse market and integrates technologies such as 5G, AIoT and XR to promote demonstrative services using the metaverse virtual town concept, aiming to drive new business opportunities and value. The first virtual production system suite launched by HTC VIVE, VIVE Mars CamTrack, is combined with the new VIVERSE 3D visualization technology to provide convenience, affordability, and professional features, making virtual production easier. It has become an important part of Taiwan's metaverse innovation ecosystem.

HTC Metacity: creating a future life the combines virtuality and reality

The future of AI is the metaverse. Metacity created by HTC is a city that integrates virtuality and reality. It is also a more open, diverse and inclusive virtual world where everyone can enjoy the convenience and fun brought by technology. People can experience various activities in the virtual world through technologies such as VR and AR, such as visiting museums and art galleries, attending concerts and sports events, and conducting virtual socializing and shopping.

HTC MetaCity is still in its early stages of development, but it has already making some progress. For example, HTC cooperated with the Kaohsiung City Government to create the "Yancheng Demonstration City", which moved Kaohsiung's famous attractions and culture into virtual world. It also opened 20,000 "Virtual Homes" in the metaverse for free stay. People can decorate their own exclusive space, and enter the Kaohsiung City's unique digital twin virtual exhibition hall from "your own home" to watch a football game immersively, or participate in the world's first Beatday concert, Christmas and New Year parties, travel sharing sessions and other activities.

HTC expects to launch more innovative applications and services in Metacities to provide people with a richer virtual world experience. HTC Meta City is expected to develop rapidly in the next few years and become an important part of people's daily lives.



HTC and the Kaohsiung City Government join forces to create the VIVERSE Meta City (from left: Kaohsiung City Mayor Chi-Mai Chen, HTC Board Member Wen-Chi Chen, HTC Senior Vice President of Global Sales and Marketing Charles Huang).



Mayor Chen Chi-Mai becomes the first Meta Resident of Meta City.



Redeem for free at VIVERSE to find surprise Easter eggs in the Metaverse virtual house.



VIVERSE Town Building - Open up a new life of urban connectivity, create a virtual Kaohsiung Dome, and experience an immersive basketball game.

VIVE Mars CamTrack: Virtual Production Solution

HTC VIVE launched a turnkey virtual production product, VIVE Mars CamTrack, which makes complicated virtual production fast, easy, and affordable by consolidating the entire camera tracking workflow into a compact, plug-and-play module with professional-grade features. In the past, virtual scenes and action scenes in Hollywood movies often cost tens of millions of dollars, but now, due to technological advancement, it has brought about an unimaginably simple production process, shortening the setup time from hours to minutes, and high-quality images can be captured at an affordable price that even small production studios can afford. This not only allows filmmakers and content creators to fully unleash their creative potential, but also provides creators who want to join the VTuber industry with the opportunity to quickly realize their dreams.



VIVE Mars Virtual Production is a quick opportunity for creators who want to join the VTuber industry to make their dreams come true.

VIVE Mars has also cooperated with a number of local film and television producers, such as the "2023 48H International Virtual Production Shooting Competition" co-organized by VIVE Mars, Fengsui Vision, Shih Hsin University, and the Asian Virtual Human Association, which attracted a total of 56 teams from colleges around the world. This not only gave all participating students a deeper understanding of virtual production technology, but also verified the efficiency improvement that virtual production technology can bring when applied to real shooting, and took this opportunity to cultivate visual effects, film and television talents. In addition, the Reappearance Imaging team used VIVE Mars virtual production tracking technology to complete the filming of the movie Old Fox, which won four awards at this year's Golden Horse Awards, showing that virtual production technology has become the latest mainstream.

It is worth mentioning that BlizzCon 2023 Carnival has made HTC VIVE Mars the official partner of this BlizzCon. BlizzCon is an annual feast for video game fans around the world. VIVE Mars virtual production is combined with Blizzard's popular masterpiece Overwatch 2 to bring an unprecedented experience to live fans. Using the latest virtual production technology, fans can interact with their favorite Overwatch 2 characters on the spot. And after the on-site experience is over, you can get a 1-minute video, which allows fans to collect short videos and share them with their own community.



Participating the Minister of Economic Affairs' A+ Industrial Innovation R&D Program

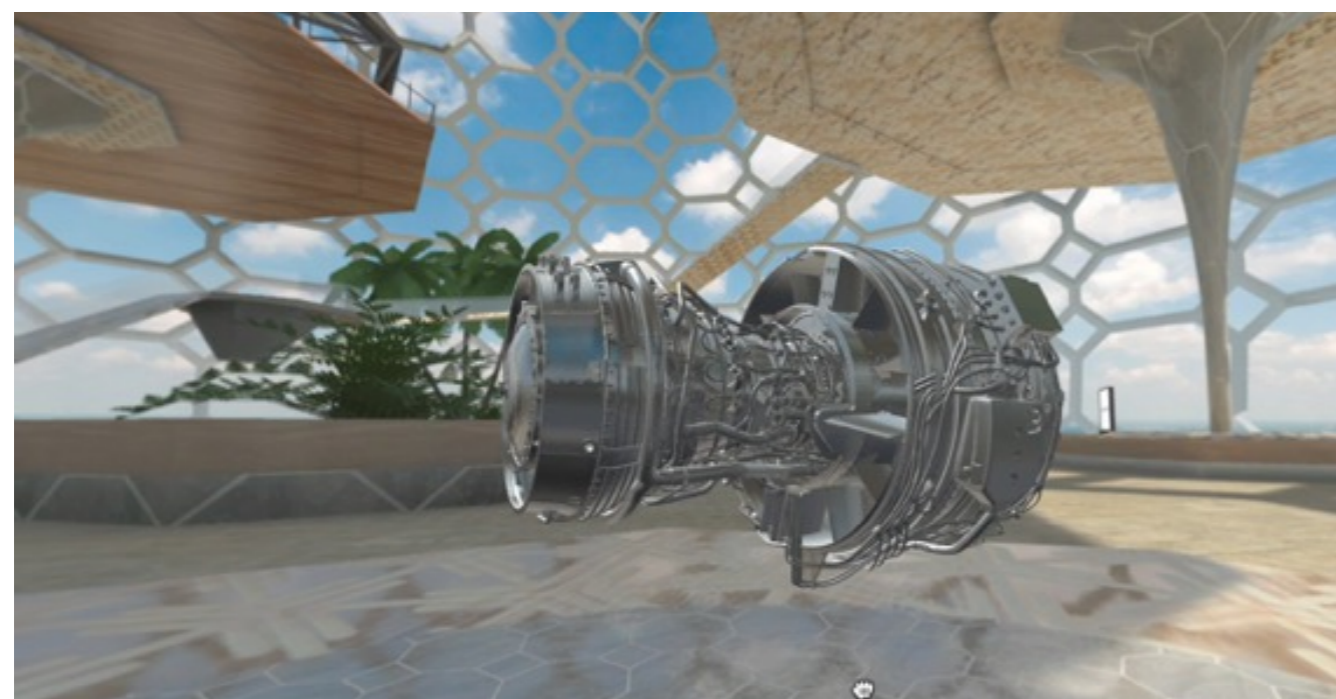
Taiwan's software field faces problems such as a small market and lack of brand awareness, and the metaverse market provides an opportunity to solve these problems. In this context, the Kaohsiung Metaverse Innovative Service Application Plan integrates 5G, AIoT, XR and other technologies, and promotes demonstration services based on the metaverse virtual town concept. This plan aims to create a metaverse ecosystem with technology integration innovation and business sustainability, hoping to spread from Kaohsiung to the world and create the value of metaverse's emerging industries.

In order to make progress in the development and integration of key technologies, we have proposed a number of development and integration projects with reference to the seven-layer key structure of the metaverse. These projects include financial integration technology, open platforms, image capture and shooting technology, panoramic live broadcast technology, action expression capture and infrastructure integration, etc., allowing all walks of life to enter the world of the metaverse and create new business opportunities.



VIVERSE 3D visualization is a game-changer innovative render streaming technology for a streamlined experience

Polygon Streaming technology is a rendering streaming technology unique to VIVERSE and represents a revolutionary advancement in the seamless integration of the physical and digital worlds. This technology makes it easy to display 3D models with millions of polygons and renders highly accurate and detailed resolution on a variety of platforms and browsers. With Polygon Streaming, users can seamlessly present and share high-fidelity 3D models and beautiful scenes of any size in a more cost-effective way in the cloud, while supporting cross-platform and multi-device support. Unlike traditional cloud-based image streaming, Polygon Streaming can quickly disassemble high-quality 3D models and stream them to a variety of devices, including computers, mobile phones, and XR devices. The result is the best visual and interactive experience, providing more possibilities for creating metaverse scenarios.



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

As a company committed to promoting the usage of VR and generative AI technologies in medical education, HTC Medical VR actively cooperates with Taiwan's top hospitals, schools, and enterprises. Through innovative VR teaching methods, we are committed to cultivating medical talents and promoting sustainable development. For example, we collaborated with the College of Nursing of Asia University to promote SDG metaverse projects. We also partnered with Shin Kong Hospital to establish a medical metaverse, demonstrating HTC Medical VR's active contributions to promoting diverse partnerships and promoting the sustainability vision.

