



LITEON[®]

2008 Lite-On CSR Report





This is the third year that Lite-On Technology Corporation has published a corporate social responsibility report, highlighting the continued efforts Lite-On has put into sustainable development and the laudable results it has achieved. The previous report was published in February 2008. This report was published in September 2009, and it focuses on Lite-On's global social responsibility performance in 2008, including efforts in Taiwan, as well as at its overseas plants in China, Thailand and Singapore. This report reflects the fact that in mid-2008, in order to focus on its core businesses, Lite-On transferred its Digital Display Business Unit to Wistron Corporation, greatly boosting Lite-On's profitability.

This report is intended to provide comprehensive explanations regarding sustainable development issues of concerns, including economy, environment and society, to various stakeholders, with detailed information set forth in the respective chapters and sections. The screening and prioritization of the issues is based on the discussion meeting of our CSER committee.

The framework of the report is based on the third-generation sustainability reporting guidelines of the Global Reporting Initiative (GRI G3). Additionally, the report discloses the company's main sustainability issues, strategies, goals and specific measures, and conforms to the GRI G3 application of level C. The report will be annually published on the web site of Lite-On Corporation.



◆ Promotion of Corporate Social Responsibility

Lite-On Technology formally became a member of the EICC (Electronic Industry Citizenship Coalition) in 2008, enabling it to play a significant role in global green supply chains.

◆ Corporate Governance

We were awarded the fifth grade of "A" class of the Information Transparency and Disclosure by the Securities & Futures Institute.

◆ Environmental Protection

The company president personally led the "A tree for me, a forest for thee" which planted trees on 3.6 hectares of land, and pledged that the trees will not be cut for forty years. It is estimated that the trees will absorb approximately 200 tons of carbon dioxide during the coming forty years, and this carbon dioxide is equivalent to the emissions resulting from driving a car around Taiwan 800 cycles.

◆ Financial Performance

Our global consolidated revenue, excluding the sales of Digital Display Business Unit, increased 4% year-on-year, setting a new record for the past seven years.

◆ Employees

1. We participated in the Collective Project for Upgrading HR of Enterprises, which was sponsored by the Employment & Vocational Training Administration, Council of Labor Affairs, and were awarded the Outstanding Collective Project Award.
2. We adopted the Taiwan TrainQuali System (TTQS) and received a silver medal for benchmark enterprise from the Council of Labor Affairs.

◆ Social Involvement

1. The Lite-On Cultural Foundation was awarded "Social Education Public Service Award" and "Outstanding Family Education Promotion Team" by the Ministry of Education, "Meritorious Promotion of Social Education Group Award" by the Taoyuan County Government Department of Education and 12th "Outstanding Volunteer Team Gold Diamond Award" by the Taipei City Government.
2. We held the "Sichuan Earthquake Relief" donation activity in line with our spirit of compassion and giving; apart from the company's donations, this activity encouraged employees to make a voluntary contribution of one day's salary to assist in earthquake relief.
3. We have received the Council of Indigenous Peoples' 1st "Angel Customer Award," which recognizes our efforts to promote the development of tourism in aboriginal villages.



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Raymond Soong
Chairman of the Lite-On Group



David Lin
CEO of the Lite-On Group

As Lite-On Technology Corporation continues to develop and expand its business operations, it is always keenly aware of the importance of its corporate social responsibilities (CSR). For many years, the upper management of the Lite-On Group, including the Chairman, Group CEO, Group Deputy CEO, and CEO of Lite-On Technology has jointly maintained a Lite-On Technology CSER Committee to bear responsibility for discharging the company's social responsibilities. We have consistently engaged in public interest activities, enhanced our financial transparency, emphasized green product design, and helped upstream suppliers to jointly respond to international environmental protection guidelines. Internally, we are actively training innovative manpower, and we place a high value on good labor-management relations and employee benefits.

Although the global economy suffered a harsh downturn in 2008, in addition to seeking continued corporate growth and profitability, we have remained determined to vigorously fulfill our CSR. We also look forward to using our core technology, professional knowledge, and influence to respond to the biggest challenges currently facing the Earth – global warming and climate change.

From the design stage through disposal of products, we are constantly improving processes, implementing strict environmental requirements, helping suppliers to comply with environmental regulations, and even educating our employees in strict environmental consciousness. We take tangible actions to minimize all potentially environmental impacts and meet customers' needs in order to achieve optimal product designs and processes. In keeping with global trends, we seek to balance and maximize the benefits we bring to our internal and external stakeholders and to the environment.

Lite-On has become a formal member of the EICC (Electronic Industry Citizenship Coalition) in 2008. Apart from complying with the EICC's vision and regulations while playing a leadership role in global green industry supply chains, we believe that EICC membership will lend positive impetus to our efforts to fulfill our CSR.



Furthermore, we are cooperative with our suppliers and employees for cherishing the Earth. We are well on our way to meeting our vow to achieve a 10% reduction in carbon emissions within three years, while continuing to do our part to cherish the world and its people. Led by the company Chairman we have thrown our weight behind the "A tree for me, a forest for thee," and we pledge that the trees we plant will not be cut for forty years. It is estimated that those trees will absorb approximately 200 tons of carbon dioxide during the coming forty years, equivalent to the emissions resulting from driving a car around Taiwan 800 cycles.

When the Wenchuan Earthquake struck China's Sichuan Province in May 2008, the Lite-On Group demonstrated its leadership by donating RMB \$10 million and encouraging all group employees to donate one day's salary to help Sichuan residents to rebuild their homes. Furthermore, the volunteer team sponsored by the Lite-On Cultural Foundation has made long-term contributions to society, which have been recognized by the granting of such honors as the Ministry of Education's "Social Education Public Service Award" and "Outstanding Family Education Promotion Team."

Encouraging innovation is an important part of Lite-On Corporate culture. Taiwan's Ministry of Economic Affairs granted us the coveted "National Invention & Creation Award" in 2009, and we have been the recipient of 23 international industrial design awards since 2005, including the International Design Excellence Award (IDEA), Germany's iF Award, Germany's Red Dot Award, and Taiwan's Innovalue Award. Such innovation has resulted in more than two thousand patents registered worldwide by Lite-On. Additionally, for nine consecutive years, we have held the Lite-On Award. This event has developed into the world's largest industrial design competition held by a Chinese corporation as a purely public interest undertaking, and has been dubbed the "Chinese design Oscars." The Lite-On Award is helping enhance the international profile of Chinese technology and creativity, and is giving significant impetus to the advancement of Chinese industrial design. Annual topics at the Lite-On Award have successfully inspired Chinese students and industrial designers worldwide to turn their attention to such issues as energy conservation, carbon reduction, and social concerns, while ensuring that technological innovation is directed towards real-life applications.



We emphasize and continue to protect employees' rights and interests, provide superior employee benefits, and offer a comprehensive education and training options. By conducting an annual Environmental Family Day and various office energy conservation/carbon reduction activities and competitions, we encourage our employees to practice energy conservation and carbon reduction at all times. With respect to training, we actively participate in the Collective Project for Upgrading HR of Enterprises sponsored by the Employment & Vocational Training Administration, Council of Labor Affairs. We have integrated the resources of our eight affiliated enterprises in order to boost the quality of our education and training, and receive assistance from external consultants. As a result, Lite-On Technology Corporation has been honored as an Outstanding Collective Training Enterprise. We have invited suppliers to take part in our education and training classes throughout 2009, and look forward to jointly fulfilling our corporate social responsibilities and continuing to improve product quality and customer satisfaction.

The Lite-on Group's continuing efforts to realize its responsibilities as a good corporate citizen have received recognition in the form of numerous media CSR awards. We have won Global Views Monthly's Corporate Social Responsibility Award for five consecutive years and won honors in Commonwealth Magazine's Corporate Citizen Award for three consecutive years. These tributes from impartial third parties only encourage us to work even harder to contribute to society. Looking ahead to the future, we will persist in complying with our mission of giving back as much as we take from society. Lite-On will be an exemplary corporate citizen, and pursue sustainable management and development.

Raymond Soong
Chairman of the Lite-On Group



David Lin
CEO of the Lite-On Group





Company Overview

Name: Lite-On Technology Co., Ltd.

Established: 1975

Headquarters: Taipei, Taiwan

Revenue: NT\$142.1 billion(including revenue of overseas subsidiaries)

Employees: 28,000 (including employees at overseas subsidiaries)

Stock code: 2301



Note: The map shows the Lite-On Group's global production facilities

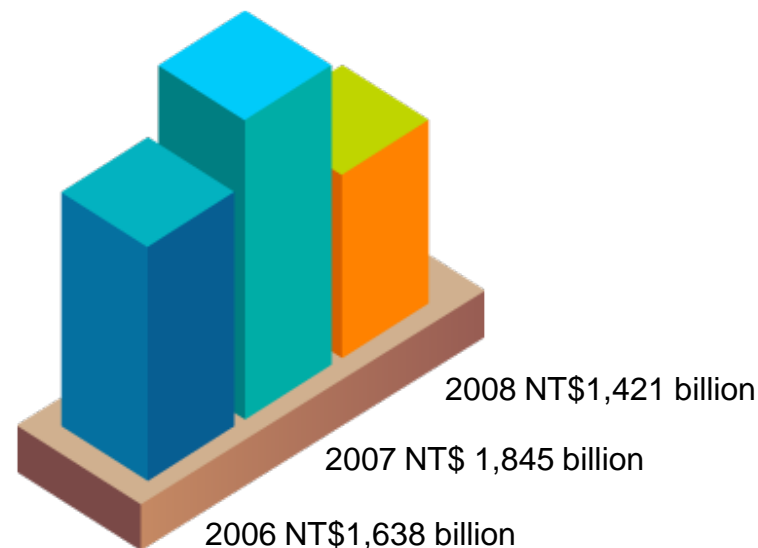
Lite-On Technology is a leading global manufacturer of electronics products and optoelectronics parts, and was the first electronics company listed on the Taiwan Stock Exchange. Lite-On's products span the 4C areas of computers, communications, consumer electronics, and car electronics. Lite-On is one of the world's three leading producers of power converters, imaging products, and camera modules, and is one of the world's top five LED producers.

The Lite-On Group is actively building a green energy high-tech industry supply chain encompassing solar power to produce energy, power converters to transform energy, and LEDs and high-efficiency power supplies to conserve energy. This campaign is consolidating our leading status among international optoelectronics parts and components suppliers. Our business locations span Asia, Europe, and the Americas. The Group has 40 plants, 29 subsidiaries, and 110 distribution warehouses worldwide, enabling us to swiftly serve our global customer base. For Lite-On Technology, there are eighteen production facilities located in China and Thailand.



The worldwide consolidated revenue of Lite-On Technology has reached NT\$142.1 billion in 2008. The net profit for the year was NT\$4.42 billion, and EPS of NT\$2.01. Excluding the sales of Digital Display Business Unit, Lite-On Tech reported full-year sales of NT\$105.4 and enjoyed the growth of 4% compared with 2007 mainly resulted from the steady growth from core businesses and set a new record for the past seven years.

Lite-On Tech's gross margin and operating margin both increased to 11% and 4% respectively in 2008, compared to 9.8% and 3.7 % in 2007, resulting from continued strengthening on core businesses, strong cost and operating efficiency improvement, and strict inventory control.



Notes:

- ①The figure shows Lite-On Technology's worldwide consolidated revenue.
- ②The decrease of full-year revenue in 2008 was due to the disposal of Digital Display Business Unit to Wistron Corporation in August 2008.

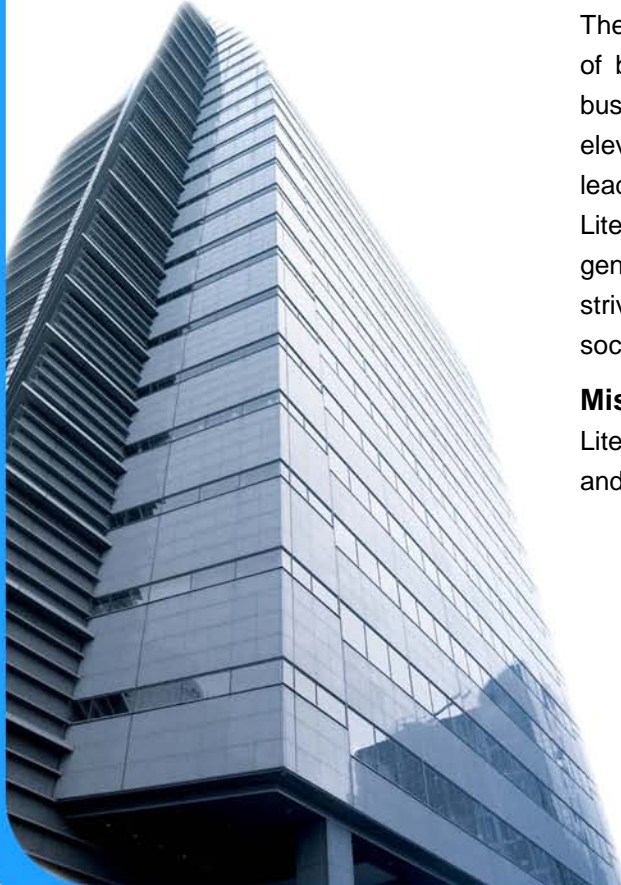


Vision

The vision of Lite-On Technology is to become a company of world-class excellence in terms of business scale, products, corporate governance, and corporate social responsibility. For business scale the company's goal is to surpass an annual turnover of US\$ 8 billion and to elevate our profitability to the top of the industry. For our major products, Lite-On's aim is to lead the industry and become absolute No. 1 worldwide. With regards to corporate governance, Lite-On pursues transparency, independence, and fairness. While we look for opportunities to generate revenue and profits, we realize the importance of corporate social responsibility and strive to be a good global corporate citizen, to manufacture green products, and to give back to society.

Mission

Lite-On's mission is to become a major player in optoelectronic components in the short-term, and a global leader in green technology over the long-term.



Business Strategy

The core strategy of Lite-On technology business is Quality, together with the Golden Triangle of Operational Excellence formed by Profitable Growth, Value Creation, and Cash Flow.

Quality

Quality is where value and respect begins. Quality first, delivery second and cost third are the steadfast principles that allow us to maintain customer loyalty. Constant attention to detail is how we achieve broad growth.

Profitable Growth

Increasing globalization means greater opportunities for our business, while our competitive advantages assure us a place in the global market.

Value Creation

Our customers are the source of our profits—when they achieve success, we achieve success. This is the greatest truth of all.

Cash Flow

Achieving better-than-average cash flows comes from fixing our attention on trends throughout the industry.



Lite-On Corporate Values System

Customer Satisfaction, Excellence in Execution, Innovation, and Integrity are the guiding principles, commitments, and beliefs of Lite-On Technology. These values are applied throughout the company's daily business operations and management.

Customer Satisfaction

Customers are the ones who sign our paychecks. Identifying their needs and understanding their markets helps us create maximum value for them.

Excellence in Execution

First movers in the market always capture the value of future trends. Formulate strategies accordingly and execute effectively in advance of competitors.