HTC, Far EasTone Telecommunications and Taipei Computer Association establish "Multiverse Application Alliance"

HTC announced the establishment of the "Multiverse Application Alliance" at the "2023 Smart City Exhibition". This alliance is the first of its kind to have a dual-chairman system, with HTC Global Sales VP Charles Huang and Far EasTone Telecommunications Executive Vice General Manager and Chief Information Officer Hu Demin as co-chairmen. The alliance will focus on "retail e-commerce", "medical care", "green sustainability", "manufacturing industry", "culture and entertainment", "education and learning", and "public welfare governance", and lead seven key theme services, calling on relevant metaverse industry players to join and set sail. The alliance's founding meeting attracted 49 founding members and many government guests, demonstrating the importance and support from all walks of life for the development of the metaverse.

This alliance aims to create a metaverse ecosystem and help Taiwan become the best metaverse application field in the world. It also promotes and accelerates the digital transformation of the industry, strengthens Taiwan's competitiveness and expands business opportunities. By completing the basic environment for metaverse applications, developing key software, hardware and platform services, establishing field demonstrations and connecting resources and policy initiatives, we will inspire new metaverse business models, form an industrial value chain, and become an international metaverse application strategy partner. In addition, the alliance integrates elements of metaverse applications and provides a full range of services, which will become another important opportunity for domestic industry players to leap onto the international stage.



▲ Launching ceremony of the founding conference of the Multiverse Application Alliance

HTC Medical VR cultivating global medical talents

HTC Medical VR has cooperated with Taiwan's top hospitals and schools, combined with the developer Virti VR lesson plan platform, and has held a total of 80 workshops as of 2023, trained more than 2,500 medical professionals and student users, and produced 200 high-quality lesson plans. In addition, it has cooperated with 10 medical centers to use VR and generative AI teaching plans to train clinical skills, integrate care across teams, and communicate with doctors and patients to improve patient safety and medical quality. The Virti platform can improve students' learning effectiveness and confidence, and can objectively evaluate learning results and tutoring intervention methods to expand teachers' teaching capabilities.



▲ Teachers can easily use the Virti VR lesson plan development platform to create VR interactive teaching materials to improve student learning effectiveness.

HTC Medical VR collaborating with Taichung Veterans General Hospital to promote CPR XR training program

HTC Medical VR and Taichung Veterans General Hospital worked together to develop a cutting-edge CPR XR training program. This innovative solution uses the latest virtual reality technology to combine VIVE hand trackers, precise gesture recognition technology and XR Elite head-mounted displays to create a forward-looking CPR training experience that not only breaks the space constraints in traditional CPR training. Despite equipment limitations, it also provides highly realistic simulations of emergency situations, allowing trainers to practice emergency rescue skills in simulated environments, such as situations such as pregnant women falling on the road.



▲ HTC Medical VR collaborates with Taichung Veterans General Hospital to promote a CPR XR training program, combined with VIVE hand trackers, to break the space and equipment limitations of traditional CPR training and improve first aid skills.

In addition, this solution can provide instant feedback on the rescuer's operations through an accurate technical evaluation system, thereby effectively improving training efficiency and effectiveness. This not only demonstrates the importance of technological innovation in improving the quality of medical training, but also demonstrates HTC Medical VR's leading position in promoting the advancement of medical technology. Through such cooperation, we are committed to improving the first aid skills of the public and medical personnel, further ensuring patient safety, and demonstrating our firm commitment to social responsibility.

HTC Medical VR cooperates with Shin Kong Hospital to establish a medical metaverse for international medical and pharmacist training

HTC Medical VR and Shin Kong Hospital continue to cooperate and develop, and in 2023, VR technology and generative AI simulation training were successfully integrated into the professional training of medical staff and pharmacists. This collaboration not only brings the latest advances in international medical technology into clinical practice, but also demonstrates how technology can break the boundaries of traditional medical education and services. The VR health checkup experience project jointly developed by both parties breaks through language and cultural barriers, allowing patients around the world to have an in-depth understanding of and experience the top health checkup services of Shin Kong Hospital. This not only improves patient satisfaction, but also establishes an international brand image for the hospital.



▲ HTC Medical VR cooperates with Shin Kong Hospital to develop international medical VR, which not only improves patient satisfaction but also establishes an international brand image for the hospital.

In addition, through cooperation with the "Virti AI Virtual Human Teaching Plan Production Platform", Shin Kong Hospital successfully integrated the latest generative AI technology and created multiple AI virtual patient teaching plans. These teaching plans provide pharmacists with opportunities to interact with virtual patients. Practical learning and consultation training are carried out in realistic medical scenarios to further shorten training time. This move not only speeds up the training of professional talents, but also lays the foundation for improving the overall quality and efficiency of medical services, demonstrating its leadership in promoting medical education innovation and technology application.



▲ HTC Medical VR and Shin Kong Hospital successfully combined VR technology and generative AI simulated training and integrated it into the professional training of medical professionals and pharmacists.

HTC Medical VR collaborates with Taipei Hospital of the Ministry of Health and Welfare to bring VR technology into operating rooms to alleviate patients' anxiety and pain

HTC Medical VR cooperates with Taipei Hospital of the Ministry of Health and Welfare to apply VR innovative technology in the field of clinical surgery, opening a new chapter in improving patient experience and reducing surgical anxiety. Through the "Virtual Surgery - VR Comfortable World Adventure" project, VR technology effectively transforms patients' feelings about surgery, reduces worries and fears before traditional surgery, and provides psychological peace of mind to patients' families. Personalized VR content creates an immersive environment that effectively reduces patients' anxiety and pain during surgery. Combining local anesthesia with VR application not only improves the success rate of surgery, but also significantly improves patient satisfaction and makes an outstanding contribution to improving the overall medical experience.



▲ HTC Medical VR cooperated with Taipei Hospital of the Ministry of Health and Welfare to bring VR technology into the operating room to alleviate patient anxiety and pain.

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. Since its establishment, HTC Child Support Club has donated a total of NTD16,489,330. In 2023, 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
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
Taiwan Academia Industry Consortium	Group member
TCFD	Supporter
RBA (Responsible Business Alliance)	Affiliate member
CDP Supplier chain Member	Standard Member
Metaverse Application Alliance	Founding Member and President
Taiwan Electrical and Electronic Manufacturers' Association	Sponsoring Members
5G Industrial Innovation and Development Alliance	General member
ORAN Alliance	Contributors
OnGo Alliance	Adopter member
Accounting Research and Development Foundation of the Republic of China	Group Honored Member
Telecom Infra Project	Full Participation Tier

Appendix 2: Major Topics Management Approach Assessment

Material topics	Corporate Governance
GRI Standard	Custom theme
Chapter	P.057 Corporate Governance
Impact Description	<p>Negative impact (potential): 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"> 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. 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. Protect the rights and interests of investors and other stakeholders through a systematic ESG execution system
Metrics and Targets	<ul style="list-style-type: none"> Improve corporate governance evaluations
Mechanism of Evaluation	<ul style="list-style-type: none"> Independent director Audit committee Internal Audit System Evaluations by the relevant authorities (Corporate Governance Evaluation of TWSE)
Communication Channel	<ul style="list-style-type: none"> Issue annual reports publicly every year, and hold regular shareholder meetings to communicate with shareholders. Maintain smooth communication channels with stakeholders by providing ESG information on the company's official website. Contact for Investors: Tel: +886-2-8912-4138 E-mail: ir@htc.com Company Spokesman: spokesman@htc.com
Annual Actions and Measures	<ul style="list-style-type: none"> The results of the 10th (2023) corporate governance evaluations ranged from 21% to 35%. Evaluate the annual performance of directors in accordance with the director performance evaluation method.

Material topics	Economic performance
GRI Standard	GRI 201-1
Chapter	P.027 Financial Performance Snapshot
Impact Description	<p>Frontal Impact (Actual): We attach great importance to corporate governance and operational transparency, formulate and implement a corporate governance structure in accordance with the Company Act, the Securities and Exchange Act and other relevant laws and regulations, and continuously improve management performance.</p>
Policy or Commitment	<ul style="list-style-type: none"> Appropriately and effectively distribute the powers and responsibilities of the Board of Directors, managers and shareholders to establish and maintain a management team that is accountable to shareholders. Through a comprehensive and systematic ESG implementation system, the rights and interests of investors and other stakeholders are protected.
Metrics and Targets	<ul style="list-style-type: none"> Create innovative high-end hardware in strategic markets and establish industry-leading platforms, software, content and services to create revenue
Mechanism of Evaluation	<ul style="list-style-type: none"> Independent Director Audit Committee Internal audit system Evaluation by relevant authorities
Communication Channel	<ul style="list-style-type: none"> Investor contact channels Tel: +886-2-8912-4138 Email: ir@htc.com Company Spokesman: spokesman@htc.com
Annual Actions and Measures	<ul style="list-style-type: none"> 2023 Annual financial overview : Operating income was NT\$ 4.42 billion, operating gross margin from last year 39.2% Rise to 41.3%

Material topics	Innovation Management
GRI Standard	Custom theme
Chapter	P.071 Innovation Management
Impact Description	<p>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.</p>
Policy or Commitment	<ul style="list-style-type: none"> Combining cutting-edge technologies such as VR, AR, AI, 5G, and Blockchain with arts and humanities to unleash people's imagination. Measures for the Administration of Patents Notice and Procedure for Complaints of Copyright Infringement
Metrics and Targets	N/A
Mechanism of Evaluation	<ul style="list-style-type: none"> Patent management
Communication Channel	<ul style="list-style-type: none"> Internal R&D innovation strategy specification Reward employees for invention and creation
Annual Actions and Measures	<ul style="list-style-type: none"> 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 2023, a total of 384 global patent applications were filed, with a total of 8,805 global patents have been approved as of the end of 2023. HTC has launched innovative smart products such as VIVE XR Elite and mobile 5G enterprise private network REIGN CORE S2, which led to the metaverse.