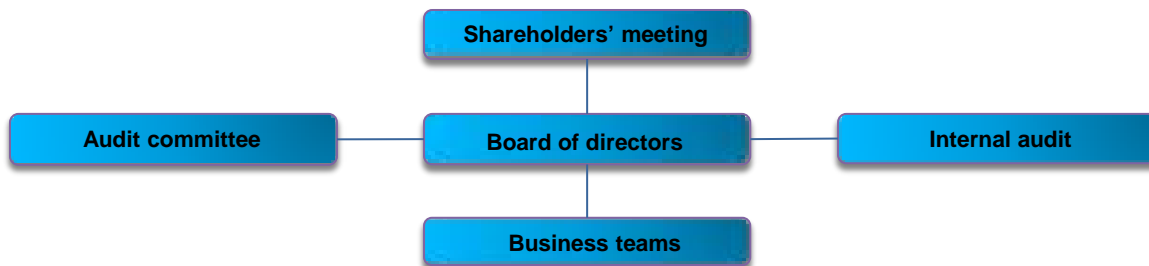
Innovation

Innovation is fueled by daily renewal, and often ends because of complacency.

Integrity

Trust from shareholders, customers, employees and suppliers.





Apart from the efforts of managers and employees, corporate success also depends on support from stockholders. Our highly transparent corporate governance mechanisms and consistent efforts to maintain stockholder's equity are the two foundations to win stockholders' confidence to Lite-On Technology. Those are not only the dedicated target we embraced globalization over the last few years, but also are the reasons why our company has received so much recognition on corporate governance.

Lite-On Technology has established a dedicated department responsible for serving as a permanent channel for communication with investors, analysts, the media, and institutional investors. Our shareholders' meeting, quarterly institutional investor conferences, one-to-one meetings, telephone conferences, and participation in domestic and overseas explanatory road shows held by organizations and institutions all enable us to engage in substantive communication with investors concerning our operating situation, financial status, and corporate governance.

Our concrete actions to promote good corporate governance include the installation of independent directors, establishment of an audit committee, and emphasis on speedy, complete, fair, and transparent information disclosure. Apart from posting our financial information, financial statements, annual reports, and major news on the Stock Exchange Market Observation Post System, we also make sufficient information available for queries at our corporate web site (www.liteon.com), and have established Chinese and English versions for the convenience of domestic and foreign investors. We will continue to strive to pursue effective corporate governance and transparent, timely, and fair financial information. We earned a grade of "A" for information disclosure from the Securities & Futures Institute in 2008, and foreign institutional investors have consistently held a roughly 50% share of our stock.



The board meeting was held nine times in 2008, and so was for audit committee.

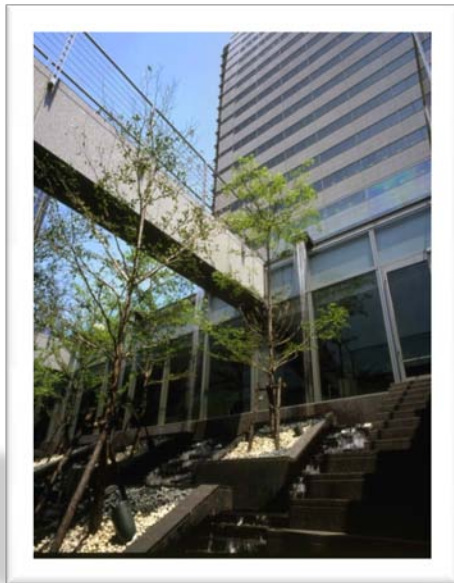
◎ Board of Directors

Title	Name
Chairman	Raymond Soong
Vice Chairman	David Lin Representative of Lite-On Capital Inc.
Director	Warren Chen Representative of Lite-On Capital Inc.
Director	Joseph Lin Representative of Dorcas Investment Co., Ltd.
Director	Keh-Shew Lu Representative of Da-Song Investment Co., Ltd.
Director	Rick Wu Representative of Da-Song Investment Co., Ltd.
Director	CH Chen Representative of Yuan Pao Investment Co., Ltd.
Director	David Lee Representative of Yuan Pao Investment Co., Ltd.
Independent Director	Kuo-Feng Wu
Independent Director	Harvey Chang
Independent Director	Edward Yao-Wu Yang

◎ Audit Committee

Title	Name
Independent Director	Kuo-Feng Wu
Independent Director	Harvey Chang
Independent Director	Edward Yao-Wu Yang





Lite-On Technology actively participates in the activities of industry associations and groups, and relies on regular or irregular industry association conferences to communicate extensively with other industry members. We participate in the activities of the following organizations and groups:

- Member of EICC (Electronic Industry Citizenship Coalition)
- Taiwan Optoelectronic Semiconductor Industry Association
- Taiwan Electrical and Electronic Manufacturer's Association
- Taiwan Corporate Sustainability Forum
- Taiwan Business Council for Sustainable Development
- Taiwan Institute for Sustainable Energy
- Taipei Neihu Technology Park Development Association





Our many awards in 2008 provided recognition of our achievements and contribution to the industry and society. The following is a summary of our awards during the year:

- Listed in Forbes Magazine's "Forbes Global 2000."
- Received Global Views Monthly's 4th Corporate Social Responsibility Award for another consecutive year.
- Won 4th place in CommonWealth Magazine's Corporate Citizen Award; made the greatest progress of any award-winning enterprise in 2008.
- Chosen as first place in the "computer peripheral and components" category in CommonWealth Magazine's "2008 Taiwan's 1,000 leading manufacturers."
- Ranked No. 71 in Business Week's "Top 1000 companies in Greater China"
- The Lite-On Cultural Foundation was awarded "Social Education Public Service Award" and "Outstanding Family Education Promotion Team" by the Ministry of Education, "Meritorious Promotion of Social Education Group Award" by the Taoyuan County Government Department of Education and 12th "Outstanding Volunteer Team Gold Diamond Award" by the Taipei City Government.



Corporate Commitment and Stakeholders Engagement

2.1.1 Corporate Pledge

Lite-On Technology will continue to strive to achieve major corporate social responsibility goals, including harmonious labor-management relations, enhanced concern for employees, environmental protection, financial transparency, and active participation in social and public interest activities.

We will therefore strive to fulfill the following corporate pledge:

- To comply with local laws, regulations, and standards
- To protect employees' rights and interests
- To improve working conditions and provide a healthy and safe workplace
- To reduce environmental pollution
- To realize our corporate social and environmental responsibilities
- To meet customers' needs

Based on this corporate pledge, in the future we will rely on channels of communication with internal and external stakeholders to realize a CSR vision benefiting both society and the environment. At the same time, we will engage in a positive review in order to draft short-/mid-/long-term CSR goals.

2.1.2 CSR Vision

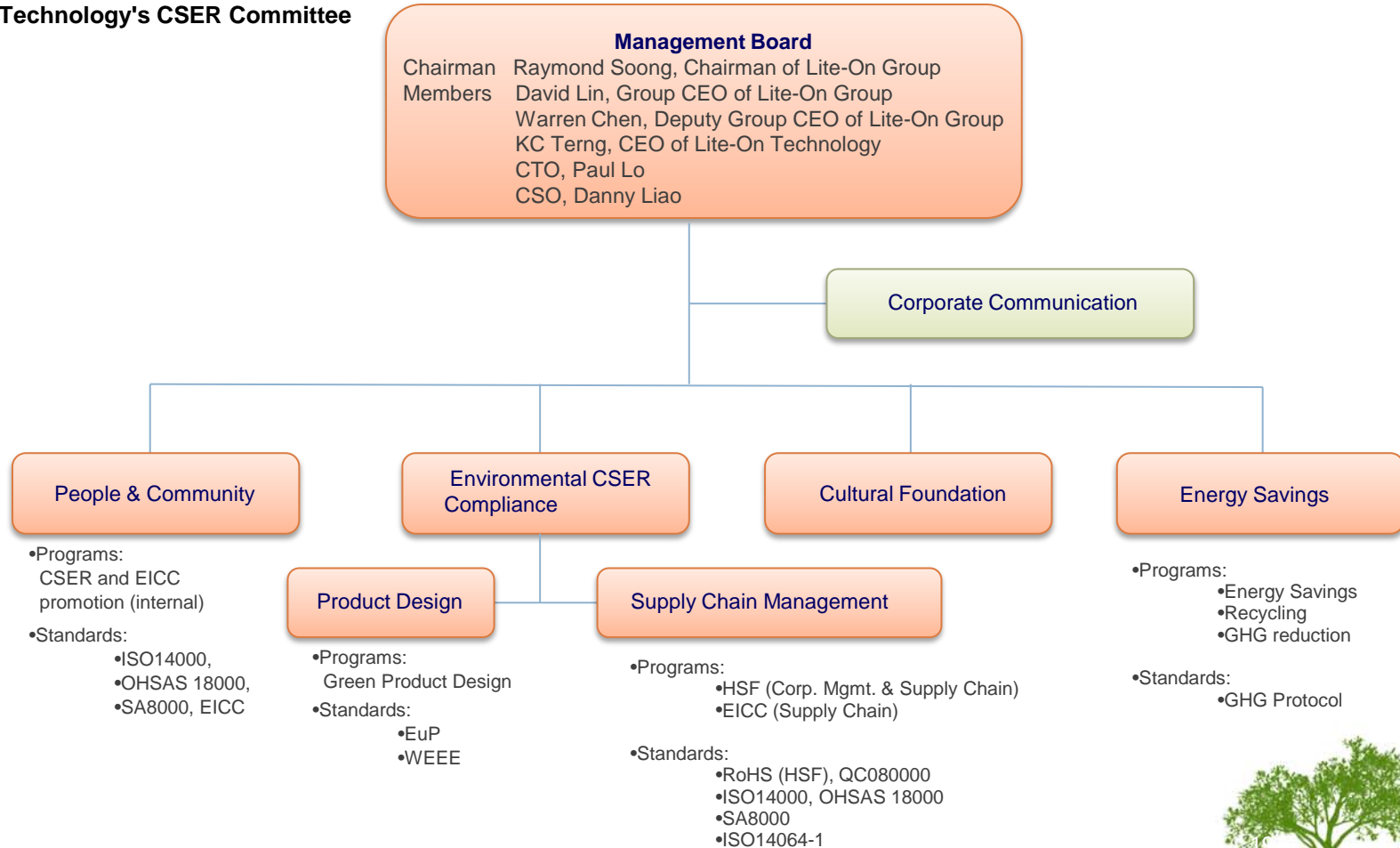
Our CSR vision is to take stakeholders' interests fully into consideration, and, beginning from the enterprise, seek to harness the strengths of all stakeholders in order to exert our full influence as a corporate citizen.

Our CSR vision:

- The company will grow together with its employees, and provide all employees with a superior workplace.
- The company will share profit with its stockholders, and benefit stockholders as fully as possible through optimal business processes.
- The company will achieve win-win outcomes with its suppliers and customers, and play the role of an ethical and eco-friendly supplier and manufacturer .
- The company will develop in a sustainable manner, and implement environmental protection measures enabling it to grow in harmony with the environment .
- The company will cooperate with the government, and steer a course in line with government policies and guidelines.
- The company will actively share with society, vigorously participate in social and public interest activities, and contribute its business achievements.
- The company will be a good neighbor to community residents, and interact in a positive manner to build a stronger community.



Lite-On Technology's CSER Committee



Lite-On Technology's CSER Committee was established for the purpose of realizing Lite-On Technology's commitment to society, which includes good labor-management relations, concern for employees, corporate governance, environmental protection, and contribution to society. The Lite-On Technology CSER Committee is especially dedicated to complying with government laws and regulations, safeguarding on-the-job rights, enhancing workplace health and safety, minimizing hazard to the environment, fulfilling social and environmental responsibilities, and meeting customer requirements.

The following is an overview of the functions and responsibilities of the Lite-On Technology CSER Committee's various units:

A. Management Board

Chairman Raymond Soong heads Management Board, which also includes Group CEO David Lin, Group Deputy CEO Warren Chen, CEO KC Teng, CTO Paul Lo, and CSO Denny Liao. The Management Board is the group's highest guidance unit, and is responsible for determining annual goals and overseeing implementation. This committee is dedicated to ensuring that Lite-On Technology achieves its short-/mid-/long-term CSR goals and vision.

B. Stakeholder Communication Committee

This committee is exclusively responsible for holding conferences and communicating in other ways with stakeholders including employees, stockholders, suppliers, community residents, environmental protection groups, government agencies, and experts and specialists.

C. Environmental Protection Committee

The Environmental Protection Committee contains two working groups responsible for green product design and purchasing & supply chain management respectively. The green product design working group is responsible for supervising and managing the company's eco-friendly product design, and ensuring that products meet requirements specified in globally green product regulations and from customers. The purchasing & supply chain management working groups is responsible for managing environmental certification in purchasing and at suppliers. Apart from EICC, this working group also assists Lite-On to comply with RoHS (HSF) QC 080000, GHG Protocol ISO 14064, ISO 14001, OHSAS 18001, and SA 8000 environmental certification.



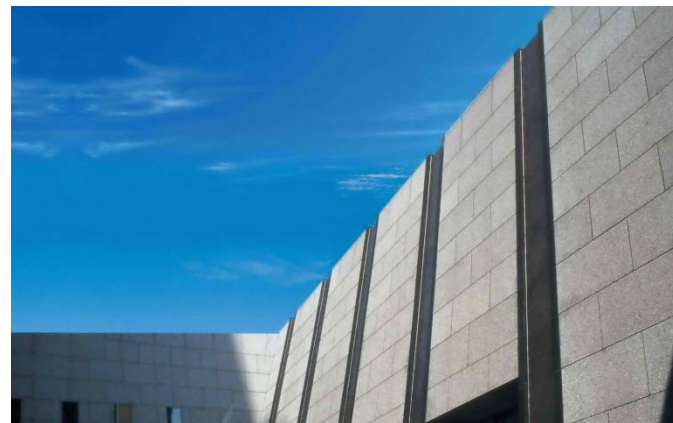
D. Energy Conservation and Recycling Committee

This committee is responsible for promoting energy conservation, greenhouse gas reporting, and recycling at the manufacturing end and throughout the group.

E. Lite-On Cultural Foundation

The Lite-On Cultural Foundation is responsible for public interest and charitable activities, and is dedicated to improving human resources, publicizing public interest activities, caring for the corporate culture, and supporting the healthy growth of children. The committee's current tasks include providing guidance to community children and adolescents, operating Xinyi Committee College, publishing cultural and educational materials, and producing cultural and educational video programs.

We have also established a public relations committee responsible for communication with external (domestic and foreign media, the general public, various organizations and government agencies, etc.) and internal (including the Lite-On CSR Committee and other Lite-On units) parties, and organizing and announcing CSR-related information.



Lite-On's stakeholders include employees, stockholders, suppliers, the industry, academia, the community, and customers. Interaction with stakeholders is part of the company's daily operations, and this communication enables us to understand issues of concern to stakeholders, which include many CSR issues. We find out about stakeholders' ideas and needs through many channels of communication, and we provide information from stakeholders to our upper management and relevant units, which allows us to develop improvement strategies and action plans. The following are our communication platforms for interaction with stakeholders, and the key issues voiced by stakeholders in the interaction process.

Stakeholders	Issues of Concern	Communication Platform
Employees	<ol style="list-style-type: none"> 1. The company's business development 2. Working environment 3. Salary, benefits, and safeguards 4. Individual career development 	<ol style="list-style-type: none"> 1. At least two labor-management conferences are held each year; top managers, including the Chairman, Group CEO, and the CEO of Lite-On Tech personally attend and participate in this conference. 2. Regular union conferences. 3. Two "Meet the Chairman" two-way dialog meetings are held annually. 4. A "Call Me David" management suggestion mailbox and the MyLiteon mailbox collect employees' suggestions and views. 5. The Human Resources Department has established an employee relations office responsible for strengthening positive interaction with employees and improving employee communication mechanisms.
Stockholders	<ol style="list-style-type: none"> 1. Business operation results 2. Blueprint of future development 	<ol style="list-style-type: none"> 1. We presented sufficient financial disclosures and future developmental directions of our company in annual shareholders meeting to achieve fully communications with stockholders. 2. We have communications relating financial information and development directions to institutional stockholders by attending none-deal road show held by major security institutions, one-on-one institutional investor meetings, daily phone conferences, and quarterly on line stockholders meetings. 3. We have established an investor relations office, and have maintained positive long-term interaction with our investors.



Stakeholders	Issues of Concern	Communication Platform
Suppliers	1.Supplier performance 2.CSR	<ol style="list-style-type: none"> 1. We hold regular annual supplier conventions to inform suppliers of our operating performance during the previous year and our business development goals during the coming year. We also use these opportunities to commend suppliers with the best cooperation results during the past year. 2. We hold vendor training activities on such topics as CSR, EICC requirements, and greenhouse gas inventory and reduction, etc.
Industrial/academic collaboration	1. Corporate development blueprint 2. New trends in R&D and technology	<ol style="list-style-type: none"> 1. We actively participate in regular or special conferences held by industry groups including the Taiwan Electrical and Electronic Manufacturer's Association and Taiwan Optoelectronic Semiconductor Industry Association; these events provide us with opportunities for extensive communication with other industry members. 2. Our business units and R&D units are establishing ties with university researchers for the sake of jointly performing technology development, and we are providing funding for relevant research aligned with our developmental directions. This positive interactive model provides a non-systematized mechanism for communication with experts and researchers.
The community	1. Social participation aspects and content 2. CSR commitment 3. Environmental protection issues	We actively promote participation in social activities via the Lite-On Cultural Foundation, our employee relations office, and our public relations office. These include community adoption system, charitable fund-raising, and art, culture, and public issues activities. We also hold an international industrial design. These are non-systematized mechanisms for communication with society.
Customers	1. Quality and delivery time 2. R&D capabilities 3. Flexibility and speed 4. EICC compliance	<ol style="list-style-type: none"> 1. We rely on quarterly and annual conferences with customers to communicate our corporate development blueprint, new products R&D progress, reliability, and delivery time. 2. We use the E-TASC (Electronics - Tool for Accountable Supply Chains) platform to disclose each of our plants' EICC self-inspection status to customers. 3. We are an active EICC member and interact with other members in order to jointly realize a code of conduct in the electronics industry.

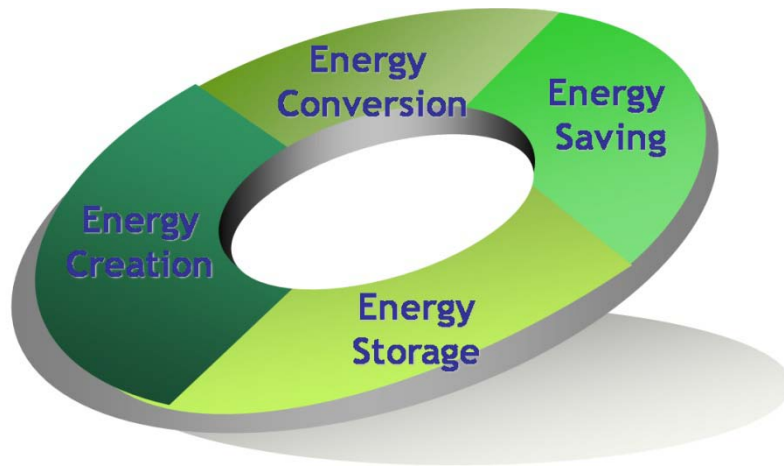




Green Energy at Lite-On

In view of future environmental protection and industrial development trends, as well as Lite-On Technology's resources and leading status in the optoelectronic element industry, we are actively constructing a "comprehensive green energy technology supply chain", incorporating the four main areas of energy production, energy conversion, energy storage, and energy conservation. We are also developing green energy technology products that satisfy environmental and customers' needs, including thin-film solar batteries, optoelectronics converters, high-performance power supplies, household and commercial LED lamps, and indoor and outdoor LED lighting.

We are aggressively adopting and complying with forward-looking international environmental trends and guidelines. We incorporate green design concepts during the product design and development stage, and are striving to research and develop methods for reducing material consumption, reducing waste, eliminating toxicity, conserving power, improving efficiency, and making recycling easier. We hope that our environmentally-friendly designs will help us protect the environment and safeguard the Earth.





A business group manager announces Lite-On's determination to implement green design.

3.2.1 EuP – Ecological Design of Energy-using Products

We have adopted an effective hazardous substance management system, and are making strenuous efforts to prevent or reduce the harmful impact of manufacturing processes on the environment. Consumers around the world are using an impressive number of products that we manufacture and distribute every year. We deeply understand the decisive influence of product design on environmental performance during the subsequent manufacturing, distribution, use, and disposal stages of the whole product life cycle. As a consequence, we employ active design concepts to create products complying with environmental protection laws and regulations.

Starting in 2007, we began implementing corporate-wide internal ecological design indoctrination and awareness in the requirement of the EU's EuP directive. In 2008, we began instituting a systematic series of ecological design implementation products throughout all product-related business units. We hope that, apart from considering customer requirements, product specifications, and legal regulations, all our business units will naturally incorporate all possible impacts that the product life cycle will have on the environment into their design proposals, and proactively design environmentally-friendly products.



		環境因素管理性清單				
then		Blue Angel	EPFAT	EU Flower	Nordic Swan	TÜV GS
	mandatory 1 fill in. Additional information regarding each item may be found under CR.					
-Legal requirements						
	Product recycling					
1.1	The company participates in a system or has its own system for collection and recycling of end-of-life products in countries where the company puts goods on the market and where required (e.g. in line with EU WEEE-directive 2002/96/EC)	✓	✓	✓	✓	✓
	Safety recycling					
1.2	The company participates in a system or has its own system for collection and recycling of batteries in countries where the company puts products on the market (e.g. in line with EU battery directive 2006/66/EC) or puts own list for where required	✓	✓	✓	✓	✓
	Packaging recycling					
2.1	The company participates in a system or has its own system for collection and recycling of packaging material in countries where the company puts products on the market and where required (e.g. in line with EU packaging directive 94/62/EC)	✓	✓	✓	✓	✓

Full-scale inventory and assessment of compliance with product environmental specifications.

We are taking the following key actions in order to implement and realize product ecological design:

1. We are collecting and examining environmental legal and regulatory information on a broad scale.
2. We provide product disassembly analysis training, which helps us to understand how our design proposals affect ease of disassembly and recycling at the end of product life.
3. We require our main suppliers to participate in LCI/LCA training, so that they will be able to jointly investigate possible environmental impacts at each product stage, and master the skills for product life cycle inventory and quantitative analysis skills.
4. We are establishing and utilizing tools to assess how design proposals influence environmental impact over the entire product life cycle, and improving our ability to disclose product environmental profile.
5. We are continuing to review product design and development processes, and constructing an integrated green management information platform.



3.2.2 Design for Ease of Disassembly and Recycling

Taking our computer business group in 2008 as an example, we took a desktop PC sold in Europe by a certain customer as our target product. After a full-scale assessment of the product's compliance with environmental specifications, we performed product disassembly analysis in order to gain an understanding of how the current design can be improved to enhance compactness and ease end-of-life disassembling and recycling. We performed supplier training, inventory, and audits, and ultimately reviewed relevant feasible ecological design improvement proposals, including reduced use of materials, improved energy efficiency, and improved product mechanical design and markings. In addition to cutting costs and reducing any future harmful impact on the environment and ecology, this project also reduced the total amount of electroplating liquor, wastewater, waste acid, and industrial waste produced by Lite-On and suppliers.

We have employed a series of training workshops and hands-on exercises to ensure that participants in the product development process, such as suppliers, have a clear understanding of how product design and manufacturing processes influence internal costs and possible impact on the environment.

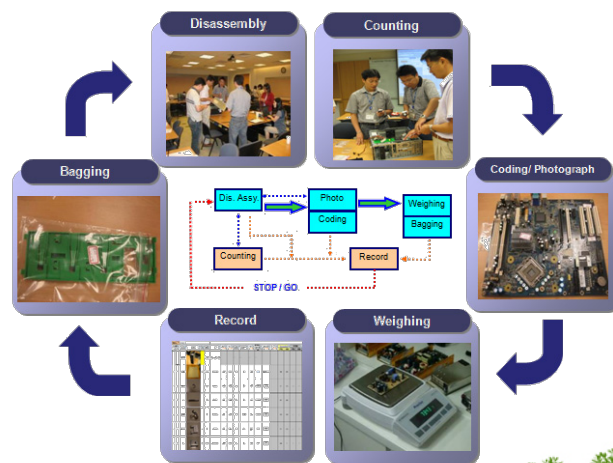
We not only passively develop products complying with environmental laws and regulations and customer requirements, but also actively ensure that environmental consciousness is an ingrained part of the everyday thinking of our employees and suppliers.



Supplier training



Analysis of product disassembly



Analysis of product disassembly

3.2.3 Enhancing Product Energy Efficiency

More than 200 million personal computers are sold annually around the world. Taking this number of PCs as a basis for our calculations, and assuming that each computer is in use 8 hours each day, we can estimate that PCs consume more than 100 billion kWh every year. This is a huge amount of power, equivalent to that generated by nine nuclear power plants. Due to design restrictions, the power supplies used by each of these PCs cannot achieve 100% conversion efficiency, and the power that is not converted changes to heat, which disperses into the atmosphere. As a result, improving the conversion efficiency of PC power supplies will conserve energy and ease the problem of global warming.

The server power supplies made by Lite-On's power supply business unit have achieved 94% energy efficiency, which is the best in the industry. In addition, our desktop computer power supplies have achieved 91% energy efficiency, which also makes us an industry leader. Our power supply business unit shipped more than 120 million power supplies in 2008. As long as each power supply achieves a 1% conversion efficiency improvement, this will make a significant contribution to energy conservation and carbon emission reduction. The following are in-depth explanations of how two of our products save energy.



• PA-1650 series power supplies for laptops

These power supplies have a maximum power output of 65W, and an average efficiency of 90% (average efficiency is measured using "Energy Star" testing methods). This efficiency is considerably better than the 87% minimum efficiency required by the current Energy Star Version 2.0 guidelines. Assuming that each power supply is used an average of eight hours per day, the use of Lite-On high-efficiency power supplies will save 5,694 Wh of power per consumer each year compared with the Energy Star standard, and all our power supplies will together conserve a total of 30 million kWh of power annually.



• PA-1200 power supplies for printers

In accordance with the Energy Star 2.0 guidelines, this type of power supply should consume less than 0.3 W of power when on standby. Our products, however, consume less than 0.2 W when on standby. Most printer users leave their printer power supplies on standby almost all the time. As a consequence, all our power supplies will together conserve a total of 11 million kWh of power annually.



3.2.4 Development of Green Energy LED Products

LED products conform to the green energy concept. Due to the fact that they save power and contain no mercury or halogens, LED products are considered highly environmentally-friendly. In addition, LEDs have long service lives, short response times, good low-temperature starting characteristics, and low starting voltage. As a result, LEDs are considered to be promising candidates for next-generation energy-conserving, environmentally safe lighting products. Thanks to the advancement of technology, LED service life and reliability are improving steadily, and LED omission efficiency is also constantly being improved. As far as energy conservation is concerned, LEDs used for lighting purposes have only 46% of the power costs of conventional lamps. In addition, when used in backlight modules, LEDs consume only 75% of the power of conventional lighting. LEDs are unquestionably a nearly ideal green product.

Lite-On Technology was the first professional manufacturer of LEDs in Taiwan, and is still the industry leader when it comes to LED design and production. Our optoelectronics business unit is fulfilling our commitment to society by producing green environmentally-benign LED products. In line with future environmental protection and industrial development trends, we are actively developing energy-conserving, carbon-reducing, compact LED elements as required by our customers. Our optoelectronics business group is devoting its efforts to LED packaging, and is continuously developing high-performance, low-pollution LED products. Apart from making sure that our products meet RoHS and REACH requirements, we have also begun obtaining the EU's EuP certification. Our optoelectronics business group has recently developed LEDs for use in flat-panel display backlight modules, and large panel and terminal manufacturers have begun using our products. Furthermore, we began applying LEDs to lighting products in 2007. The following is a detailed description of the LED products developed by our optoelectronics business group:



- **LEDs for use in LCD backlight modules**

LED elements used in LCD backlight modules must possess high brightness, excellent color rendering, and low power consumption, and must achieve the wide color gamut specified by the NTSC, which ensures that colors are highly saturated. Our optoelectronics business group has developed high-efficiency LED elements and packaging technology enabling highly compact LED designs. Our side view packaging technology has achieved a minimum thickness of 0.3 t. Our top view packaging designs have steadily improved emission efficiency, and also enabled the development of extremely thin products. These LED modules can be used in very slim panels in cell phones, laptops, and thin TVs. In comparison with CCFL technology, LEDs can provide high brightness and excellent color saturation, and also save more power. LED backlight modules are more compact than CCFL modules. In addition, LEDs contain no mercury and meet the requirements of the European Union's RoHS directive. Our LEDs have set the stage for next-generation LCD screens, giving customers an all-new user experience.



Comparison of the performance of LED tubes and conventional fluorescent tubes

	LED	Fluorescent
Product specifications		
Dimension	T8 4 feet	T8 4 feet
Weight (g)	500	200
Color temperature (k)	4500-6000	4500 – 6000
Illumination (lx)	150 (2m)	78.6 (2m)
Efficiency (lm / w)	70 ~ 90	50 ~ 70
Operating life (hr)	40000	6000 ~ 10000
Operating temperature (°C)	-20 ~ 50	-10 ~ 70
Energy conservation performance		
Power consumption (w)	20	40
Daily power consumption (wh)	320	640
Annual electricity consumption (kwh)	117	234
Annual electricity cost (NTD)	366	731
Cost saving (NTD/Year)	366	-
Recovery time (Year)	2.5	-
Environmental benefits		
Mercury content (mg)	0	10
Daily carbon emission (g)	198	397
Annual carbon emission (kg)	72	145
Reduction in carbon emission (kg/Year)	72	-

• LTB-E05802/12003 LEDs for lamp tubes



These products possess high-performance drivers, and offer an average emission efficiency of 70-90 lm/w. They meet the stage 2 Energy Star solid state energy-saving illumination standard requirement of 70 lm/w, and also meet RoHS & REACH standards. They will not cause environmental pollution. The light tube LED components developed by our optoelectronics business group have a service life of more than 40,000 hours, which is six times longer than that of conventional fluorescent lamps, but a power consumption only one-half that of regular fluorescent lamps. In the case of 2' 10 W and 4' 20 W tubes, assuming that each LED tube is used an average of 20 hours per day, each tube will save the user 73 kWh of power annually. If all conventional lamps in Taiwan are replaced with the new tubes, and using the approximately 100 million fluorescent lamp tubes sold annually in Taiwan to estimate lamp usage, then the country can save roughly 7.3 billion kWh annually. Apart from energy conservation and reduction of carbon emissions, the LED tubes are very convenient to use. They are easy to install in on-off type lamps, and can replace conventional T8/G13 fluorescent tubes, saving users the expense of changing lamp fixtures. Users will enjoy the benefits of new-generation lighting, but with all the same characteristics of conventional fluorescent lamps.