Material topics	Risk management
GRI Standard	Custom theme
Chapter	P.053 Risk management
Impact Description	<p>Frontal Impact (Actual): Through regular inventory and hierarchical responsibility of each department, we minimize the risks that may occur in the operation and implement control to cope with the uncertainties brought about by various situations, including the risks and opportunities brought by them, so as to enhance the ability to create value.</p> <p>Negative impact (potential): Failure to correctly determine the causes and effects of risks may result in reduced profits and damage to shareholders' rights.</p>
Policy or Commitment	<ul style="list-style-type: none"> HTC's management thinking on corporate risks is based on safeguarding the value of shareholders and stakeholders. Based on the principle of materiality, we conduct risk assessments on environmental, social and corporate governance issues related to the company's operations. Through detailed assessment of possible operational risks Establish appropriate mechanisms to control various uncertain factors that occur. We integrate the commitments of ESG policies (including RBA) (e.g., ethical 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.
Metrics and Targets	<ul style="list-style-type: none"> The following management systems are verified by a third party for the following years
Mechanism of Evaluation	<ul style="list-style-type: none"> Responsible Business Alliance Code of Conduct (RBA). HTC's Supplier Management Mechanism Internal Audit System TCFD ISO 45001 Occupational Safety Management System ISO 50001 Energy Management System ISO 14001 Environmental Management System ISO 27001 Information Security Management System ISO 27701 Privacy Protection Management System ISO 27799 Information Security Management for the Health and Medical Industry
Communication Channel	<ul style="list-style-type: none"> Internal channels: e-mail, announcements External stakeholders can submit reports through the ESG mailbox esg@htc.com, and the case will be handled by the internal authority
Annual Actions and Measures	<ul style="list-style-type: none"> We will ESG Policies inclusive RBA (e.g., ethical management, occupational safety and health, environmental and climate change risks, and human rights-related risks) are integrated into the relevant risk management strategies, as detailed in the relevant sections of each management system

Material topics	Information Security and Privacy Protection
GRI Standard	GRI 418-1
Chapter	P.066 Information Security Management
Impact Description	<p>Positive impact (actual): 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>Negative impact (potential): 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"> ● 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. ● Actively establish and promote the "HTC Information Security Policy", "Personal Information Protection Management Policy" and "Privacy Policy" to ensure that the company's information and comply with the relevant laws and regulations of information security and privacy protection in various countries
Metrics and Targets	<ul style="list-style-type: none"> ✓ The completion rate of the annual HTC Privacy and Security Awareness training for all staff is ≥ 90% : 95.34% in FY2023 ✓ The completion rate of the annual HTC Product Security training for all engineering functional department employees is ≥100% : 100% in FY2023
Mechanism of Evaluation	<ul style="list-style-type: none"> ● ISO 27001 Information security management systems ● ISO 27701 Privacy Information Management System ● ISO 27799 Information Security Management in Health
Communication Channel	<ul style="list-style-type: none"> ● Internal: e-mail, announcements ● Outside channel (info-security): global-privacy@htc.com , security@htc.com ● Outside channels (intellectual property rights): Global-Copyright@htc.com
Annual Actions and Measures	<ul style="list-style-type: none"> ● Publish monthly privacy and information security newsletters, and 100% of software development related personnel to complete and pass product security training. ● Conduct 41 internal audits on personal data protection and information security. ● Complete 31 product and service privacy and security reviews, and 19 partner privacy and security assessments. ● No personal data or information leakage incidents in 2023.

Material topics	Integrity Management
GRI Standard	GRI 205-2 \ GRI 205-3
Chapter	P.061 Integrity Management
Impact Description	<p>Positive impact (actual): 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>Negative impact (potential): 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"> ● Integrity Management Operating Procedures and Conduct Guidelines ● 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.
Metrics and Targets	<ul style="list-style-type: none"> ✓ Improve the completion rate of new employee Anti-Corruption Training and Employee Code of Conduct training by ≥ 97% : 97% in FY2023
Mechanism of Evaluation	<ul style="list-style-type: none"> ● Establish an Ethical Management Promotion Group to supervise the effective operation of the preventive measures established for ethical management. ● The rules of procedure of the board of directors include a system for avoiding conflicts of interest of directors. ● 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.
Communication Channel	<ul style="list-style-type: none"> ● 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
Annual Actions and Measures	<ul style="list-style-type: none"> ● New employee training-"Anti-corruption training-Employee Code of Conduct training completion rate" ≥ 97% : 97% in FY2023 ● No corruption-related incidents occurred in 2023

Material topics	Circular Economy and Product Lifecycle
GRI Standard	GRI 306-1 \ GRI 306-2 \ GRI 306-3
Chapter	P.107 Product recyclability design, P.112 Hazardous waste management
Impact Description	<p>Frontal Impact (Potential): The circular economy is one of the means to achieve sustainability, which can enable HTC to improve climate-related resilience and energy conservation and carbon reduction, in line with the net-zero goal. Sustainability requires circulation, and creating value can create an economy. HTC is committed to a circular economy that not only helps slow the damage caused by climate change to the planet, but also promotes energy conservation and carbon reduction from the inside out to meet net-zero goals.</p> <p>Negative impact (potential): If HTC does not follow a circular economy policy, it will not only waste a lot of resources, but also make it difficult to achieve the net-zero goal. In the past, under the condition of "only focusing on product production, not resource efficiency" in the linear economy, industrial waste was incinerated and buried and disposed of in the environment, whether it was traditional industries, science and technology, agriculture, forestry, fishery and animal husbandry, a large amount of pollution was generated in the production process, and many harmful substances were discharged into the air, water and soil, causing great harm to the environment and human body. If we do not strive to promote a circular economy, we will face major problems such as resource depletion and ecosystem imbalance, and it will be difficult to achieve the net-zero goal.</p>
Policy or Commitment	<ul style="list-style-type: none"> ● HTC sees the circular economy as one of the key directions for sustainable development. Waste reduction and resource reuse are taken into account early in product development, and material recycling rates are well above WEEE specifications. ● HTC's sustainable packaging has four major directions: reducing the use of plastic products, expanding the use of sustainable materials, simplifying printing colors, and packaging design that is conducive to transportation. ● HTC Hazardous Substances Management Policy: Design and manufacture green products, comply with regulatory and customer requirements, and continuously improve to protect the environment.
Metrics and Targets	<ul style="list-style-type: none"> ✓ Product recovery rates are higher than regulations (Directive 2012/19/EU, WEEE) Normative 55% : HTC VIVE XR Elite The percentage of materials that can be recycled and reused is reached 76.7%
Mechanism of Evaluation	<ul style="list-style-type: none"> ● Directive 2012/19/EU, WEEE ● LOI n° 2020-105, art. 16, French Repairability Index ● Directive 2011/65/EU(EU RoHS), EAEU TR 037/2016(EAC RoHS), GB/T 39560(China RoHS) ● IECQ QC 080000 Hazardous Substances Process Management System ● ISO 14067 Product Carbon Footprint Standard
Communication Channel	<ul style="list-style-type: none"> ● Global sales locations, recycling systems, and mechanisms
Annual Actions and Measures	<ul style="list-style-type: none"> ● Product WEEE recycling rate is higher than 75% (regulatory standard 55%) ● New products in 2023 such as VIVE XR Elite and U23 series have higher recycling rates than regulatory standards. Among them, HTC mobile phones received a green label of 8.4 points on the French Repair Index. ● VIVE XR Elite obtained ISO 14067 Product Carbon Footprint Certificate ● IECQ QC 080000:2017 Hazardous Substances Process Management System Certificate

Material topics	Energy Management
GRI Standard	GRI 302-1 \ GRI 302-4
Chapter	P.089 Energy and emissions
Impact Description	<p>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.</p> <p>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.</p>
Policy or Commitment	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ✓ Starting from 2023, the power saving ratio will be set according to HTC's net zero path. The target in 2023 is the energy saving ratio > 4.2%.
Mechanism of Evaluation	<ul style="list-style-type: none"> ● ISO 50001 Energy management system ● CDP ● Sustainable Development Committee
Communication Channel	<ul style="list-style-type: none"> ● Internal channel: e-mail, announcements, improvement proposals, discussions during Health and Safety Committee meetings. ● External stakeholders may file an appeal through esg@htc.com, and the case will be handled by the internal responsible unit.
Annual Actions and Measures	<ul style="list-style-type: none"> ● In 2023, 31 energy-saving measures will be implemented, saving 370,618.63 kWh of electricity, equivalent to 1,344.08 GJ, and reducing carbon emissions in total 183.456 tCO₂e, total saving NT\$111,855 ● Nine universal charging docks for electric vehicles were added, and four Tesla charging docks were changed to universal ones to encourage employees to use green energy vehicles

Material topics	Waste management
GRI Standard	GRI 306-1、GRI 306-2、GRI 306-3、GRI 306-4、GRI 306-5
Chapter	P.112 Management of hazardous waste
Impact Description	<p>Frontal Impact (Actual): We minimize the amount of waste that has a negative impact on the environment in our manufacturing process and comply with environmental, safety and hygiene standards to ensure that waste is removed and disposed of legally and without environmental impact.</p>
Policy or Commitment	<ul style="list-style-type: none"> ● HTC Sustainable Development Policy ● Environmental Protection, Occupational Safety, Health and Energy Policy ● Environmental, Safety and Health Management Manual ● Procedures for the Management of Removal and Treatment of Industrial Waste
Metrics and Targets	<ul style="list-style-type: none"> ✓ The waste recycling rate is ≥ 84% : 2023 Annual for 83.6%
Mechanism of Evaluation	<ul style="list-style-type: none"> ● ISO 14001 Environmental Management System ● Sustainable Development Committee
Communication Channel	<ul style="list-style-type: none"> ● Internal channels: e-mail, announcements, improvement proposals, or discussion with the Safety and Health Committee ● External stakeholders can submit complaints through the ESG mailbox esg@htc.com, and the case will be internally transferred to the environmental safety unit and handled in accordance with the provisions of "EP-00000010 Environmental, Safety, Health and Energy External Document Control Procedure"
Annual Actions and Measures	<ul style="list-style-type: none"> ● In 2023, resource waste recycling benefits will reach NTD305,169, and the non-hazardous waste recycling rate will increase from 56.89% in 2011 to 83.58%. ● The total recycling volume of non-hazardous waste in 2023 will be 261.4612 metric tons, and the cumulative recycling amount will reach NTD92,062,448 in 2023. ● HTC continues to improve its paperless performance, with the total paper consumption reduced from 348,729 sheets in 2022 to 72,806 sheets in 2023, saving a total of 79.12% of various types of paper.

Material topics	Climate change adaptation
GRI Standard	GRI 201-2、GRI 305-1、GRI 305-2、GRI 305-3、GRI 305-4、GRI 305-5
Chapter	P.079 Climate change management
Impact Description	<p>Frontal Impact (Actual): As the market tends to expect products and services to be low-carbon products, HTC cares about environmental sustainability, and our products are designed with the impact on the environment in mind, so they meet market needs and regulations, which not only reduces the risk of fines for violating regulations, but also enhances consumers' impression and evaluation of HTC.</p>
Policy or Commitment	<ul style="list-style-type: none"> ● HTC's expertise in mobile technology and our continued pursuit of product innovation have enabled us to integrate climate change into our VIVE Reality vision to provide comprehensive solutions for businesses and society to create richer life experiences. In order to strengthen the company's governance of climate change and mitigate the threat posed by climate change, we have incorporated the Climate-related Financial Disclosure Framework (TCFD) into our management. ● HTC Sustainable Development Policy ● Climate Change Management Policy and Climate Change Risk Management Procedures
Metrics and Targets	<ul style="list-style-type: none"> ✓ First-tier supplier CDP questionnaire response rate >75%: 94.53% in 2023 SBT net zero target: (base year: 2021) ✓ Scope 1 and 2 reduction targets are 42% reduction in 2030 compared with the base year, and 90% reduction in 2050 compared with the base year. ✓ The scope 3 reduction target is to reduce the amount by 25% in 2030 compared with the base year; and to reduce the amount by 90% in 2050 compared with the base year.
Mechanism of Evaluation	<ul style="list-style-type: none"> ● HTC Carbon Management Platform ● Participate in the Carbon Disclosure Program (CDP) to regularly reward carbon risk and carbon management plans, systems and results, and join the CDP Supply Chain Program to invite suppliers to participate in carbon disclosure. ● ISO 14064-1 ● ISO 50001

Material topics	Climate change adaptation
Communication Channel	<ul style="list-style-type: none"> ● Internal channels: e-mail, announcement method, proposal improvement form, or discussion in the Sustainability Committee working group ● External Channel : ESG mailbox esg@htc.com ● Supplier Advocacy Symposium (Irregular) ● Cooperate with suppliers on projects related to sustainable development (ESG) and greenhouse gas inventory
Annual Actions and Measures	<ul style="list-style-type: none"> ● Promote net-zero projects and use climate-related financial disclosure frameworks to assess the risks and opportunities of climate change, and use GHG Protocol to conduct a simple carbon inventory of HTC's parent and subsidiary companies according to the SBTi methodology, plan a net-zero carbon pathway, and formulate corresponding short-, medium- and long-term carbon reduction strategies and management indicators in 2023, we will continue to issue independent reports on TCFD ● Conduct an annual Scope 1 and Scope 3 GHG inventory of the upstream/midstream/downstream of the value chain ● In 2023, the "Climate Change Management Policy" will be submitted to the board of directors for review and implementation; Introduced the HTC Carbon Management Platform, which was launched in early 2024 ● The SBTi Target Review was submitted in January 2024 ● In March 2024, the annual flagship VIVE XR Elite product carbon footprint inventory and report was produced through HTC's carbon management platform, and passed ISO 14067 verification. The boundaries of ISO 14064-1 inventory were also expanded to include parent and subsidiary companies and third-party verification ● Ongoing equipment energy conservation projects and investment in solar energy self-consumption (in conjunction with annual actions and measures for energy management) ● Supply chain engagement: 94.5% of the CDP survey

Material topics	Talent attraction and retention
GRI Standard	GRI 401-2、GRI 404-1、GRI 404-2、GRI 404-3
Chapter	P.144 Talent attraction and retention
Impact Description	<p>Frontal Impact (Actual): As a pioneer in technological innovation, HTC has always regarded talent cultivation and development as a top priority. With the rise of ESG and DEI, global companies are paying more and more attention to the social responsibility of talents.</p> <p>Negative impact (potential): If we fail to pay attention to talent cultivation and retention, when we encounter market shocks, we may reduce resilience and increase the cost of risk response.</p>
Policy or Commitment	<ul style="list-style-type: none"> ● We will continue to expand the influence of HTC's employer brand through multiple recruitment channels, social media management, and participation in external talent sustainability alliances. ● Constantly strive to build a diverse, challenging, dynamic and enthusiastic work environment, uphold an open and inclusive attitude, and give enough to colleagues Empowerment and development space. ● HTC is committed to using only talent and actively recruiting local elites in AR/VR, 5G, blockchain, artificial intelligence, and more. ● We are committed to promoting six aspects of sustainable talent development, including "Meaning & Value", "Diversity & Inclusion", "Organizational Communication", "Reward & Incentive", "Physical and mental health" and "talent development". ● Depending on the employee's annual performance, development potential, company operating conditions and market salary adjustment expectations, we provide appropriate salary adjustments. In addition, it provides talent retention bonuses and long-term incentives for key technical colleagues.
Metrics and Targets	<ul style="list-style-type: none"> ✓ Direct employee satisfaction ≥ 3.8: 3.79 in FY2023 ✓ The annual turnover rate of direct employees ≤ 11%: 9.2% in FY2023 ✓ The actual operating rate of the annual training plan should be more than 85%: 98% in 2023
Mechanism of Evaluation	<ul style="list-style-type: none"> ● Direct employee engagement survey ● Turnover rate tracking ● Training plan start rate
Communication Channel	<ul style="list-style-type: none"> ● Social media ● Company internal website ● Activity and course announcements
Annual Actions and Measures	<ul style="list-style-type: none"> ● In 2023, HTC has launched a new version of its Talent Acquisition system ● In 2023, HTC continues to participate in and support the initiative of "TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance" ● Partnering with World Learning, Cheers and more than 200 alliance partners, we are working together to advocate the Hope Project for talent cultivation and create a better future for every worker.

Material topics	Sustainable supply chain
GRI Standard	GRI 414-1 \ GRI 414-2
Chapter	P.124 Sustainable supply chain

Impact Description	<p>Negative impact (potential): If the supply chain has endangered human rights and social and environmental regulations, it may cause damage to HTC's goodwill, so HTC attaches great importance to supplier management to avoid negative impacts.</p>	
Policy or Commitment	<ul style="list-style-type: none"> ● HTC has participated in the Responsible Business Alliance (RBA) since 2023 and actively participates in discussions and actions on various supply chain social and environmental responsibility issues to understand the trends in the implementation of social responsibility by international companies and the practical experience of members. The company follows the RBA Global Responsible Business Alliance Code of Conduct and formulated the HTC Supplier Code of Conduct. It is committed to improving and enhancing the environment, labor rights, ethics, safety and health, and expanding the social responsibility of the supply chain system. We also hold supplier meetings from time to time every year to promote relevant issues. To ensure effective implementation, supply chain ESG management and plans are formulated and implemented after discussions between the procurement unit and the sustainability office, and are supervised by the ESG Committee. ● 《HTC Sustainable Development Policy》 ● Responsible Business Alliance Code of Conduct (RBA). ● HTC Supplier Code of Conduct ● Modern Slavery Act Declaration 	
Metrics and Targets	<ul style="list-style-type: none"> ✓ Conflict-free minerals (CMRT): 100% in 2023 ✓ CDP survey response rate 75% ✓ RBA SAQ completion rate 75% ✓ 100% investigation rate of conflict minerals (cobalt and mica) 	
Mechanism of Evaluation	<ul style="list-style-type: none"> ● Sustainable Development Committee ● CDP Supplier Chain project ● Supplier Quarterly Business Review 	<ul style="list-style-type: none"> ● Supplier Social Responsibility Audit ● Conflict Minerals
Communication Channel	<ul style="list-style-type: none"> ● Supplier Advocacy Symposium (Irregularly) ● Supplier Coaching and Audit (Annual) ● Cooperate with suppliers on projects related to sustainable development (ESG) and greenhouse gas inventory 	
Annual Actions and Measures	<ul style="list-style-type: none"> ● First-tier suppliers signed the "Supplier Code of Conduct", and the return rate was 100%. ● The response rate of the first-tier supplier CDP survey is 94.5% ● 100% is conflict-free minerals (3TG) ● Conflict Minerals - Cobalt & Mica Survey Rate 100% 	

Material topics	Social Investment & Contribution
GRI Standard	Custom theme
Chapter	P.043 HTC Annual SDGs performance, P.171 social investment and contribution in 2023