** Assuming a power cost of NT\$3.13/kWh, used for 16 hours per day, 365 days per year

** Every 1 kWh is equivalent to the emission of 0.62 kg CO₂; one tree can absorb 12 kg CO₂

• LEDs for downlight use

LED components for downlight use integrated with high heat dissipation modules can reduce unnecessary TIM (Thermal interface material), and therefore reduce product thermal resistance. The optical design of the lens reduces glare and shortens the mixing distance. The use of these two technologies allows downlight thickness to be dramatically reduced to only 1 cm, resulting in highly compact products. LED downlights have only half the power consumption of conventional downlights and their service life exceeds 40,000 hours – six times the life of conventional downlights. Thickness is only 10%-20% that of conventional downlights, greatly reducing the ceiling thickness required for downlight installation. The A.C. LED downlight developed by our optoelectronics business group utilizes an A.C. LED as a light source, and can be directly run by high-voltage A.C. city power. As a consequence, this A.C. LED downlight can be operated without any need for an extra driver, and eliminates the need to replace drivers that burn out before the LED does. In addition, the A.C. LED circuit provides a rectifying function, and the power factor can be increased to 85%. This meets energy conservation needs and ensures a consistent overall product service life.

Comparison of the performance of LED downlights and conventional downlights

	LED	Fluorescent
Product Specifications		
Efficiency (lm/w)	50	33
Operating life (hr)	40000	7000
Operating temperature (°C)	-20 ~ 50	-10 ~ 70
Energy Saving		
Energy consumption (w)	12	17
Daily electricity consumption (wh)	192	272
Annual electricity consumption (kwh)	70.08	99.3
Electricity cost (NTD/Year)	219.3	310.6
Amount saved (NTD/Year)	91.3	2.5
Recovery time (Year)	2.5	-
Environmental benefits		
Mercury content (mg)	0	
Daily carbon emission (g)	117.8	166.9
Annual carbon emission (kg)	43	60.9
Reduction in carbon emission (kg/Year)	17.9	-

** Assuming a power cost of NT\$3.13/kWh, used for 16 hours per day, 365 days per year

** Every 1 kWh is equivalent to the emission of 0.62 kg CO₂; one tree can absorb 12 kg CO₂

LED tube (LTB-E05802/12003 series) usage cases



Photograph of installation at a Japanese telecommunications firm



Photograph of installation at a Japanese department store



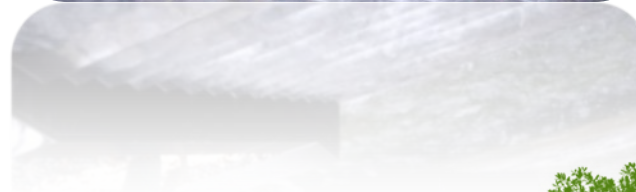
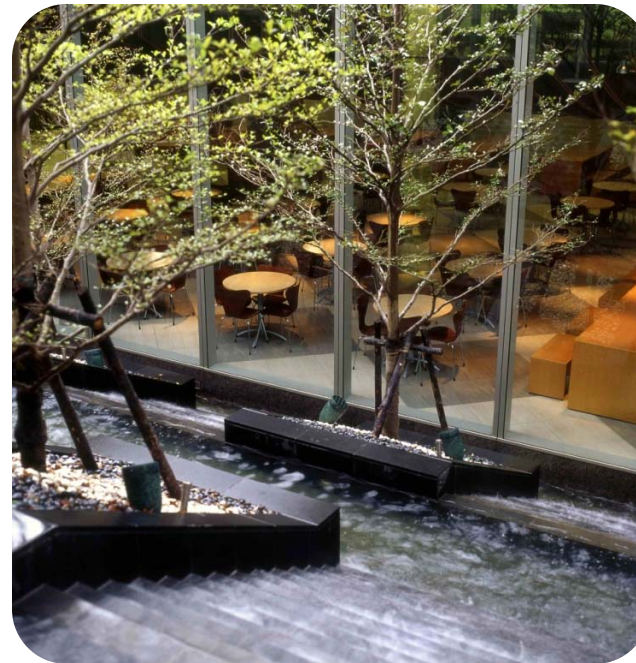
Photograph of installation at a conference room at Lite-On Technology's Naha headquarters



3.2.5 Imaging Products

• Printers

Products in this series have a maximum power consumption of 60 W. Apart from meeting existing Energy Star Version 1.1 power supply standards, these products also have a power saving mode in their settings, and can automatically enter this mode when the printer is not in use. A printer consumes only 5 W of power in power saving mode and less than 1 W when turned off, which meets Energy Star standards. In ordinary office or SOHO use, printers are left on standby for approximately 16 hours every day. A printer that can automatically enter power saving mode when on standby can conserve more than 40 Wh every day.



Based on the principle of "source control, no leaks," Lite-On controls the use of hazardous substances through the following methods:

- Use of parts and materials complying with green supply requirements
- Prevention of admixture of parts and materials not meeting green supply requirements
- Confirmation of compliance with green production procedures before shipment
- Documentation of green production procedures
(part/material batch number, acceptance inspection form, production record form, shipment inspection form, shipment records)
- Prevention of pollution from production equipment and auxiliary tools

In order to strictly ensure that all purchased raw materials and components fully satisfy the European Union's RoHS directive and other harmful chemical control requirements, all of our business units have established a chemical analysis laboratory to perform screening and testing of raw materials, components, and manufactured products, ensuring that all materials and products are free from hazardous substances.



We have also established a "Hazardous Substance-Free process management system" to ensure that our production processes "do not design, do not purchase, do not accept, do not manufacture, and do not release" any materials or products containing hazardous substances. As of 2008, all factories under our eight business units had received IECQ QC 080000 certification; this certification signifies the successful establishment of Hazardous Substance-Free process management systems.

In addition, our hazardous substance control performance has earned the respect and approval of our customers. Our imaging product department received a Green Partner certificate from Sony years ago.



Health, Safety, and the Environment

CSR is Lite-On's long-term promise, and concrete action to conserve energy and reduce carbon emissions is Lite-On's duty as a global citizen.

Lite-On's Green Declaration

- We will work hard to design and manufacture energy-conserving products that will reduce power consumption.
- We will gradually improve our energy efficiency starting with the office environment and equipment.
- We will set a good example, and nurture the habit of conserving energy and reducing carbon emissions at work and in our everyday lives.
- We will actively share our energy conservation and carbon reduction information, knowledge, insight, and good habits with all our friends and acquaintances.
- We will actively participate in energy conservation and carbon reduction activities, groups, and organizations – both within and outside the company – in order to exert even more influence.
- We will cooperate closely with customers, suppliers, and strategic partners, and jointly create green supply chains promoting energy conservation and environmental protection.



Economic

Environmental

Doing Good vs. Doing Well

Provide employees superior workplace

Comply with ethical and Eco-friendly regulations for supplier & process

Maximize shareholder value

Realize environmental protection practice to enhance sustainable development

Comply with the government policy and regulation to foresee business direction

Participate actively with social involvement to share business results

The company grows together with its employees

Create win win relations with customers and suppliers

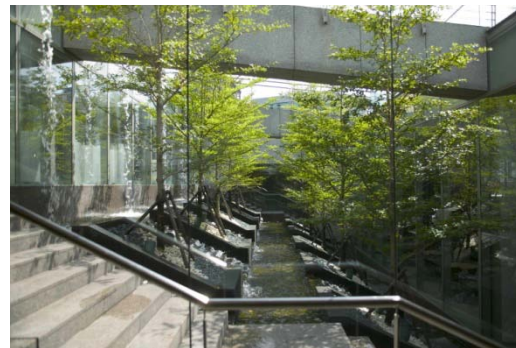
Share profits with the shareholders

Attain sustainable growth with the environment

Enhance cooperation with government to seek mutual development

Share actively with the society

4.1.1 Energy Conservation Goals and Methods



In order to protect the environment and reduce our carbon dioxide emissions, we began implementing various energy conservation and carbon emission reduction measures in 2008. In addition to reducing our power consumption, we encourage our employees to stop using bamboo chopsticks and paper towels, and use Lite-On environmental modes instead of paper cups. Furthermore, in order to actively reduce our carbon footprint, we are working together with National Taiwan University's experimental forest to reforest land in Nantou County. We are therefore an active participant in and vigorous promoter of environmental protection to save the Earth.

- **Goals**

In order to achieve greenhouse gas reduction in line with global standards, and comply with the emission reduction targets implemented by the leading countries under the Kyoto Protocol, we have adopted company-wide target management, and have set high standards for ourselves. We expect to achieve a 10% CO₂ target by 2011 (taking our 2008 emissions as a baseline), which will fulfill our responsibility as a responsible corporate citizen and show our concern for the Earth.

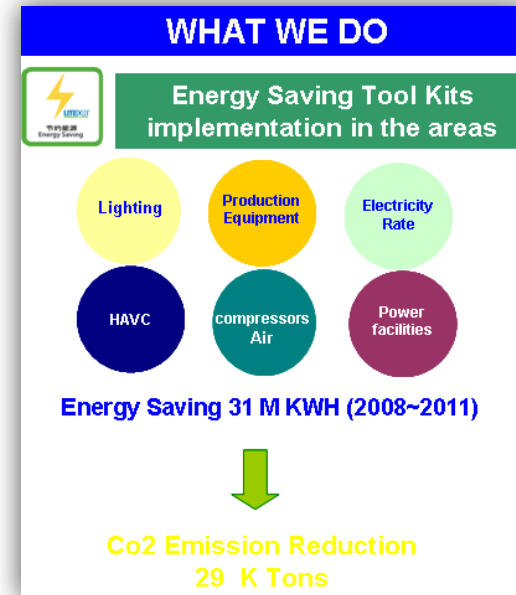
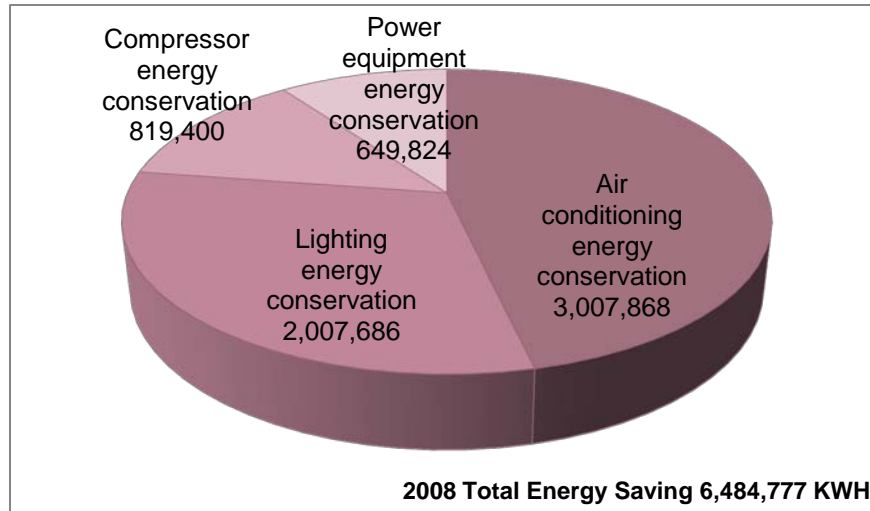


LITEON® 4.2 Green Management Measures and Performance

[Contents](#) > [Health, Safety and the Environment](#) >> [Green Management Measures and Performance](#)

In order to meet our energy conservation targets, we have implemented energy conservation self-management throughout all our plants, and we also use energy conservation management tools to ensure that all plants implement different energy conservation tasks, including monitoring lighting, air conditioning, air compressing, and power equipment power use data, adopting PDCA management cycle methods, and compiling monthly analytical reports concerning energy conservation performance.

From July to December in 2008, Lite-On achieved significant power conservation progress. Total power savings were 6,485 (K-KWh), which is equivalent to 5.03% of our annual power use.





4.2.1 Specific Energy Conservation Measures

- **Lighting energy conservation**

As far as lighting energy conservation is concerned, timers and infrared sensors have been installed in outdoors areas and stairways to control lighting time. We have also replaced T8 tubes with T5 tubes for greater efficiency. We use power-saving lamps instead of sodium and mercury-vapor lamps in warehouses and as streetlights. We have reduced the number of light bulbs in corridors, toilets, public areas, basements, and cafeterias. Our indoor lamps use energy-conserving reflectors to increase illumination and reduce the quantity of tubes required, and we have replaced sodium-vapor streetlights with LED lamps.

- **Air conditioning equipment**

We have increased the maximum indoor temperature to 26-28°C, clean air conditioning heat exchange tubes and filter screens on a monthly basis, repair damaged ice water tube insulation, thoroughly clean air conditioning water towers and adjust fan belts on a regular basis in order to improve heat exchange efficiency, and turn off air conditioning units and ice water inlet valves in areas not requiring air conditioning. We use external air as much as possible to cool buildings and reduce air conditioning load from November through April. We have installed plastic curtains on doors to prevent the escape of cool air and entry of hot air, and have increased the ice water outlet temperature to 10-12°C.





- **Compressors**

We plug compressed air leaks in our plants, regularly inspect and repair high-pressure hoses, quick connectors, and three-point assemblies, and turn off compressed air when a line is stopped, during the noontime break, and on weekends and holidays. We maintain compressors and clean air filters on a monthly basis, and regularly inspect compressed air tanks and pipe traps.

- **Power equipment**

Designated employees are responsible for turning off air and power, lights, reflow ovens, and solder pots during line stoppages, noontime breaks, and weekends and holidays. All newly-purchased power equipment should preferentially have relatively low power consumption. In the case of solder pots, after accounting for exhaust volume, the orifices at the ends of the solder pot's rails are reduced, and the power factor increased to over 98%. The transformer load ratio must be maintained in the range of 65-85%.

- **Other measures**

Space is used so as not to fill up entire areas, enough headroom is left for lighting and air conditioning, and flow restriction devices are mounted on faucets.



4.2.2 Green Extension Activities



- Learn from movie

In order to help employees learn about the effect of global warming on the environment, we show one movie with an environmental theme every month. The movies we have shown have included "Arctic Tale," "The Day After Tomorrow," "An Inconvenient Truth," and "Eleventh Hour." While employees enjoy these films, they also appreciate how protecting the global environment is an urgent task. In addition, we encourage employees to conserve energy and reduce carbon emissions in their daily lives.

- **Lite-On's 2008 environmental family day**

Environmental protection and energy conservation begins with the individual. In recent years we have actively promoted green energy technology and green living. As part of our 2008 Lite-On Family Day, Group Chairman Raymond Soong, CEO David Lin, EPA Minister Shen Shih-hung, and many suppliers were on hand to lead more than a thousand employees and family members in vowing to help Lite-On achieve its goal of a 10% CO2 reduction and do its part for the world as a good corporate citizen.