Impact Description	<p>Frontal Impact (Actual): HTC enhances brand value and social responsibility by donating to social welfare organizations, improving medical education, developing metaverse technology, and promoting culture and arts.</p>	
Policy or Commitment	<ul style="list-style-type: none"> ● HTC's people-first values shape our character culture. While we continue to pursue corporate growth and promote technological innovation, we also actively contribute to society, and are committed to shaping the city's character culture, caring for disadvantaged families, and providing educational opportunities for disadvantaged students. ● We continue to develop innovative products, not only supporting the Sustainable Development Goals (SDGs) proposed by the United Nations in 2015 with core technologies, but also practicing social care with innovative products, meeting people's various needs, and actively promoting the sustainable development of enterprises. 	
Metrics and Targets	<ul style="list-style-type: none"> ✓ N/A 	
Mechanism of Evaluation	<ul style="list-style-type: none"> ● Donated to HTC Foundation ● The 17 Sustainable Development Goals (SDGs) of the United Nations 	

Material topics	Social Investment & Contribution
Communication Channel	<ul style="list-style-type: none"> ● Internal channels: e-mail, announcements ● External Channels: Stakeholders can obtain relevant information through the HTC ESG website and press releases
Annual Actions and Measures	<ul style="list-style-type: none"> ● In 2023, the HTC Foundation will invest approximately NT\$44 million in education programs, while the HTC Social Welfare and Charity Foundation will also invest approximately NT\$30 million in related charitable causes. ● We will continue to promote character education and run the Character Education Practice School Scholarship Program, and have completed the second batch of scholarships and grants for 13 schools in 2023. ● In FY2023, VIVE Arts completed seven large-scale international cooperation projects ● In 2023, HTC adopted a total of 43 children, including 35 children in China and 8 children from Guatemala, Jordan, the Philippines, Senegal, Sri Lanka, Kyrgyzstan, Paraguay and other countries. ● In 2023, DeepQ stood out in the National Innovation Award for its unique innovative products, Disease Steward and Epidemic Prevention Miracle Power, which continued to provide assistance to the CDC in epidemic prevention publicity and management

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	P.135 Human Rights Management and Commitment \ P.154 Salary and Benefits

Impact Description	<p>Positive impact (actual): 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>Negative impact (potential): Neglecting human rights and diversity may lead to disharmony in company culture, talent loss, and tension in labor relations.</p>	
Policy or Commitment	<p>HTC values labor human rights, upholds the basic principles of equality, inclusiveness, and non-discrimination, is committed to the highest standards of environmental, social, and ethical integrity, respects the human rights and workplace equality of every employee, and requires all suppliers to fulfill their corporate responsibilities to the same standards</p> <ul style="list-style-type: none"> ● Responsible Business Alliance Code of Conduct ● Modern Slavery Act Declaration ● Employee Code of Conduct ● HTC Supplier Code of Conduct 	
Metrics and Targets	<ul style="list-style-type: none"> ✓ 100% maternity protection: 100% in FY2023 ✓ Weekly working hours: ≤ 60 hours/week: 48 hours/week in FY2023 	
Mechanism of Evaluation	<ul style="list-style-type: none"> ● Quarterly labor-management meetings are held to record and track problems and improvement results ● Parental leave application mechanism ● The Occupational Safety and Health Committee monitors the implementation of the occupational safety and health management system, formulates an annual plan ● Supplier social responsibility audit mechanism 	
Communication Channel	<ul style="list-style-type: none"> ● Multiple grievance channels include employee grievance hotline, grievance suggestion box, grievance e-mail, and sexual harassment complaint mailbox ✓ Call the human resources hotline ✓ Employee Assistance Line Email HelpMe_8585@htc.com ✓ External channel: ESG mailbox esg@htc.com 	
Annual Actions and Measures	<ul style="list-style-type: none"> ● Annual human rights related risk due diligence ● Announce the latest version of the Modern Slavery Act Transparency Statement. ● 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. 	

Appendix 3: GRI Standards Index

Statement Of Use	HTC Corporation has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 Used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	None

Disclosed		Location [Referring Page]	Remark
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.215 Some 2022 data include restated information · Attached Table: Information Reorganization List	
2-5	External assurance	P.002 Process of Reporting Quality Management P.217-P.220 Assurance Statement	
2-6	Activities, value chain and other business relationships	P.012 Global Operation Locations P.013-P.014 Industry Overview	
2-7	Employees	P.141-P.144 Overview of Human Resource Structure	
2-8	Workers who are not employees	P.170 Table 'Types of Workers and Their Job Responsibilities for HTC Non-Employees'	
2-9	Governance structure and composition	P.057 Organization Structure P.058 Board of Directors P.039 ESG Committee	
2-10	Nomination and selection of the highest governance body	P.058 Board of Directors P.058 Nomination and Selection of the Board of Directors	
2-11	Chair of the highest governance body	P.058 Board of Directors P.059 Benefit Avoidance	
2-12	Role of the highest governance body in overseeing the management of impacts	P.039 ESG Committee	
2-13	Delegation of responsibility for managing impacts	P.039 ESG Committee	
2-14	Role of the highest governance body in sustainability reporting	P.039 ESG Committee P.040-P.041 ESG Management Procedures and System	
2-15	Conflicts of interest	P.058 Board of Directors P.059 Benefit Avoidance	
2-16	Communication of critical concerns	P.058 Board of Directors P.039 ESG Committee	
2-17	Collective knowledge of the highest governance body	P.059 Board of Directors Continuing Education	
2-18	Evaluation of the performance of the highest governance body	P.059 Performance Evaluation of the Board of Directors: The Board of Directors' Performance Evaluation Report issued by the Taiwan Corporate Governance Association	
2-19	Remuneration policies	P.059 Compensation Policy for Employees and Managers	

Disclosed		Location [Referring Page]	Remark
2-20	Process to determine remuneration	P.059 Compensation Policy for Employees and Managers P.060 Compensation Committee	
2-22	Statement on sustainable development strategy	P.005 Letter from Chief Sustainability Officer P.035 Our Sustainability Commitment P.135 Human Rights Management and Commitment	
2-23	Policy commitments	P.033 ESG Management P.100 Sustainable Environment P.135 Human Rights Management and Commitment P.061 Integrity Management	
2-24	Embedding policy commitments	P.061 Integrity Management P.135 Human Rights Management and Commitment P.035 Our Sustainability Commitment P.053-P.054 Risk Management	
2-25	Processes to remediate negative impacts	P.051-P.052 Stakeholder Engagement P.061 Strict Mechanisms for Avoiding Conflicts of Interest P.139 Listening to the Voice of the Employee P.193 Major Topics Management Approach Assessment P.053-P.054 Risk Management	
2-26	Processes to remediate negative impacts	P.061 Strict Mechanisms for Avoiding Conflicts of Interest P.139 Listening to the Voice of the Employee	
2-27	Compliance with laws and regulations	P.135 Human Rights Topics P.064 Regulatory Compliance	
2-28	Membership associations	P.192 Participation in Industry Associations and Non-Profit Organizations	
2-29	Approach to stakeholder engagement	P.040-P.041 ESG Management Procedures and Systems	
2-30	Collective bargaining agreements	P.139 Listening to the Voice of the Employee	
GRI 3 Material Topics 2021			
3-1	Process to determine material topics	P.040 ESG Management Procedures and Systems	
3-2	List of material topics	P.047-P.049 HTC 2023 Material Topics and Boundary	
3-3	Management of material topics	P.193 2023 Major Topics Management Approach Assessment	
Topic-Specific Disclosures: GRI 200 (Economic topics)			
GRI 201 : Economic-Performance 2016			
201-1	Direct economic value generated and distributed	P.027 Overview of Financial Performance	●
201-2	Financial implications and other risks and opportunities due to climate change	P.083-P.086 Climate Change Management	●
201-3	Defined benefit plan obligations and other retirement plans	P.155-P.156 Diversified Employee Welfare	
GRI 202 : Market-Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P.154-P.155 Competitive Compensation	
GRI 204 : Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	P.124 Sustainable Supply Chain	

Disclosed	Location [Referring Page]	Remark
GRI 205 : Anti-Corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	P.061 Strict Mechanisms for Avoiding Conflicts of Interest ●
205-3	Confirmed incidents of corruption and actions taken	P.061 Strict Mechanisms for Avoiding Conflicts of Interest None ●
GRI 207 : Tax 2019		
207-1	Approach to tax	P.065 Tax Guidelines
207-2	Tax governance, control, and risk management	P.065 Tax and Risk Management
207-3	Stakeholder engagement and management of concerns related to tax	P.065 Stakeholder Engagement
Topic-Specific Disclosures: GRI 300 Environmental topics		
GRI 302 : Energy 2016		
302-1	Energy consumption within the organization	P.089 Energy and Emission P.094-P.095 The Use of Green Energy ●
302-4	Reduction of energy consumption	P.092-P.093 Energy-saving and carbon reduction Actions ●
GRI 303 : Water and Effluents 2018		
303-1	Interactions with water as a shared resource	P.102-P.103 Water Resource Management
303-2	Management of water discharge-related impacts	P.102 Sewage Treatment
303-4	Water withdrawal	P.102 Sewage Treatment
GRI 305 : Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	P.089-P.091 Energy and Emission ●
305-2	Energy indirect (Scope 2) GHG emissions	P.089-P.091 Energy and Emission ●
305-3	Other indirect (Scope 3) GHG emissions	P.089-P.091 Energy and Emission ●
305-4	Greenhouse gas emission intensity	P.089-P.091 Energy and Emission ●
305-5	Reduction of GHG emissions	P.089-P.091 Energy and Emission ●
GRI 306 : Waste 2020		
306-1	Waste generation and significant waste-related impacts	P.112-P.117 Hazardous Waste Management ●
306-2	Management of significant waste-related impacts	P.107-P.108 Product Recyclability Design ●
306-3	Waste generated	P.112-P.117 Hazardous Waste Management ●
306-4	Waste diverted from disposal	P.112-P.117 Hazardous Waste Management P.115 Waste Reduction, Recycling and Reuse ●
306-5	Direct disposal of waste	P.112-P.117 Hazardous Waste Management ●
GRI 308 : Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	P.125-P.126 The HTC Supplier social responsibility Assessment and Audit
308-2	Negative environmental impacts in the supply chain and actions taken	P.125-P.126 The HTC Supplier social responsibility Assessment and Audit