Many interactive hands-on environmental protection and energy conservation activities were drafted, allowing adults and children to have fun and learn about the importance of environmental protection and energy conservation. These activities have such topics as generating power by riding a bike, experiencing the world's temperatures, and making sure to turn off lights. Furthermore, a series of informative exhibits in conjunction with the foregoing activities were also arranged; these exhibits help employees to appreciate the urgency of taking steps to save the environment, and have included a carbon dioxide theme room, polar bear theme area, Fighting to Save Rivers, the global warming crisis, changing glaciers, and alternative energy theme area.



• Green living at Lite-On



• Cutting out the use of paper cups

Because paper cups are manufactured from wood pulp, we completely stopped the use of paper cups in Taiwan starting in June 2008. This step will reduce logging and protect the environment. We have reduced consumption of paper cups by 230,000 cups annually, which also reduces trash volume 1.4 tons and CO₂ emissions by 27 tons.

• One person, one pair of chopsticks: happy Lite-On people

In order to protect employees' health and the environment, we have initiated the Five Thousand Hope activity. For each pair of Lite-On charitable chopsticks purchased by an employee, we donate NT\$50 from the price of the chopsticks to the purchase of nutritious lunches for schoolchildren from underprivileged families (176 children at 16 elementary and junior high schools). This activity also promotes the use of environmentally-friendly chopsticks. Employees eating at our cafeteria must bring their own chopsticks. This can reduce the consumption of bamboo chopsticks by 254,172 pairs annually, spare the logging of 1,271 bamboo trees, and reduce trash volume by 1.7 tons.



• Carbon reduction logs

We are conducting a "carbon reduction log" activity as one of our Family Day spin-off activities. Children can use carbon reduction logs to record daily energy conservation and carbon emission reduction methods and results. We have also held an "Environmental Family Competition" to select families who have successfully conserved energy and reduced carbon emissions by using environmentally-friendly utensils, taking mass transit, recycling, and cutting back on utilities consumption. We use fun interactive games to encourage employees to get in the habit of conserving energy and reducing carbon emissions, and promote concern for the Earth among all family members.



您知道北極熊因冰山溶化瀕臨滅絕的處境嗎？
您知道南極企鵝大量熱死嗎？

是的，地球暖化正在改變我們的環境
一人一樹 光寶造林 邀請您為地球降溫

詳見 hr.liteon.com



• A tree for me, a forest for thee: Lite-On tree-planting activity

To encourage employees to cherish the Earth, we have begun the One Person, One Tree: Lite-On Tree-planting Activity as another of our Family Day spin-off activities. Lite-On Group Chairman Raymond Soong took the lead by adopting 2,000 seedlings, and called on all employees in Taiwan to plant trees on waste land. This program has adopted 3.6 hectares of wooded land, and has secured a guarantee that the trees will not be logged for forty years. It is estimated that the trees will absorb approximately 200 tons of carbon dioxide during these forty years, and this amount of carbon dioxide is equivalent to that produced by driving a car around Taiwan 800 cycles.

The land adopted by Lite-On is located in reforestation area 98-6, stand 10, Chingshuikou District, National Taiwan University Experimental Forest. This land is in urgent need of water and soil conservation measures; the seedlings planted on this land include such rare native species as Griffith ash, Red Nanmu, Formosana michelia, and Soapberry.



LITEON®
光寶辦公室節能減碳競賽活動



Energy Saving Yes! We can

活動目的	為落實節約能源行動，並從地遠南北起見，並從同仁對能源危機的體認，鼓勵同仁從日常工作中養成節能減碳的好習慣。
活動期間	2008年7月1日~續跑
參賽對象	全體同仁（以樓層為單位）
計分方式	於本月光寶辦公室電費單一帳單內，以電費總額減低為標準（以減少電費總額為標準）。
活動獎勵	<ul style="list-style-type: none"> 每月公佈各樓層節能減碳排名。 每月第一名冠軍樓層一面以表敬賀，第二名「再接再厲」樓層一面。 第三名「再接再厲」樓層可於次月分上遊後獲頒給獎狀。

補充說明：我們將於每日起進行逐層巡檢，並於7月4日起正式將逐層巡檢結果納入成績計算，將如內各樓層電費減低後獲頒獎狀。

光寶辦公室，係指光寶科技大樓辦公室而言，不包括光寶科技大樓其他部門。

光寶辦公室，係指光寶科技大樓辦公室而言，不包括光寶科技大樓其他部門。

www.liteon.com

LITEON®
光寶科技大樓辦公室節能減碳
2008年Q3成績公告



冠軍：22樓 **再接再厲：3樓**

HR OA

www.liteon.com

HB OV

冠軍：22樓 **再接再厲：3樓**

• Office energy conservation and carbon reduction competition

In order to conserve energy and reduce carbon emissions in the workplace, we use competitions to encourage everyone to conserve energy at all times, avoid waste, and maintain good everyday habits, including turning off lights, reducing illumination when not needed, turning off lights for one hour during the noontime break, turning up the indoor temperature by 1°C when air-conditioning is on during the summertime, and turning off computers and pulling the plugs of electrical equipment after work in order to reduce standby power consumption. We perform nighttime inspections to make sure power has been turned off on all floors. Apart from conserving power, we also provide monthly reports of the two-sided printing output of copiers on all floors to all units, and encourage employees to print on both sides of scanned documents in order to reduce paper consumption, which will ease the burden on the Earth by reducing the need for logging.



4.3.1 Main Materials Types / Consumption

Resource consumption statistics help us assess the efficiency of our use of raw materials. In keeping with our focus on environmental protection and green design, we are striving to improve the efficiency of our raw material use, and reduce our overall consumption of raw materials. We use three main types of materials in our manufacturing operations: metals, nonmetallic materials, and packaging materials. Taking our power supply business unit as an example (this business unit accounts for 38% of our total revenue, which is the largest share of any business unit), this unit had the following raw material purchasing statistics in 2008:

A. Metals:

1. Steel: Chiefly in the form of cases, screws, transformers, and fan blades. The unit purchased approximately 21,600 tons of steel products in 2008.
2. Aluminum: Chiefly in the form of cases and cooling fins. The unit purchased approximately 16,242 tons of aluminum products in 2008.
3. Copper: Chiefly in the form of enameled wire, printing circuit boards, and electrical wire. The unit purchased approximately 10,854 tons of copper products in 2008.

4. Tin: Chiefly in the form of solder wire, solder rod, and solder paste. The unit purchased approximately 298 tons of tin products in 2008.

B. Nonmetallic materials:

1. Plastic: Chiefly in the form of cases, insulators, and jacks (socket). The unit purchased approximately 17,844 tons of plastic products in 2008.

C. Packaging and shipping materials:

1. Cardboard/cartons: 4,600 tons
2. Filler materials: 50 tons
3. Wood: 1,920 tons
4. Paper: 30 tons





4.3.2 Waste Management

Solder splash recycling: Our power supply business unit produces solder splash in its manufacturing operations. This solder splash was formerly sold to an outside firm, and the recycling rate was only 40%. We now use equipment we have purchased to reduce solder splash to lumps of solder; this is economically efficient and the solder splash recycling rate has been increased to 81.3%.

Recycling of old pallets: Our power supply business unit also reduces waste by recycling and reusing old pallets. By repairing and reusing pallets as long as doing so does not affect pallet quality, this unit is reducing the need to purchase new pallets.

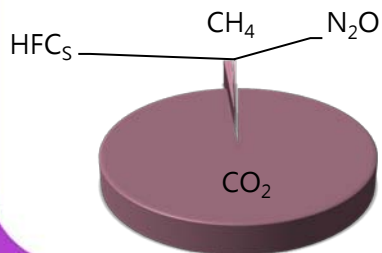


4.3.3 GHG Inventory

Following the signing of the Kyoto Protocol in 1997, many of the world's leading countries drafted greenhouse gas reduction strategies and measures. A worldwide consensus concerning the need for greenhouse gas emission controls has emerged in recent years. Lite-On has therefore voluntarily begun implementing greenhouse gas inventories, established a greenhouse gas inventory management system, and actively initiated greenhouse gas reduction measures encompassing our production sites in Taiwan, China, and overseas.

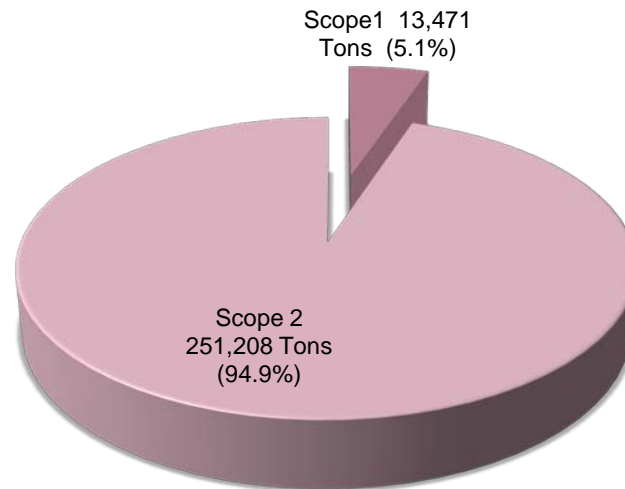
Out of concern for global climate change and the need to protect the world's resources, and in keeping with our wish to be a good corporate citizen, we have begun systematically performing greenhouse gas inventories in line with the Industrial Standards Organization's (ISO) greenhouse gas control guidelines and expected future greenhouse gas reduction requirements. We have also established internal documentation and verification procedures that will enable us to implement effective reduction programs in the future. Looking ahead to the future, apart from continuing to implement greenhouse gas emission controls in order to lower our operating costs, we also hope to work together with the industry in achieving a low-carbon economy characterized by efficient resource use, energy conservation, environmental protection, and sustainable energy.

We conduct regular greenhouse gas inventories each year, and publish greenhouse gas reports summarizing our greenhouse gas emission situation during the previous year. The most recent report covered 2008, and considered inventories for 16 business sites or factories; total greenhouse gas emissions were 264,679 tons. We exactly passed BSI ISO 14064-1 (greenhouse gas inventory) certification in October 2009, and received a verification statement within a reasonable grade. The following table contains greenhouse gas inventory summary for 2008:



GHG emission accounting summary in 2008 (in Tons)					
CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆
260,660	3,150	376	493	0	0
98.48%	1.19%	0.14%	0.19%	0.0%	0.0%
In total: 264,679 Tons					





Note 1: Direct greenhouse gas emissions (scope 1 emissions): Includes emissions from fuel combustion in fixed equipment, process emissions, mobile combustion sources in transportation vehicles, and escaping emission sources (such as fire safety facilities and escaping refrigerant emissions, etc.). Total direct emissions were 13,471 tons CO₂ equivalent per year, and accounted for roughly 5.1% of total emissions.

Note 2: Greenhouse gas emissions from indirect energy sources (scope 2 emissions): Includes emissions from electricity and steam purchased from outside the company. Indirect emissions were 251,208 tons CO₂ equivalent per year, and accounted for roughly 94.9% of total emissions.

Note 3: With regard to indirect greenhouse gas emissions from other energy sources (scope 3 emissions), emission sources were identified in 2008, but no emissions data was collected.

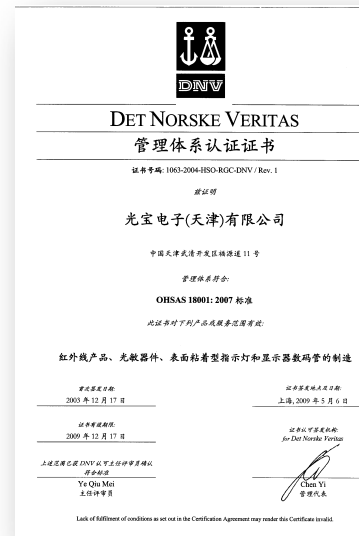


4.3.4 Greenhouse Gas Emission Reduction and Energy Conservation Performance

Taking the carbon reduction program implemented at Lite-On Technology's Guangzhou plant as an example, CO₂ emissions were reduced by 5,512.17 tons in 2008. The details of this program are provided in the following table.

2008 environmental control targets of Lite-On Technology (Guangzhou):

Goal	Length	Indicators	Program	Time	Conclusions
Conservation of energy and resources	Short-term	<ol style="list-style-type: none"> 1. Maintain power consumption lower than 6.50 KW/machine. 2. Maintain gas consumption below 0.080 m³/device. 	<ol style="list-style-type: none"> 1. Make managers and all employees aware that conserving power/gas is a collective action. 2. Evaluate power/gas consumption in view of plant-wide production capacity. 3. Effectively measure and control power/gas use in places where they are used. 4. Recommend power/gas monitoring and conservation facilities and improvement procedures. 5. Determine total monthly power/gas use and analyze conservation results. 	12/31/2008	<ol style="list-style-type: none"> 1. A total of 5,643,097 rectifiers were produced in 2008 (power consumption is measured by device), and 15,748,101 devices were painted (gas consumption is measured by painting volume). 2. Planned 2008 power consumption was : 5,643,097 * 6.5 = 36,680,130.5 KWh; actual consumption was 32,293,773.3 KWh; 4,386,357.2 KWh was conserved. 3. Planned 2008 gas consumption (piped natural gas) was 15,748,101*0.080=1,259,848.08 m³; actual consumption was 879,208.2 m³; 380,639.88 m³ was conserved.
	Mid-term	<ol style="list-style-type: none"> 1. Reduce power consumption from the short-term level to 6.00 KW/device (reduction of 8%) 2. Reduce gas consumption from the short-term level to 0.075 m³/device (reduction of approximately 6.25%). 	Re-evaluate gaps between past power/gas consumption and indicators in order to facilitate analysis and find rational control methods.	12/31/2010	
	Long-term	<ol style="list-style-type: none"> 1. Reduce power consumption from the short-term level to 5.500 KW/device (reduction of 15%) 2. Reduce gas consumption from the short-term level to 0.07 m³/device (reduction of approximately 12.5%) 	Analyze the reasonableness of power/gas consumption control indicators in view of the short-term and mid-term implementation situation.	12/31/2015	
Energy conservation statistics	Reduction in CO ₂ emissions due to energy conservation		4,653.05 tons	CO ₂ emission reduction statistics	5,512.17 tonsCO ₂ e/year
	Reduction in CO ₂ emissions due to gas (natural gas) reduction		859.12 tons		



Our production facilities stress employee qualifications, and perform environmental health and safety awareness training and environmental and occupational health and safety management strictly in accordance with ISO 14001 and OHSAS 18001 requirements. We insist on the balanced improvement of production, environmental protection, health, and safety, and are constantly working to improve the health and safety performance of our corporate environment.

Our EHS (environmental protection, health, and safety) management system policy states clearly our production facilities' attitude and commitment to environmental protection and employee care. We also formulate environmental protection, health, and safety targets for our plants to provide guidelines for environmental protection, health, and safety management.



4.4.1 Environmental Protection, Health, and Safety Policy

- **General management system strategies**

We will continue to understand, satisfy, and surpass customers' needs and expectations, ensure that the hazardous substance content of our products complies with applicable quality and environmental laws and customer requirements, and provide customers the best value. We will comply with laws and regulations, promote and continue to implement green manufacturing, and provide employees a healthy, safe, and comfortable working and living environment.

- **Environmental strategies**

Based on the philosophy that humans can live in harmony with the natural world, and deeply cherishing the global community, we strive to incorporate responsibility for environmental protection in our corporate sustainable management concepts. In order to fulfill our environmental protection responsibilities, we pledge to:

- Minimize environmental impact: We strive to minimize the environmental impact of our R&D, production, products, and services.
- Provide environment training to personnel: We provide necessary environmental training to relevant employees so that they may contribute to environmental protection.

- Continue environmental improvement: We provide a platform on which to determine and review environmental targets and indicators, which facilitates continuing environmental improvement and pollution prevention.

- Comply with environmental protection laws and regulations: We comply with environmental laws and regulations and contractual obligations to other parties.

- **Occupational health and safety strategies**

As a world-class company, we place great emphasis on health and safety. We therefore pledge:

- To comply with legal orders, national laws and regulations, and the requirements of relevant parties.
- To continue to improve, prevent, and reduce all occupational illnesses and safety accidents.
- To regularly assess and ensure the appropriateness of the company's health and safety management system.
- To provide personnel training and ensure that all relevant personnel have received health and safety training.



4.4.2 Lite-On Production Facility EHS Organization and Responsibilities

- **Plant manager:**

Responsible for establishing, implementing, and maintaining the environmental management system, providing necessary resources, and approving EHS strategies, target indicators, and management plans.

- **Management representative:**

Responsible for establishing, implementing, and maintaining the EHS management system, reporting the EHS management system operating situation to the highest manager, and submitting improvement recommendations.

- **Environmental protection and safety:**

Responsible for promoting the EHS management system, managing environmental factors and sources of risk, overseeing internal audits, monitoring, and measurement, ensuring improvement of non-conforming items, responding to emergencies and accidents and preventing recurrence, and managing EHS system documents.

- **All departmental managers:**

Responsible for managing and implementing EHS work in their departments, supervising the state of departmental EHS work, studying and remedying non-conforming items, compiling and promptly reporting on the status of EHS management activities, implementing response measures in the event of an emergency or accident and reporting to Environmental Protection and Safety, arranging the writing of relevant working instructions, and providing training to employees.

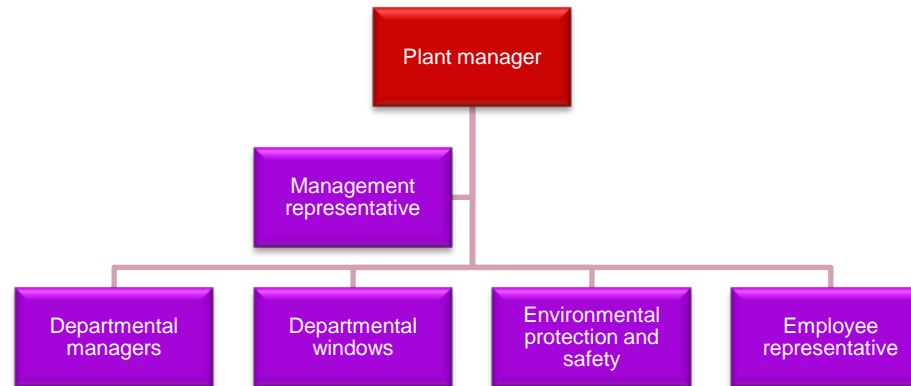
- **All departmental windows:**

Responsible for departmental training and awareness, management of departmental systems documents, and on-site coordination and implementation of departmental measures.



- **Employee representative:**

Responsible for participation in the drafting of strategies, participation in discussion of EHS changes affecting the workplace, participation in EHS management affairs, and communication of employee recommendations, requests, and complaints.



4.4.3 Environmental Protection, Health, and Safety Certification and Monitoring

All our production facilities have passed ISO 14001 and OHSAS 18001 certification administered by an external certifying company. Furthermore, all our plants regularly implement internal audits and management audits, and occasionally receive external audits and customer audits. These measures serve to confirm the implementation and effectiveness of our EHS plans and programs, and continuously provide improvement strategies for the future.





Supply Chain Management

Management Principles

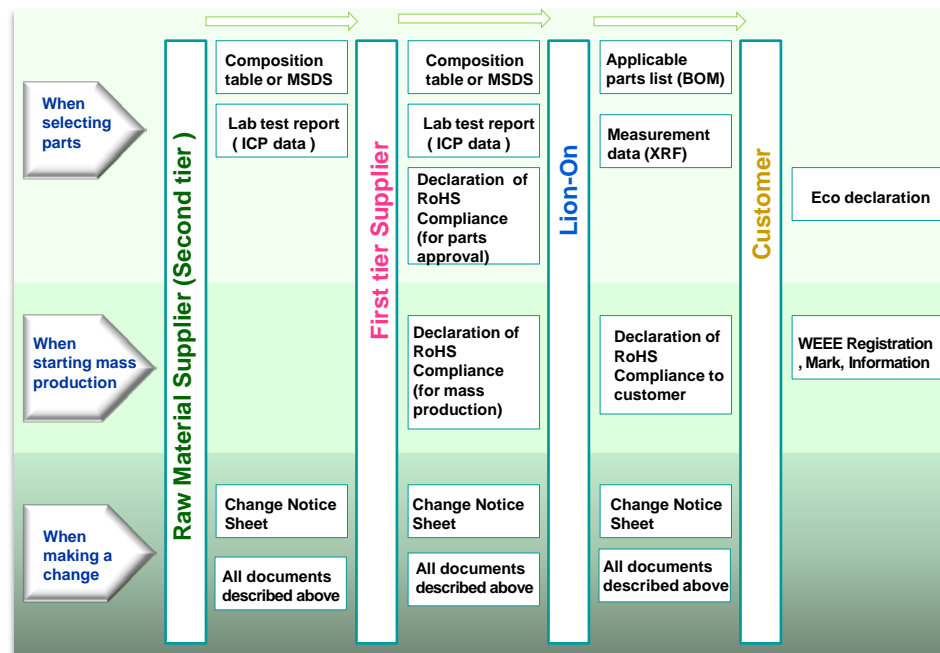
The Lite-On Group required close to 1,000 suppliers to establish green supply chains in 2008. On this supply chain platform, suppliers must pledge and guarantee that their products "do not contain hazardous substances prohibited by environmental management regulations," and must provide the following information:

- Test results and reports for environmentally-controlled substances in products.
- Collected information concerning the composition of materials and parts.
- Material safety data sheets (MSDS) for relevant chemical substances.
- Results of supplier management system review.

To ensure that products are environmental-friendly, we strictly incorporate environmental protection principles in its supplier management mechanisms. We have drafted comprehensive environmental purchasing plans, performance standards, and assessment processes that must be upheld by our suppliers. We strictly require suppliers to comply with environmental guidelines concerning use of raw materials/packaging and pollution emissions.

Green Supply Chains

We have adopted the hazardous substance control procedures shown in the following figure in connection with our supplier green supply chains:



Selection of Suppliers and Subcontractors

We implement purchasing management based on our green supply chain system. We use the following basic principles to assess suppliers:

- Has the supplier established an environmental management system?
- Are new supplier selection standards clearly specified?
- Are new raw material/part/component selection standards clearly specified?
- Have environmental management requirements been provided to materials suppliers?
- Have third party testing organization analysis report and materials composition tables been provided?
- Do existing raw materials/parts/components meet the requirements of Lite-On's Threshold Concentration Limits for Controlled Substance (LS-301)?



Supplier Conventions

We held three supplier REACH seminars and conventions in 2008. The most important goals of these conventions included:

- To understand customers' product environmental protection requirements.
- To publicize the European Union's environmental protection laws and regulations.
- To enhance communication and understanding.
- To ensure thorough implementation.

The conventions provide us with an opportunity to publicize our REACH implementation plan and require suppliers to sign the EU's Substances of Very High Concern (SVHC) inventory notification (SVHC guarantee).



We emphasize bottom-up quality control involving all personnel, top-down participation, and support team participation in order to implement full-scale quality improvement. All Lite-On employees possess a quality declaration card.

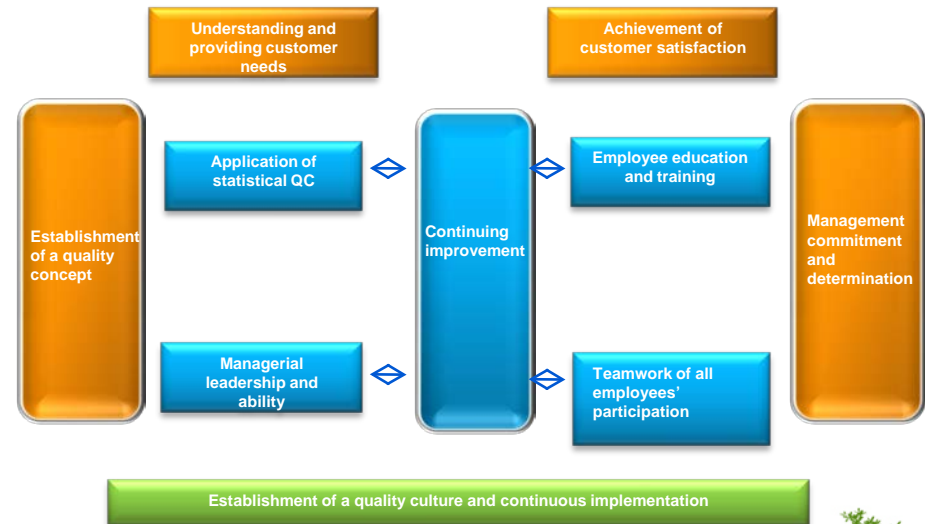


Quality Statement

I guarantee what I do.

- Do the right thing and do it right the first time.
- Improve quality on the spot (when & where it happens).
- Implement PDCA management cycles.
- Quality First; Delivery Second; Cost Third
- Admit mistakes; that's the first step towards improvement!
- Quality assurance: satisfy your next process (customer).

We pledge to our customers that we will earnestly listen to their concerns, and will transform their concerns to critical-to-quality (CTQ) items. We will rely on the continuous strengthening of employees' quality consciousness, training, teamwork, and participation, as well as 6 Sigma projects and quality improvement activities, to ease customers' concerns and highlight Lite-On's quality culture.

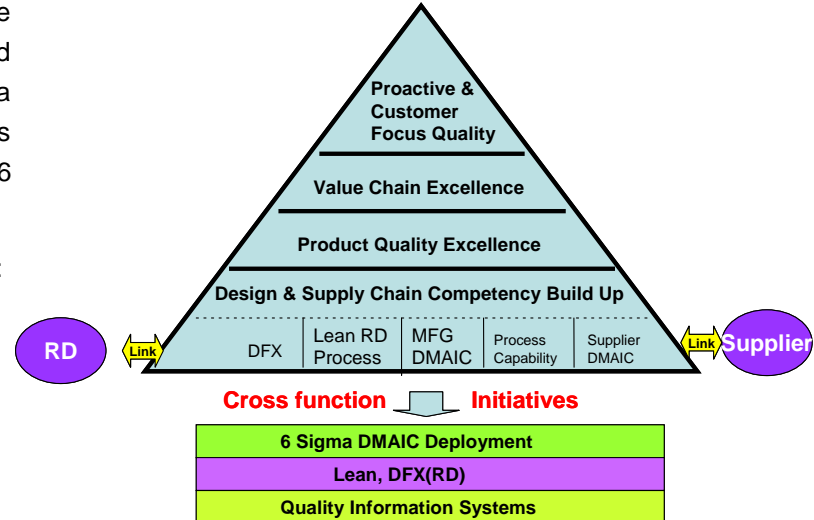


Making 6 Sigma a Part of Lite-On's Quality Culture

6 Sigma emphasizes a production and corporate process outlook, the improvement of customer satisfaction, costs, quality, process speed, and capital investment in order to optimize corporate competitiveness. 6 Sigma is an important corporate quality management method at Lite-On, and is linked to all business units' operating targets and performance goals. 6 Sigma has consequently become part of our quality improvement culture.

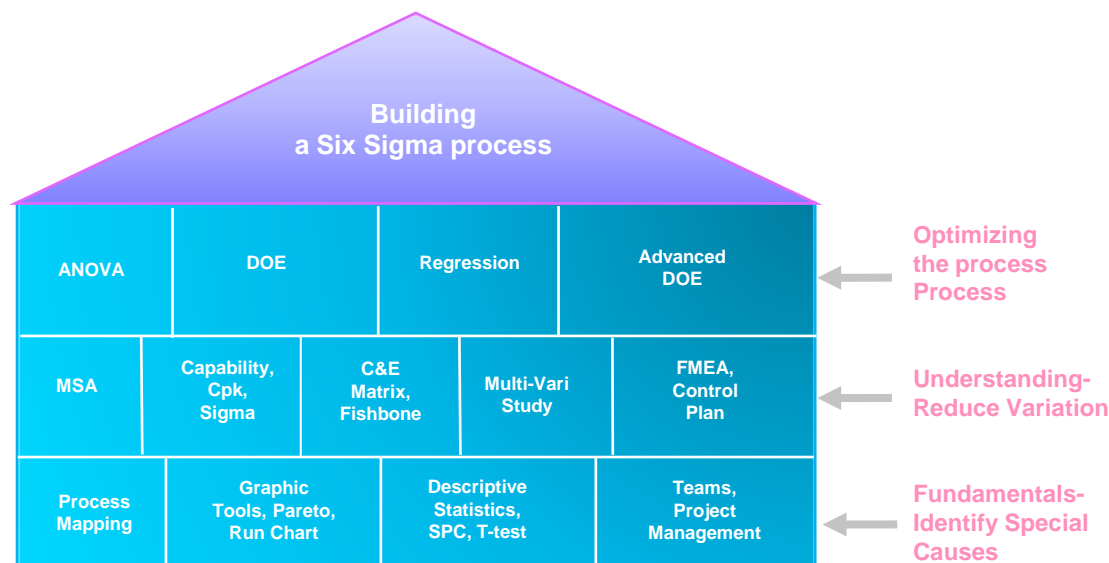
The following actions and measures drive and constitute our quality culture:

- Upper management commitment, support, and leadership.
- Customer-oriented management and customer relationship.
- Continuous improvement.
- Process management and quality information management and application.
- Employees training and growth.
- Product/service design and quality management .
- Benchmark learning and improvement.
- Implementation of process QC and pursuit of zero defects.
- Transformation of employee attitudes and behavior; establishment and maintenance of a corporate quality culture.



In order to strengthen organizational learning, implement statistical methods, and reinforce quality concepts, we hold internal Green Belt and Black Belt training sessions giving employees a better understanding of tools and the need for active implementation of improvement projects. We can continuously improve quality only when employees are continuously learning and improving their qualifications.

Apart from the implementation of 6 Sigma, all of our business groups have also passed ISO 9001 and 14001 certification, and implement the PDCA cycle in daily management work in order to simplify and rationalize processes and operations. The design of all systems, strategies, and working methods is geared to realizing customers' three basic requirements: free, now, and perfect. This is our quality improvement mission and pledge to our customers.