Disclosed	Location [Referring Page]	Remark
Topic-Specific Disclosures: GRI 400 (Social topics)		
GRI 401 : Employment 2016		
401-1	New employee hires and employee turnover	P.143-P.144 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.155-P.156 Diversified Employee Welfare ●
401-3	Parental leave	P.138-P.139 Work-life Balance Support
GRI 402 : Labor Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	P.139 Listening to the Voice of the Employee
GRI 403 : Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	P.166 Occupational Safety and Health Committee
403-2	Hazard identification, risk assessment, and incident investigation	P.166-P.167 Positively Preventing Occupational Accidents
403-3	Occupational health services	P.162 Health Management and Promotion
403-4	Worker participation, consultation, and communication on occupational health and safety	P.166 Occupational Safety and Health Committee
403-5	Worker training on occupational health and safety	P.166-P.168 Positively Preventing Occupational Accidents
403-6	Promotion of worker health	P.161-P.163 Health Promotion
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P.116-P.117 Hazardous Substances and Chemical Control P.125-P.126 The HTC Supplier social responsibility Assessment and Audit P.166-P.167 Positively Preventing Occupational Accidents P.169 Contractor Management
403-9	Work-related injuries	P.169-P.170 2023 Occupational injury in Taiwan
403-10	Work-related ill health	P.169-P.170 2023 Occupational injury in Taiwan
GRI 404 : Training and Education 2016		
404-1	New employee hires and employee turnover	P.153-P.154 Training Result ●
404-2	Programs for upgrading employee skills and transition assistance programs	P.148 Talent Cultivation and Development ●
404-3	Percentage of employees receiving regular performance and career development reviews	P.152-P.153 Training and Performance Integration ●
GRI 405 : Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	P.058 The composition of HTC Management (Directors) by Age & Gender P.141-P.144 Overview of Human Resource Structure P.143-P.144 The Global Distribution of HTC Personnel ●
405-2	Ratio of basic salary and remuneration of women to men	P.154-P.155 Competitive Compensation ●
GRI 406 : Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	P.136-P.137 Human Rights Due Diligence (HRDD) Form None ●

Appendix 4: SASB Index

HHTC 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.066-P.070 Information Security Management
Employee Diversity & Inclusion	TC-HW-330a.1	Representation of (1) gender and (2) diversity groups in (a) executive management, (b) non-executive management, (c) technical employees, and (d) all other employees	P.141-P.144 Overview of manpower structure
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	P.207 SASB Index : Hardware
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	P.207 SASB Index : Hardware
	TC-HW-410a.3	Percentage of eligible products that have achieved energy efficiency certification (by revenue).	P.207 SASB Index : Hardware
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	P.100 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.125-P.126 Supplier sustainability assessment and audit
	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.125-P.126 Supplier sustainability assessment and audit
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	P.207 SASB Index : Hardware
SASB Code	ACCOUNTING METRIC	Location	
TC-HW-000.A	Number of units produced by product category	P.027 Overview of Financial Performance	
TC-HW-000.B	Area of manufacturing facilities	From 2020 to 2023, HTC had a factory area of 28,952.53 m ²	
TC-HW-000.C	Percentage of production from owned facilities	Not disclosing sensitive information	

Disclosed	Location [Referring Page]	Remark
GRI 407 : Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk P.136-P.137 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.136-P.137 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.136-P.137 Human Rights Due Diligence (HRDD) Form None	●
GRI 410 : Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures P.169 Professional Security Service Team	●
GRI 414 : Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria P.125-P.126 The HTC Supplier social responsibility Assessment and Audit	●
414-2	Negative social impacts in the supply chain and actions taken P.125-P.126 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.076 Customer Management	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services P.076 Customer Management P.064 Regulatory Compliance: No related situation	
GRI 417 : Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling P.107-P.108 Product Recyclability Design	
417-2	Incidents of non-compliance concerning product and service information and labeling P.064 Regulatory Compliance: No related situation	
417-3	Incidents of non-compliance concerning marketing communications P.064 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.064 Regulatory Compliance: No related situation	●

Note: ● means material topics

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

Standard	2021	2022	2023
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. Among the 193 controlled substances listed in IEC 62474, the overlap rate with hazardous substances controlled by RoHS and REACHSVHC is 83% (that is, 160 substances are already in the IEC 62474 substance list). According to the 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

EPEAT is a voluntary environmental performance evaluation tool for electronic products in the United States, and there are currently 8 categories of standardized products, but VR products have not yet been included in the scope of applicable products, and HTC continues to pay attention to and track international environmental protection product certification. If there is an announcement of the applicable product category, it will be further evaluated and actively introduced into the product development and design.

TC-HW-410a.3 Percentage of eligible products, by revenue, certified to an energy efficiency certification

HTC's existing external power supplies have met the U.S. Department of Energy's Level VI energy efficiency standards, and HTC's existing products have 100% compliance with charging energy efficiency certification standards for devices that use rechargeable batteries, accounting 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.

In addition to graphite, HTC also considers conflict minerals to be a key raw material, and in order to prevent conflict minerals from entering the supply chain, we investigate the source of raw materials from suppliers every year and incorporate them into the supplier social responsibility management program. For more information, please refer to Responsible Minerals Procurement Management.

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	P209 SASB Index: Software & IT Services P089-P091 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	P209 SASB Index: Software & IT Services P102-P103 water resources management
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	P209 SASB Index: Software & IT Services
Data Privacy & Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	P210-P211 SASB Index: Software & IT Services
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	P212 SASB Index: Software & IT Services
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	P212 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	P212 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	P212 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	P212 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	P212-P213 SASB Index: Software & IT Services
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.1	Percentage of employees who need a work visa	P143 HTC Global Site Employee Structure Distribution
	TC-SI-330a.2	Employee engagement as a percentage	P140 Employee Engagement Survey
	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	P141-P144 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	P213 SASB Index: Software & IT Services
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	P066-P070 Information Security Management

SASB Code	ACCOUNTING METRIC	Location
TC-SI-000.A	(1) Number of licenses or subscriptions, (2) percentage cloud-based	As of the end of 2023, 1,408,739 VIVEPORT accounts have been opened on the VIVEPORT platform, and 100% of this website service is located in the cloud.
TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	P213 SASB Index: Software & IT Services
TC-SI-000.C	(1) Amount of data storage, (2) percentage outsourced	P213 SASB Index: Software & IT Services

TC-SI-130a.1 (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable

As of 2023, the total energy consumption of our self-built data centers in Taoyuan and Xindian includes all energy consumed in the data centers. This includes not only the power consumption of the IT equipment itself, but also the energy consumption of the infrastructure that supports it, such as cooling systems, power backup systems, and lighting. Based on the weighted average calculation, the data center has a power usage effectiveness (PUE) of 1.56.

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	2021	2022	2023
Total water withdrawn (m ³)			
Rainwater recycling	2,965	3,863	3,522
Tap water	84,147	85,260	86,378
Subtotal	87,112	89,123	89,900
At locations with high or extremely high baseline water scarcity Water intake as a percentage of total water intake	-	-	-
Total water consumed (m ³) Domestic water	38,018.32	37,966	20,627
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 centre needs

Taoyuan Company Information Center

The self-owned green energy building, all of which have UPS, generators, CCTV, fire prevention, air conditioning and other management facilities, as well as solar power collection equipment and rainwater harvesting facilities, are located at the airport and major city center transportation hubs. In addition, the Guishan Industrial Park has a well-established management of water and power resources.

Xindian Company Data Center

The self-owned green energy building, all of which have UPS, generators, CCTV, fire prevention, air conditioning and other management facilities, as well as solar power collection equipment and rainwater collection facilities, are located in major downtown transportation hubs.

External data center room

Located next to the central government unit Special Zone in the center of Taipei, it has sound management and guarantee of water and power resources, and has a number of facility certifications, including: ISO27001, ISO27011, ISO14001 and ISO50001. The power supply is double-feeder design, and the oil storage tank can be used for up to 60 hours. The cooling water capacity is 2,350 tons and the cooling tower capacity is 2,800 tons.

In addition, considering the operational efficiency and green energy of the company building, and considering the high humidity and temperature in Taoyuan and Taipei City Hall, we chose the water-cooled multi-unit air conditioner of the dedicated building to stabilize and fault tolerant cooling technology and improve energy efficiency.