Employees

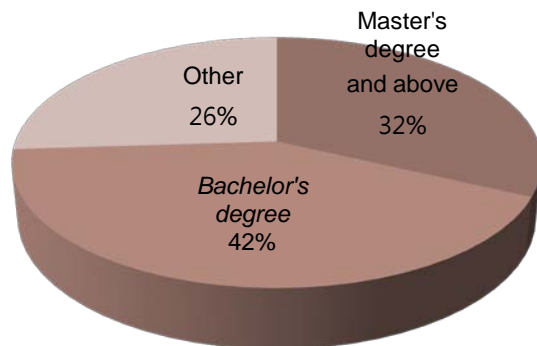
Employees are our most important asset, and we place extremely great emphasis on our employees' working environment, development, and care. Apart from strictly complying with the requirements of labor laws and regulations, and providing employees with a superior working environment, we also adopted the EICC (Electronic Industry Citizenship Coalition) in 2008. We spare no pains to care for our employees. We have won Global Views Monthly's CSR Award for five consecutive years (2005-2009), and have been included in Commonwealth Magazine's Top 50 list of exemplary corporate citizens for three consecutive years (2007-2009). We are currently striving to enhance our managers' leadership ability and strengthen the functional development of employees at all levels in order to ensure sustainable management.



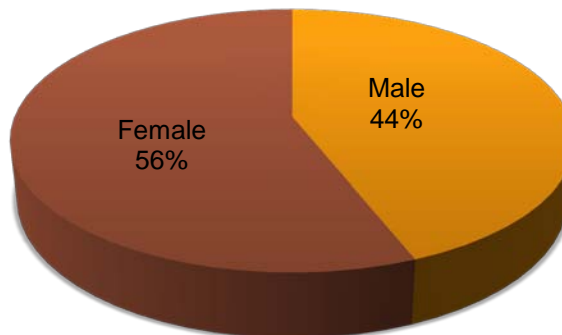
Our total employees numbered 28,000 persons as of the end of 2008, of whom 1,700 were in Taiwan, and the remaining 26,300 were in China and other overseas areas. We are committed to recruiting, training, and developing outstanding human resources. Our core employee turnover rate is less than 3%, which has helped us consistently maintain our outstanding competitiveness.

6.2.1 Employee Structure

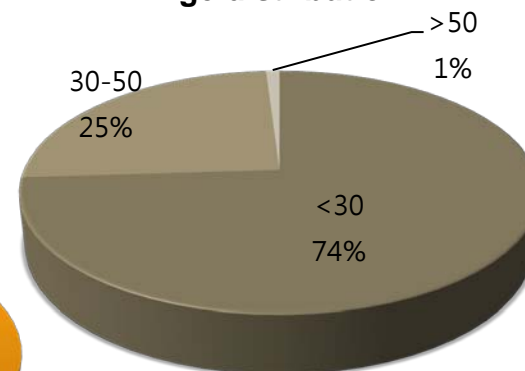
Education (indirect personnel)



Gender distribution



Age distribution



6.2.2 Recruiting

In line with our business strategies and employees' career development needs, we are employing various channels to recruit outstanding human resources. Our recruiting channels include on-campus cooperative programs involving prominent departments, industrial /academic collaboration, summer internships, and government employment assistance programs.



6.3.1 Safeguarding Work and Employment Rights

Employees are our most important asset. All employees-related systems at Lite-On are in full compliance with legal requirements:

• Hiring in accordance with law

We strictly comply with all labor laws and regulations. We do not hire any child workers under 15 years of age; employees less than 18 years of age may not perform hazardous work, and may not work at night.

• Prevention of sexual harassment and discrimination

We strictly prohibit overt or implied sexual harassment. Apart from drafting relevant regulations, we have established a sexual harassment prevention hotline and e-mail account to receive reports of harassment from employees. We do not discriminate against employees on the basis of their race, religion, skin color, nationality, or gender. We have never had any disputes arising from discrimination.

• Fair performance evaluation system

The goal of our performance management and development system is to integrate and improve individual and organizational performance. We have instituted two-way communication and employee development plans, and employ fair and reasonable performance evaluation procedures to perform evaluations, which provide a basis for promotions, pay raises, and stock and cash bonuses. If an employee is not competent to perform his or her work, we will appropriately assist that employee or transfer the employee to a suitable position or affiliated enterprise. If such an employee still fails to fulfill the terms of the company-employee relationship, we will appropriately dismiss the employee with severance pay in accordance with relevant laws and regulations.



6.3.2 Salary and Safeguards

We place considerable emphasis on employee compensation and benefits, and have adopted a highly competitive salary and benefits policy. Employee pay is determined on the basis of educational attainment, past experience, and personal performance, but not on the basis of employee gender. New employees are not given different starting salaries on the basis of their race, religion, political views, gender, marital status, or union membership. Our compensation policy has been drafted on the basis of the following principles:

- We are aware of and comply with relevant local laws and regulations, strive to establish harmonious labor-management relations within the scope of the law, and thereby promote more sustainable management.
- In order to maintain our competitiveness in the employment market, pay is set and adjusted in reflection of manpower supply and demand and the profitability of our product lines.
- In order to incentivize our employees, we strive to pay appropriate salaries reflecting the market value of professional functions, the contributions of employees' roles, and the results of our performance management system.
- We provide performance bonuses on the basis of our business situation and individual performance. We also use an employee stock bonus system to distribute a share of our earnings to employees.

In accordance with the laws of Taiwan, we purchase labor and health insurance for our employees, and also set aside retirement pension payments in accordance with law. We further additionally provide group insurance and other benefits to employees, ensuring that employees have even better living conditions and safeguards. Our overseas employees receive benefits and insurance as specified in local laws and regulations.

Our retirement pension system complies with local laws and regulations. For instance, in the case of our Taiwan employees, we make regular retirement fund payments into statutory accounts in accordance with the pension system regulations in Taiwan's Labor Standards Act.



6.3.3 A Safe Working Environment

Our EHS management system is established on the foundation of the ISO 14001 and OHSAS 18001 management systems, and all our plants have obtained certification. Our environmental protection, health, and safety policies express our long-term commitment to the environment and the health and safety of our employees. Our environmental, health, and safety policies comply with the following principles:

1. Compliance with local legal laws, regulations, and standards.
2. Reduction of risk of occupational injury and illness.
3. Improvement of employee health standards.
4. Prevention of pollution, conservation of resources, and reduction of waste.
5. Continued improvement.
6. Production of safe environmentally-friendly products.
7. Requirement that suppliers comply with social and environmental standards.
8. Participation of all employees in education and training.

In accordance with the requirements of our EHS management system, we continuously track occupational injuries: There was an average of 0.96 occupational injuries per million working hours in 2008, and each occupational injury resulted in 106.29 lost working hours. We are continuing to adopt corrective and preventive measures targeting the root causes of accidents causing occupational injuries, and strive to prevent accidents from recurring.





6.3.4 Occupational Health

Our health policy seeks to improve employees' health, quality of life, and efficiency, boost employees' consciousness of health problems, and encourage employees to adopt healthy lifestyles.

Our occupational health plans include annual health check-ups for all employees, preventive examinations for occupational illnesses, and health training.

We provide free annual check-ups to all employees so that they are aware of their state of health. In accordance with legal requirements, we provide full-scale annual occupation illness examinations to those employees whose jobs put them at risk of occupational illnesses. We are committed to preventing occupational illness and safeguarding the health of our employees.

Furthermore, we cooperate with local government, disease control, and health agencies in drafting annual health training plans covering such issues as adolescent hygiene, HIV/AIDS, and the dangers of smoking.

In 2008, employees received the company's annual health check-ups more than 40,000 person-times and occupational illness examinations 5,000 person-times. A total of 21,000 persons took part in 700 health training classes provided by the company during the year.



6.3.5 Working Environment and Employee Benefits

- **A comfortable working environment**

We have established fitness centers and well-stocked libraries in order to help our employees unwind and stay in shape. We offer a full range of cultural amenities. We have established an internal "Cultural Gallery" to encourage employees' artistic and cultural leanings. Our spacious and comfortable employee cafeterias let employees dine with peace of mind. We further provide various convenient in-plant services, including travel agencies, coffee shops, and commissaries.



Lite-On's fitness centers are well equipped

- **Varied employee recreational activities**

We hold annual Employee Days with different topics. We encourage employees to participate with their families in this activity, which increases interaction between the families of employees. We hold quarterly "Happiness Lectures" on a wide range of topics including spiritual and personal growth. We sponsor annual group trips for employees, and also provide domestic and foreign travel subsidies. Our more than 30 employee clubs provide opportunities for employees to share their knowledge and interests in a wide range of subjects.



2008 Lite-On's Environmental Family Day

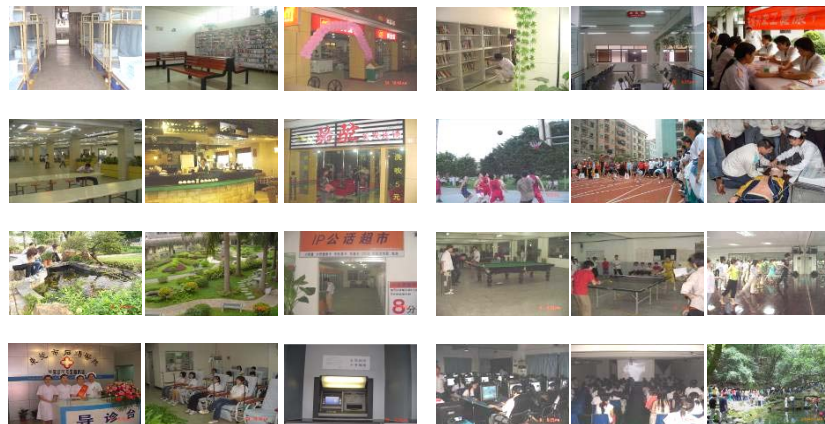


• Diverse benefits

Our employees enjoy such benefits as annual awards for senior and outstanding employees, various types of emergency assistance, holiday activities, departmental cultural activities, club activities, birthday and holiday gifts, scholarships for employees' children, continuing education subsidies for employees, marriage and maternal subsidies, hospitalization subsidies, and condolence payments. We are constantly striving to show our concern for employees.



Employees on a group trip



• The factory living environment

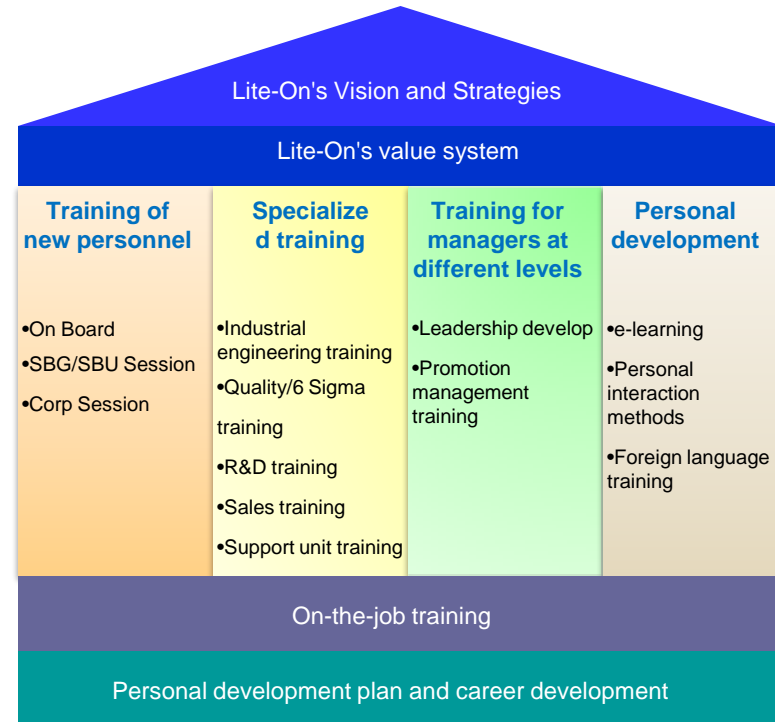
Our factories provide employees with clean and sanitary dormitories and cafeterias. Employees can enjoy convenient living and entertainment facilities within the company, including recreational gardens, community health service stations, ATM machines, convenience stores, coffee shops, snack shops, libraries, IP phone booths, barber shops, Internet cafes, movie viewings, dance rooms, pool and ping-pong tables, soccer fields, and basketball courts, etc.

Our factories actively organize many types of entertainment activities enriching employees' cultural lives, including basketball tournaments, soccer tournaments, annual trips, and year-end employee banquets.

Employees are our most important asset, and education and training ensure that our human assets continue to appreciate in value. We believe in the value of learning & development: "The goal of learning and personal development is to improve employees' professional competence, enhance employees' working performance, boost the effectiveness of organizational operations, achieve the company's business objectives, and ensure corporate sustainable development." As a consequence, learning and development are both considered the most important issues at Lite-On.



Learning at Lite-On encompasses on-the-job training, off-the-job training, and personal development. All employees will receive complete education and training after they enter Lite-On.



Lite-On's comprehensive multi-level learning and development platform provides every employee with a clear roadmap for learning and personal development.

Level	On-the-job training system	Off-the-job training system (Off-JT)					Self-development system (SD)
		New employee training	Trainer training	CSER training	Manager training	Functional training	
Executive management level	OJT development organization Learning development roadmaps Mentoring system Professional certification system	On board orientation	Training for certify trainer Training for DDISEW certification trainer Training for Advanced trainer Training for new R&D personnel	CSER executive training	Executive management development training	R&D training	Online courses Foreign language training Employee on campus training
Upper management level		SBG/SBU session training for new employees		CSER manager training	Upper management training	Sales training	
Middle management level		Corp session for new employees			Middle management training	Manufacturing training	
Primary-level management				CSER employee training	Primary-level management training	Quality/6 Sigma training	
Operating level					Shift supervisor training	Supporting training	

We have continued to improve our learning and development infrastructure in 2008, and adopted the Taiwan TrainQuali System (TTQS) in order to enhance our learning and development content and quality:

Learning and Development Infrastructure:

After our plants in China adopted the Lite-On Group's e-learning system in 2007, our headquarters implemented the "Learning Center," which incorporates various types of internal learning resources, in 2008. Employees can now easily find out about their required learning resources, and access a learning environment without any restrictions of time or space.



Nurturing Talent: Key Personnel Training Program

In order to improve human resource quality and competitiveness, and achieve greater added value compared with our competitors, in 2008 we participated in the Collective Project for Upgrading HR of Enterprises, which was sponsored by the Employment & Vocational Training Administration, Council of Labor Affairs. This project is helping us integrate the group's resources, train key personnel, and enable our employees to further their professional skills and overall competitiveness in the face of globalization. Employees have participated enthusiastically in this project. Each employee has participated in classes an average of 21.1 hours, which has led to our selection as a benchmark demonstration unit.





Adoption of the Taiwan TrainQual System (TTQS):

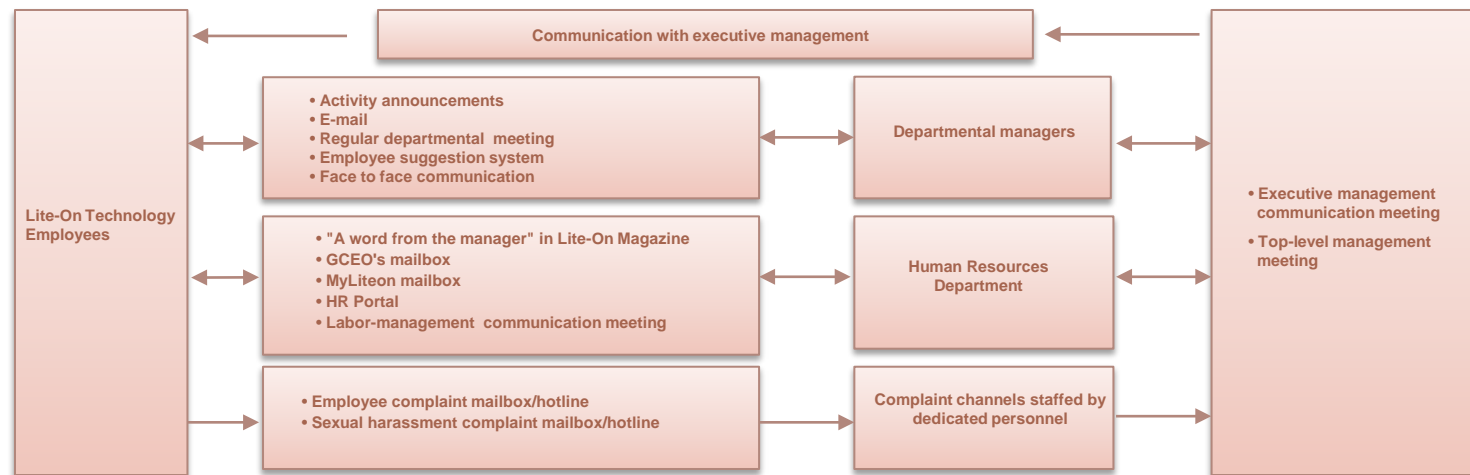
TTQS assistance has enhanced our training quality, strengthened the link between organizational needs, strategies, and training, and enabled us to track trainees' learning results and implement transfer training. Thanks to our continuously-improving training quality, we have received a silver medal for benchmark enterprises from the Council of Labor Affairs.

Implementation of EICC Training:

In order to ensure that all employees understand and comply with EICC guidelines, apart from providing in-classroom training classes, in 2008 we produced online classes that are provided on our e-learning web site. These classes are also included among required classes for new employees. All our plants have achieved our 100% EICC training goal.

Looking ahead to the future, we will actively develop a training system for upper management personnel to provide training to our future leaders. We are currently developing comprehensive career development and training roadmaps for individual areas of specialization. We want all employees to have clear blueprints for learning and personal development, enabling our personnel to learn in a systematic and enjoyable manner.





We have established many internal channels of communication, and continue to implement various employee relations programs. We hope that we can create a working environment of "happiness, growth, health, and balance" for our employees.

Internal communication channels include the Group CEO's "Call Me David" mailbox and employee complaint and sexual harassment hotlines and mailboxes. All employees can use these methods to voice their comments or recommendations at any time, and obtain prompt responses. If any major changes at the company are likely to affect employees' rights and interests, we will immediately use formal channels of communication to contact employees and engage them in discussion.

We publicize information concerning activities and announcements using the "MyLiteOn" e-mail mailbox and the "HR Portal" internal web site. To ensure that employees understand the company's business strategies, all units hold monthly management conferences allowing employees to communicate face-to-face with management personnel. The company's internal "Lite-On Magazine" is published on a regular basis and provides information concerning the company's activities, enabling employees in Taiwan and overseas to stay abreast of Lite-On's latest developments.



Social Involvement



We have consistently sought to fulfill our responsibilities as good corporate citizens, and have participated actively in public-interest activities in the wake of the establishment of the "Lite-On Cultural Foundation" in 1993. The Foundation's major goals consist of encouraging the arts and humanities, supporting public-interest activities, fostering culture in the company, and promoting children's growth. While promoting the arts, the public interest, education, and culture, the Foundation also spares no effort in contributing to society and assisting those suffering from misfortune. The founders of three Lite-On affiliates established the Foundation with their donations, and every year Lite-On's subsidiaries contribute NT\$10 million from their profits to the Foundation to pay for the year's operating expenses.

We are using our "Lite-On Award" as a means of cultivating Chinese industrial design manpower around the world. Thanks to rigorous judging by world-class design masters and an industrial design forum platform, this award is promoting interchange between Chinese design manpower and the world's top designers, and is continuing to boost industrial design and aesthetic standards. There has recently been an upsurge in industrial design talent in the Greater China region, and many industrial design awards have revealed the dramatically improved skills of designers from China, Hong Kong, and Taiwan. Among relevant awards, the Lite-On Award has been the most effective driver of Chinese industrial design talent worldwide.

In addition, Lite-On provides donations and sponsorships for various types of artistic, cultural, social development, educational promotion, and charitable activities.



LITEON® 7.1 Establishing Volunteer Teams in Communities

The Lite-On Cultural Foundation feels that the key factor in creating a good community is good community residents. One of the Foundation's missions is therefore to promote education and culture in the community. The Foundation has therefore established community volunteer teams dedicated to bringing together and training community volunteers. By establishing a systematic organization, drawing on government resources, and providing appropriate support in the form of know-how and financial resources, the Foundation enables various types of community volunteer teams to conduct a wide range of cultural and educational activities in communities. Some teams have even taken root and developed into independent public interest groups.

Taking the school system as an example, the Lite-On Cultural Foundation has recruited and provided psychological counseling and other professional training to parents and community women with children in elementary school and junior high school. In addition, the Foundation is working together with school counseling offices to provide concern, assistance, and guidance to schoolchildren and adolescents facing troubles. Assistance has been provided to many children from single-parent families, dysfunctional families, aboriginal families, and newly-settled families, as well as children with learning disabilities, attention-deficit disorder, autism, and mental disabilities. Approximately 1,500-1,800 children and adolescents receive assistance annually through this campaign, which underscores our commitment to being a good neighbor.

The Lite-On Cultural Foundation holds an average of 800-1,000 classes annually to train the volunteers who will serve CCCAF (Caring and Counseling Children, Adolescents and their Families) in communities. To date, more than 20,000 volunteer moms have received training. CCCAF volunteers continue to receive training during the service process.

The Lite-On Cultural Foundation was awarded the Ministry of Education's "Social Education Public Service Award" and "Outstanding Family Education Promotion Team Award" in 2008, as well as many other honors, for the work of its CCCAF volunteer teams.



Management of Xinyi Community College in Taipei

Xinyi Community College is a publicly established, privately managed institution of lifelong learning. One branch of the college has been established in each of Taipei City's 12 administrative areas. After standing out in an intensely-competitive selection process, Lite-On Cultural Foundation won the right to manage Xinyi Community College in 2001. The college has an average of 100 courses each semester, and approximately 2,500 students take part each year.





The "Lite-On Award" is another important way in which Lite-On is fulfilling its corporate social responsibilities. The competition has steadily boosted the standards and competitiveness of domestic and foreign industrial design, encouraged creativity among Chinese designers worldwide, and fostered the development of outstanding industrial design manpower. After more than eight years of pioneering effort, the Lite-On Award has become the largest industrial design competition in the Chinese-speaking world. A cumulative total of more than 10,000 works have been entered in the competition, which has been dubbed the "Chinese Industrial Design Oscars."

The topic of the 2008 Lite-On Technology Innovation Award competition was "A Day of Digital Life," which was intended to inspire visions of the future, inspire young talents to come up with innovative ideas, sketch out an image of digital life in the future, and add fun to digital technology. A total of nearly 1,600 works participated in the 2008 competition, which added an international section for the first time, and attracted Chinese and international designers from 28 areas and countries in Europe, the Americas, and Asia. After intense competition, an international team from India won the first-place award. Among these 30 finalist works, 12 were from Taiwan, 17 were from China, and one was from Singapore.

The award-winning works relied on unique inspiration to transform the details of everyday life into an array of digital products, and use technology to add fun and convenience to life. The works also exhibited ways of conserving energy, reducing carbon emissions, and showing concern to society, the elderly, and members of underprivileged groups. The concepts realized in the finalist works were connected in many ways with the major issues facing the world today. This reveals that technological innovation will continue to complement everyday life applications in the world of the future.





Lite-On Technology has joined forces with academic partners in collaborative projects pooling R&D resources and training elite technical manpower. This R&D collaboration is strengthening Lite-On's R&D capabilities, accelerating forward-looking industrial technology R&D, and benefiting the company, its academic partners, and project researchers.

Lite-On has signed an industrial-University collaboration agreement with National Chiao Tung University; the content of this agreement includes (1) advanced technological projects on the topics of LED technology, auto electronics and imaging technology, and digital home communications and multimedia technology; (2) an intellectual property management platform and training plan; and (3) a manpower training plan providing leadership training to students and Lite-On employees.



Lite-On has sponsored the establishment of a mold center by Chung Yuan Christian University. The mold center has licensed "repeatable free drop test with a precisely-controllable angle" and "fast mold temperature change technology." The center is furthering advanced molding and mold technology, and developing computerized design/manufacturing guidance platforms. The free drop test platform can provide precise drop information about handheld 4C products, which allows designers to improve the drop-resistance of IC chips with no-lead solder, thin cases, display panels, and digital imaging modules. "Fast mold temperature change" technology can effectively eliminate molding defects in plastic products, including junction scars, loose fibers, and flow marks, and can lessen the need for secondary surface coating.



Sichuan Earthquake Relief

When a devastating earthquake caused death and destruction in China's Sichuan Province in May 2008, the Group's employees demonstrated their spirit of compassion and giving. The Lite-On Group made a cash donation of RMB 10 million to the relief and reconstruction campaign, and also appealed to employees in Taiwan and China to freely donate one day's pay, or some other amount, to help relief and rebuilding efforts.



Sponsoring Art and Culture Activities

Lite-On has been a long-term sponsor of the Taiwanese photographer Mr. Shao-tung Wu, who is famous for his photographs of cranes, and is considered one of the world's three great observers and photographers of these majestic birds. Lite-On has also compiled a volume of Wu's photographs, which has been displayed at the San Francisco Museum, Lite-On's Neihu Headquarters, National Chiao Tung University's gallery, and Hong-Gah Museum. We hope that Wu's work will inspire viewers with the beauty of photography and promote ecological conservation.

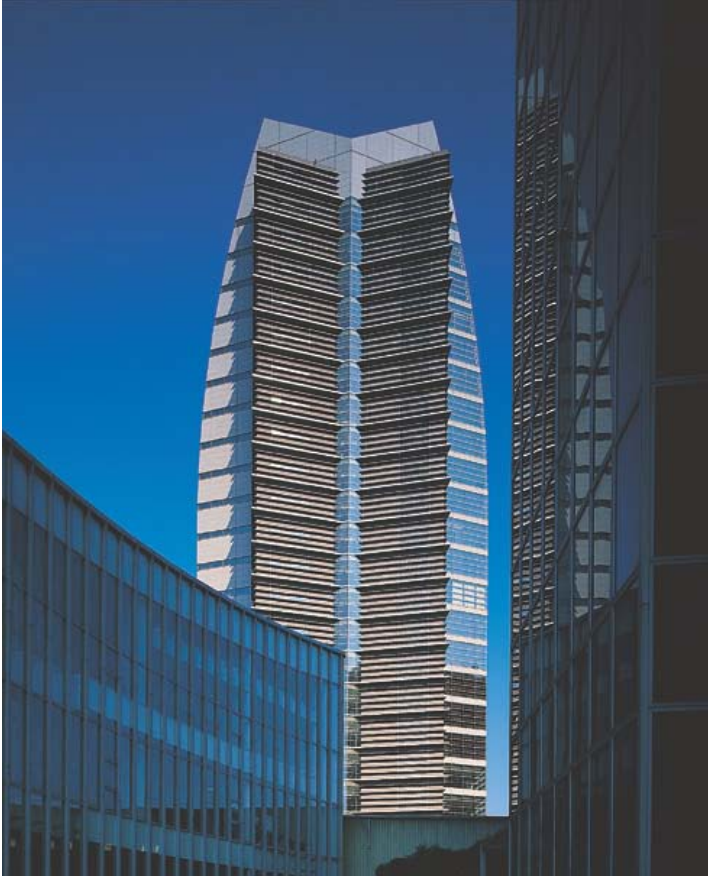


Aspect	GRI	Content	Report Section
Strategy and Analysis	1.1	Statement from the most senior decision maker of the organization	Letter from the Chairman and Group CEO
	1.2	Key impacts, risks, and opportunities	Letter from the Chairman and Group CEO
Organizational Profile	2.1	Name of organization	1.1
	2.2	Primary brands, products and services	1.1
	2.3	Operational structure of the organization	1.1
	2.4	Location of organization's headquarters	1.1
	2.5	Countries of operation	1.1
	2.6	Nature of ownership and legal form	1.1
	2.7	Markets served	1.1
	2.8	Scale of organization	1.1 , 1.2
	2.9	Significant changes during the reporting period	1.2 , About This Report
	2.10	Awards received	1.6
Report Parameters, scope and boundary	3.1	Reporting period	About This Report
	3.2	Date of most recent report	About This Report
	3.3	Reporting cycle	About This Report
	3.4	Contact point for the report	About This Report
	3.5	Process for defining report content	About This Report
	3.6	Boundary of the report	About This Report
	3.7	Limitations on the scope or boundary of the report	About This Report
	3.8	Reporting on other entities	About This Report , 1.1
	3.10	Explanation of re-statements provided in earlier reports	About This Report
	3.11	Significant changes from	About This Report
	3.12	Table identifying the location of the standard disclosures	GRI G3 Index

Aspect	GRI	Content	Report Section
Corporate Governance	4.1	Governance structure	1.4
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	1.4
	4.3	Independent and/or non-executive board members	1.4
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	2.2
	4.8	Mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance.	1.3 , 2.1 , 3.1 , 4.1 , 4.4 , 6.1 , 6.3
	4.12	Externally developed economic, environmental, and social charters, principles	2.1 , 3.1 , 3.2 , 3.3 , 4.1 , 4.2 , 4.4 , 5.1 , 6.1
	4.13	Memberships in associations	1.5
	4.14	List of stakeholder groups engaged by the organization	2.2
	4.15	Basis for identification and selection of stakeholders to engage	2.2
	4.16	Approaches to stakeholder engagement	2.2
	4.17	Key topics and concerns raised through stakeholder engagement and response	2.2
Economic Performance Indicators	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	1.2
	EC3	Coverage of defined benefit plan obligations	6.3
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	7.1 , 7.2 , 7.3 , 7.4 , 7.5



Aspect	GRI	Content	Report Section
Environmental Performance Indicators	EN1	Materials used by weight or volume.	4.3
	EN2	Percentage of materials used that are recycled input materials.	4.3
	EN3	Direct energy consumption by primary energy source.	4.3
	EN4	Indirect energy consumption by primary source.	4.3
	EN5	Energy saved due to conservation and efficiency improvements.	4.2
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	3.2.3
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	4.2 , 4.3
	EN16	Total direct and indirect greenhouse gas emissions by weight.	4.3
	EN17	Other relevant indirect greenhouse gas emissions by weight.	4.3
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	4.3
	EN20	NOx, SOx, and other significant air emissions by type and weight.	4.3
	EN22	Total weight of waste by type and disposal method.	4.3
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	3.2.4
Social Performance Indicators	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	6.3
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	6.3
	LA10	Average hours of training per year per employee by employee category.	6.4
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	6.4
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	6.4
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	6.3



We encourage you to contact us if you have any questions or suggestions concerning this report.

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