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

1.
 - (1) ISMS Information security management system and PIMS Personal asset management system:
 The company is based ISO/IEC 27001:2013, ISO/IEC 27701:2019 and major national personal data regulations, established internally ISMS Information security management system and PIMS personal information management system; The ISMS information security management system reflects the objectives of the company's information security policy, which is to protect the confidentiality of corporate information assets (Confidentiality), integrity, availability and compliance, which applies to all employees of the company and all personnel of the company. It shall exercise its duty of care as a good steward to prevent unauthorized access, destruction, modification or disclosure of information. The security of all information held by the Company (including third-party information) will be strictly controlled, and shall be properly handled in accordance with the Company's information classification standards in accordance with its confidentiality, sensitivity and importance. Sensitive personal information and general personal information are confidential information of the Company, and the processing of such confidential information is subject to strict process specifications, including the approval level of information disclosure, the mandatory signing of confidentiality contracts, the marking of confidentiality, the mechanism to prevent unauthorized access/view/disclosure, the restriction of data storage vehicles and storage methods, the retention period, transmission encryption, and the scrapping process. In addition, the PIMS asset management system is a management policy and guidelines formulated to regulate the collection, processing and utilization of personal information, promote the reasonable use of personal information, and prevent personal information from being stolen, tampered with, damaged, lost or leaked. The operation process for the exercise of the rights of the parties and the management of complaints or complaints, the prevention/response/ handling of security incidents for information security incidents, the inventory of the behavior process of each department and the risk assessment operation, etc.
 - (2) Internal Audit and External Audit:
 In accordance with the requirements of the Company's ISMS information security management system, the Company's dedicated unit audits the operation of the ISMS information security management system and the PIMS asset management system every year to confirm whether the system is correct and effectively implemented. The company has obtained ISO/IEC 27001:2013 and ISO/IEC 27701:2019 certifications within the scope of certification, and the certification unit will verify the operations within the scope of the company's certification every year during the certification period.
2.
 - (1) Data collection: The Company collects and processes personal information only in the following circumstances, including a. expressly provided for by law, b. The Company has a contractual or contract-like relationship with the individual parties, c. Personal information disclosed by the individual or otherwise legally disclosed, d. Written consent of the individual data subject, e. It is in the Company's legitimate interests and has undergone a Legitimate Interests Assessment, confirm that the collection processor, e. in the public interest, f. The sources of personal data are obtained from generally available sources. Where applicable laws and regulations require the right to opt-out of data collection and processing, the Company will also design and develop a mechanism to comply with the legal requirements.
 - (2) Data Use/Processing/Disclosure: The Company may, with the consent of the data subject, use / process personal data in the following circumstances: (1) to provide the required services or to perform the contract signed with the data subject, (2) With the consent of the individual data subject, (3) when the Company has a legitimate interest in improving the customer experience and service quality, or (4) when it is necessary to comply with a legal obligation. The Company may share personal information with service providers, wireless network operators, advertising network providers, co-branding partners, and third parties to whom the Company sells or transfers business or assets, provided that it is lawful to do so.
 - (3) Data retention: The Company has set standard documents for the retention period of personal information, which stipulates different data retention periods according to the type of personal information (personal information provided by the individual data subject when creating a user account, customer profile information, transaction information, etc.) and the specific service content.
 - (4) Data Destruction: The Company has set standard documents for the destruction of personal information, including that personal information files should be deleted within a certain period of time after the completion of the specific purpose, that data destruction should be based on the principle that the original state of the data cannot be restored, that the outsourced manufacturer should be requested to provide appropriate destruction procedures and evidence

when entrusting the vendor to destroy the data, and that the method of destruction should be recorded when destroying personal information files / Time / place / Proof of the method of destruction, etc.

3. In order to ensure that the relevant processing processes of personal data can meet the requirements of laws and regulations, the Company has established risk assessment and management standards. Each department of the Company conducts internal personal information risk assessment and processing operations on a regular basis every year or when there is a new or major change in the business; Each department first regularly takes stock of the personal data collection and processing operations, and then conducts a data privacy impact assessment for the inventory of personal data collection and processing operations, and the analysis content includes privacy self-assessment questions (The main focus is on whether each department complies with the PIMS asset management system), the maturity of the control and the description of the control, and the identification of the affected personal information groups/weaknesses / threats, etc., through the risk assessment model, the degree of risk faced by personal information can be known and quantified, which can be used as the basis for selecting control measures, and corresponding control measures can be taken according to the different levels of risk, including the proposal of risk improvement plans.
4. The Company discloses in the Privacy Policy applicable to the U.S. market that the Company does not knowingly collect or request the personal information of minors under the age of 14, nor does it knowingly allow such minors to register accounts with the Company's products or services, and that the Company's products and their content are not directly directed at minors under the age of 14 or children as determined by the relevant children's privacy laws. If the Company becomes aware that a minor under the age of 14 has provided personal information to the Company without parental consent, the Company will remove the personal information as soon as possible.
5. The Company may use/process personal data in the following circumstances based on the consent of the individual data subject: (1) to provide the required services or perform the contract with the personal data subject, (2) to obtain the consent of the personal data subject, and (3) to obtain the consent of the personal data subject When the Company has a legitimate interest in improving the customer experience and service quality, and (4) when it is necessary to comply with a legal obligation. The Company may share personal information with service providers, wireless network operators, advertising network providers, co-branding partners, and third parties to whom the Company sells or transfers business or assets, provided that it is lawful to do so.
6.
 - (1) Transparency: The Company collects/uses /collects information about the use of the Group's websites, devices, applications and services by the Group The personal information shared is subject to a Privacy Policy, which clearly states that the Company may use third-party ad service providers to serve advertisements on the Company's Services. In order to provide such advertisements, third parties may automatically collect certain information about the user, the user's device, and the user's use of the Services, including information about visits to the Company's and other companies' websites and applications, the user's IP address, the user's Internet service provider, and the browser used to access the Company's website.
 - (2) Consumer control: Users of some of our applications and services may choose whether or not to accept our privacy policy (including our cookie policy) before providing personal information. to decide whether to allow the Company to collect his/her personal information or transfer his/her personal information to a third party.
 - (3) Data security: The Company discloses in the Privacy Policy that the Company strives to protect personal information by taking appropriate physical, technical and organizational measures to prevent unauthorized or unlawful access, use, processing or alteration of personal information obtained by the Company from users through its services, and to prevent such personal information from violating regulations or loss, such as anonymization, pseudo-anonymization, encryption. For example, during transmission via Hypertext Secure Transfer Protocol (HTTPS) encryption, measures to restrict access, etc.
 - (4) Material changes: In the event of a change in the contents of the Company's Privacy Policy, the Company will notify users 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 that are personal data breaches, (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:

In order to effectively manage the potential risks of privacy protection and information security, HTC continuously optimizes the "Personal Data Management System" and "Information Security Management System", and continuously promotes privacy protection and information security through a dedicated team composed of legal, product security and information security departments, which is implemented in employee education and training, product development and design, vendor management, information security incident management, etc. The risk assessment and internal audit of privacy and information security are conducted annually to ensure the effective implementation of the management system and reduce risks through the audit, and passed the BS10012 PIMS certification in December 2018, and successively passed the ISO 27001 and ISO 27701 certification in August 2021, August 2022 and November 2023.

2. Information security risk identification process:

HTC complies with data privacy engineering requirements from the product design stage, requires the development team to develop products in accordance with the guidelines of HTC's Privacy Protection and Security Software Development Manual, and conducts threat analysis modeling and security design review from the software design stage, as well as code review, personal information privacy impact analysis, information security risk assessment and other security controls. and import privacy and security audit processes (including information security detection, static code scanning tools, vulnerability scanning and other automated tools); After the products and services are launched, in addition to tracking the remediation procedures for software security vulnerabilities and providing the remediation procedures to the relevant development teams to ensure that the products and services meet the requirements of privacy protection and information security, we also provide special contact information to external personnel and a dedicated team to interpret the incident and respond to external reports in a timely manner.

In addition to ISO 27001 information security management and routine management operations to ensure the confidentiality, availability, and integrity of information, HTC also has firewalls, intrusion detection, anti-virus systems, virtual private networks (VPNs), and data loss prevention (DLP) in place and all HTC employees must complete the Privacy Protection and Information Security Employee Education and Quiz every year, which includes: the importance

of data protection, precautions for company data processing, key information security protection controls, personal data processing precautions, vendor audits, social media and marketing activities precautions, information security and personal information protection reminders, information security threat introduction, and provide information about the Company's resources related to data protection and information security; In addition to the "Annual Product Security Process Specification" and "Personal Information Protection Guide" courses-quizzes, those responsible for product development are required to complete the threat model analysis and security coding standards of key coding languages in addition to the "Annual Product Security Process Specification" and "Personal Information Protection Guide" courses-quizzes. In addition, HTC sends a monthly Privacy & Information Security Bulletin to all employees to provide up-to-date news or policy announcements related to privacy protection and information security.

HTC's focus on information security is not limited to its internal focus, but also to external vendors at the evaluation stage to perform a review of information security controls in all aspects and to require external vendors to comply with applicable privacy regulations and HTC Privacy protection and information security requirements, in order to jointly reduce the risk of information security and ransomware, for the information security control items of external suppliers, including but not limited to: information security policy, information security organization, human resource management, communication and operation security, information security incident/incident management, business continuity management, physical environment management, access control and vulnerability management, etc.

TC-SI-330a.1 Percentage of employees that require a work visa

HTC hires foreign workers who are professional white-collar workers, and the expiration date of their work visas is confirmed at the time of employment to ensure that employees are legally working.

TC-SI-520a.1 Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations

During the reporting period, the Company did not suffer any economic losses due to legal proceedings related to anti-competitive acts.

TC-SI-000.B (1) Data processing capacity, (2) percentage outsourced

HTC's overall data center computing power is as follows:

Physical servers: We have more than 500 physical servers equipped with more than 4,700 CPU cores to meet the diverse application and service needs of enterprises.

Random-Access Memory (RAM): Data centers currently have about 24 petabytes of RAM to ensure that the system has enough memory to run and to ensure an optimal balance of performance and usage.

Storage: With 1.2 petabytes of disk capacity, physical servers provide the storage space businesses need to hold data and applications while ensuring high-speed access and data protection.

Outsourcing: The company rents a secure and reliable physical computer room facility provided by an external IDC, including access control, cabinets, power and air conditioning, for storage and to operate our information resources. These outsourced resources account for nearly 5% of the company's physical server count, 7% of the number of CPU cores, and 1.34% of the total storage space.

TC-SI-000.C (1) Data storage capacity, (2) Outsourcing percentage

With an overall storage capacity of 4.4 petabytes, HTC's data centers can cope with the company's massive data storage needs, while also ensuring data security, availability, and instant access.

Outsourcing: The company's data is stored in the self-built information center, and there is no outsourcing to the contractor.

Appendix 5: Sustainability Disclosure Metric-Telecommunication & Internet Service

NO.	METRIC	CATEGORY	Annual Disclosure (Referring Page)	UNIT OF MEASURE
1	Total energy consumed, percentage grid electricity, percentage renewable	Quantitative	Disclosed information can be found in the "Energy and Emissions" chapter of this report.	Gigajoules (GJ) \ Percentage (%)
2	Total water withdrawn, total water consumed	Quantitative	Disclosed information can be found in the "Water Resource Management" chapter of this report.	Thousand cubic meters (m ³)
3	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	Disclosed information can be found in the "Hazardous Waste Management" chapter of this report.	Metric tons (t), Percentage (%)
4	Explain the type, number and rate of occupational hazards	Quantitative	Disclosed information can be found in the "2023 Occupational injury in Taiwan" chapter of this report.	Percentage (%), Quantity
5	Product Lifecycle Management : Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	Disclosed information can be found in the "Sustainable Environment" chapter of this report.	Metric tons (t), Percentage (%)
6	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	HTC investigates conflict minerals (CMRT/EMRT) in the supply chain every year, but currently has not investigated and controlled the metals or elements covered by key materials.	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	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.	
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.	
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.	Disclosed information can be found in the "Climate Change Management" chapter of this report and the independent TCFD report.
7	Explain the basis for price determination if internal carbon pricing is used as a planning tool.	Plan to introduce internal carbon pricing in 2024.

No.	Item	Execution Status
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.	Disclosed information can be found in the "Climate Change Management" chapter of this report and the independent TCFD report.
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.

Protection of IP Rights

	2021 (Original)	2021(New Data)	2022 (Original)	2022(New Data)
Number of Global Patent Applications	292	229	546	443
Number of Taiwan Patent Applications	87	87	127	133
Cumulative Number of Global Patent Grants	12,230	8,228	12,597	8,515

Note: The changes to the calculation criteria for patent statistics are as follows:

- The number of European patents is calculated based on the patent examination organizations. For example, if a patent application is filed with the European Patent Office (EPO), even if the patent application is valid in multiple countries after the EPO's approval, it will be counted as 1 case.
- Previously, the number of licenses obtained included patents acquired through mergers and acquisitions, but now only patents filed with HTC as the patent applicant are counted.
- Correction of the number of patents in the past three year:
 - Exclusion of U.S. Provisional Applications.
 - Due to the differences in the processing schedule of patent offices and patent agents in various countries, the update speed of the database system will be later than the actual time of patent publication, so the number of patents has been corrected.

Energy and Emissions

The Electricity Usage in Taiwan

GJ	Year	2021 (Original)	2021(New Data)	2022 (Original)	2022(New Data)
HQ & Plants	Non-renewable energy (TY3 Building)	29,789.280	29,789.280	25,469.280	25,469.280
	Non-renewable energy (H Building)	8,191.505	8,191.505	8,616.895	8,616.895
	Non-renewable energy - Taidian Count	Unrevealed	37,980.785	Unrevealed	34,086.175
	Renewable Energy - Solar Energy	Unrevealed	N/A	Unrevealed	N/A
Taipei Office 1	Non-renewable energy - Taidian Count	18,732.683	18,732.683	15,791.128	15,791.128
	Renewable Energy - Solar Energy	Unrevealed	54.562	Unrevealed	45.612
Taipei Office 2	Non-renewable energy - Taidian Count	4,021.841	4,021.841	3,585.632	3,585.632
Total		60,735.308	60,789.871	53,462.925	53,508.547

Note: Reason for reprogramming: Revised the calculation scope for 2021 and 2022, mainly to include solar energy usage in the head office and Taipei office1, and to correct the electricity consumption data of HTC's Taiwan base.

Electricity Consumption Analysis of HTC Sites in Taiwan

	2021 (Original)		2021(New Data)		2022 (Original)		2022(New Data)	
	GJ	kWh	GJ	GJ	kWh	GJ	GJ	
Total energy consumption	56,936	16,886,075	60,789.871	53,463	14,863,485	53,508.546		
- Purchased electricity	Unrevealed	16,870,919	60,735.308	Unrevealed	14,850,815	53,462.934		
- Self-consumption Solar energy	Unrevealed	15,156	54.562	Unrevealed	12,670	45.612		
Percentage of grid-connected electric quantity (%)	99.9		99.910	99.91		99.915		
Percentage of renewable energy sources (%) _solar energy	0.1		0.090	0.09		0.085		

Note: Reason for recompilation: Adjusted the disclosure items for 2021 and 2022 to show the breakdown of total energy consumption and add the total disclosure of solar energy consumption.

HTC Global Greenhouse Gas Emissions in the Past Three Years (GHG Protocol)

Scope		2021 (Original)	2021(New Data)	2022 (Original)	2022(New Data)
Scope 1	Direct GHG Emissions	199.458	209.646	153.623	179.142
	Purchased Electricity	8,124,930.000	Divided into Location /Market Based	7,559.065	Divided into Location /Market Based
Scope 2	Purchased Electricity (Location Based)	Unrevealed	8,828.427	Unrevealed	8,165.184
	Purchased Electricity (Market Based)	Unrevealed	8,828.427	Unrevealed	8,165.184
Scope 3	Scope3 Total	31,979.226	31,143.524	27,301.171	26,210.129
	Category 1: Purchased goods and services	Unrevealed	22,333.364	Unrevealed	17,833.949
	Category 2: Capital goods	Unrevealed	379.028	Unrevealed	134.090
	Category 3: Fuel and energy related activities	Unrevealed	1,465.454	Unrevealed	1,308.675
	Category 4: Upstream transportation & distribution	Unrevealed	1,820.583	Unrevealed	1,149.131
	Category 5: Waste generated in operations	Unrevealed	40.756	Unrevealed	36.679
	Category 6: Business travel	Unrevealed	46.260	Unrevealed	257.370
	Category 7: Employee commuting	Unrevealed	821.358	Unrevealed	874.737
	Category 8: Upstream leased assets	Unrevealed	155.980	Unrevealed	0.000
	Category 9: Downstream transportation & distribution	Unrevealed	545.916	Unrevealed	454.140
	Category 10: Processing of sold products	Unrevealed	N/A	Unrevealed	N/A
	Category 11: Use of sold products	Unrevealed	702.371	Unrevealed	555.118
	Category 12: End-of-life treatment of sold products	Unrevealed	124.237	Unrevealed	88.467
	Category 13: Downstream leased assets	Unrevealed	2,708.216	Unrevealed	3,517.774
	Category 14: Franchises	Unrevealed	N/A	Unrevealed	N/A
Category 15: Investments	Unrevealed	N/A	Unrevealed	N/A	
Grand Total		40,303.614	40,181.597	35,013.859	34,554.455

Note: The numbers for 2021 and 2022 were fine-tuned when HTC carbon management platform went live in 2023.



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HTC CORPORATION'S ESG REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

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 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 High level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards and AA1000 Accountability Principles (2018) during on-site assurance (2024/04/02~2024/05/03) in HTC headquarter. The boundary of this report includes HTC Taiwan operational and production or service sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The specific performance information of climate-related financial disclosures (TCFD) has been assessed independently.

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 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of HTC. SGS has not been involved in the preparation of any of the material included in the ESG Report.

Our responsibility is to express an opinion on the report content within the scope of assurance 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, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3: 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, 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 Standards (Reference)
2	AA1000 Accountability Principles (2018)
3	SASB (Hardware)

- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in HTC's ESG Report is limited to determined material topics or those clearly marked in the report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a High level of scrutiny for HTC and moderate level of scrutiny for its subsidiaries or joint ventures.
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.
- The evaluation of the report against the SASB Disclosures and Metrics included in the (Hardware) Sustainability Accounting Standard (VERSION 2023-12) and conducted alongside an evaluation of accuracy assurance at High 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 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 assurance, 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.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

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 collect more responses from diversified stakeholders to integrate their engagement results into governance, strategy, and relevant decision-making processes across the full organisation.

Materiality

HTC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. HTC's highest governance body has overseen the process, reviewed and approved the material topics, including the actual and potential negative impacts.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. HTC could develop a strategy based on a comprehensive and balanced understanding and response to material sustainability topics and stakeholder concerns.

Impact

HTC has demonstrated a process on identifying impacts that fairly 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. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation, leading to more effective decision-making and results-based management.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, HTC's ESG Report of 2023, 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, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

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SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

HTC has referenced with SASB's Standard, Hardware, VERSION 2023-12 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 2023. 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. Process to identify, assess, and manage topic-related risks and opportunities were integrated into HTC's overall management process. It is recommended that regular monitoring of peer disclosure can help HTC better understand evolving expectations—among investors and other stakeholders and ensure to provide comparable information.

Signed:
For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
6 June, 2024
WWW.SGS.COM



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