



LITEON[®]

2009 Lite-On CSR Report





About This Report



This is the fourth year that the Lite-On Technology Corporation has published a corporate social responsibility report, and this report highlights Lite-On Technology's Continuous efforts and outstanding results in the areas of economic, environmental, and social sustainable development.

This report reflects the company's use of materiality analysis to identify and analyze issues, and the selection and prioritization of issues at the meetings of the Lite-On Technology CSER Committee's working groups and in the process of discussion with stakeholders.

Scope

This report spans Lite-On Technology's global corporate social responsibility performance from January 2009 to December 2009; the content of most indicators used herein encompasses Lite-On's Taiwan headquarters and business offices, and production sites in China and Thailand. Any exceptions are specially noted in this report. The figures in financial statements in this report have been calculated in NT dollars, and environmental, health and safety performance indicators are expressed in the generally-used international units. Any estimates or assumptions are noted in the respective section. In comparison with the previous report, this report does not restate any statements or revisions in old reports.

In September 2009, we established our eastern China operations center in the Wujin District of Changzhou, Jiangsu Province, in order to integrate our global supply chain resources.

Report Outline



The framework of this report is based on the third-generation reporting guidelines of the Global Reporting Initiative (GRI). The report is written on the basis of strategies and frameworks in the GRI G3, and it discloses the company's chief sustainability issues, strategies, objectives, and measures. This report complies with the applications level standard of GRI G3 A+.

Report Verification

In order to boost information transparency and reliability, the third party , SGS Taiwan Ltd. was engaged to perform verification in accordance with the GRI G3 framework, and SGS' statement is included in the appendices to this report.



Date of Issuance

Lite-On Technology continues to regularly issue an annual corporate social responsibility report, and the report is also posted on Lite-On Technology's corporate web site.

Current edition: Issued in September 2010

Next edition: Expected to be issued in August 2011

(Previous edition: September 2009)

Contact Information

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

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2009 Highlights



Response to the Needs of Society

8th

- ❖ The Lite-On Cultural Foundation was awarded the National Civic Service Award.



- ❖ After Typhoon Morakot struck Taiwan, the Lite-On Group donated NT\$30 million and LED lighting equipment; apart from corporate donations, we also initiated an employee donation of one day's pay campaign to assist in relief and reconstruction work.
- ❖ We teamed up with nearly one hundred moms from the community to create the "Neihu Peach Blossom Springs" tapestry, which was donated to the Taipei Department of Rapid Transit Systems, so that it could permanently decorate Gangqian Station on the Metro's Neihu Line.
- ❖ The Lite-On Cultural Foundation joined forces with The Starry Starry Night in a public interest campaign that included a reception for a thousand community school volunteers and admission to an exhibition for "adopted" children and members of other underprivileged groups, which allowed the fascinating display pieces excite wonder and interest.

Corporate Governance

A

- ❖ We have been ranked a grade of A in the Institute of Securities & Futures Markets Development's 6th Information Disclosure Assessment.

Corporate Management

60%

- ❖ In 2009, earnings per share were NT\$3.2 with growth of Y-o-Y and hit a net profit record high in the previous two years.
- ❖ Our innovative R&D initiatives received recognition, and in 2009 we were awarded the MOEA's "National Invention & Creation Award," "Excellent Use of Patents to Create Value Award," and the Invention Award for a "thin-profile multifunctional device."

Environmental Protection

11.6%

- ❖ In 2009, greenhouse gas emissions reduced by compared with 2008.
- ❖ In 2009, total water consumption reduced by 16% compared with 2008.
- ❖ In 2009, total power consumption reduced by 5.2% compared with 2008.

Implementation of Corporate Social Responsibility

- ❖ We have completed managerial CSER training courses, and a total of

244

 managers in Taiwan and China have received this training.

- ❖ We received Global Views Monthly's "Corporate Social Responsibility Award" for consecutive 5 years, and also received fourth place in the large enterprise section of Commonwealth Magazine's Corporate Citizenship Award" For the third year in a row.

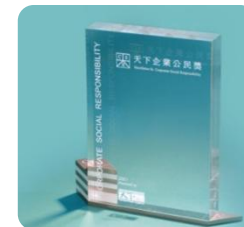




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Letter from the Chairman and Vice Chairman



Dear stakeholders :

As early as 18 years ago, when CSR had not yet become a mainstream social value, we at Lite-On had already established the Lite-On Cultural Foundation in acknowledgment of our humble roots and reliance on society. The Cultural Foundation is dedicated to actively assisting underprivileged groups in conjunction with volunteers from society at large. The Foundation is currently the largest social assistance volunteer group in Taiwan. For many years we have vigorously participated in social and public interest activities, and have won many government awards and honors in recognition of our efforts, including the "National Civic Service Award" in 2009.

Apart from social involvement, we have taken active steps to realize economic and environmental aspects of CSR. When we joined the Electronic Industry Citizenship Coalition (EICC) in 2008, apart from implementing international standards, we also learned from benchmark international green supply chain firms, which greatly expanded our international social responsibility perspectives.

Lite-On is one of the founding members of the "Taiwan Corporate Sustainability Forum". Via the "Taiwan Corporate International Sustainability Coalition" to be established by Lite-On in coming future , we will assist even more Taiwanese firms in adopting international sustainability indicators; mutual benchmark learning between coalition members will expand positive influence on society. We also promote the concept of "socially responsible investment" (SRI) and embrace international SRI values. We hope that CSR will take root and grow vigorously in Taiwan.

We have won tributes from impartial organizations during yet another year. We again were honored with Global Views Monthly's " Five Stars Award of the 6th year Social Responsibility Award " (in the A section for listed tech firms) in 2010, and were the leader in "corporate governance" and "environmental" performance. Finally, we were one of the small numbers of firms that continued to make progress according to this magazine's CSR assessment standards for the year.





In recent years, the greenhouse effect has caused the earth's climate to fluctuate wildly and induced extreme weather changes. As a consequence, the world's leading countries and corporations are actively embarking on the formulation of greenhouse gas reduction strategies. The need to reduce emissions is placing heavy, long-term pressure on energy-intensive industries, petrochemical-dependent industries, and electrical/electronic equipment producing industries. We have long played an important role in the overall electronics industry supply chain. Apart from striving to comply with international product environmental regulations, we have also vigorously embarked on an energy saving and CO₂ emission reduction program. At the same time, we are also achieving innovation and a competitive advantage from these efforts; to expand into the green energy industry which will be a new force driving Lite-On Group's further growth. The Lite-On Group has maintained its core competence and competitive advantage in the information, communications, and optoelectronics industry for more than 35 years, and we have expanded into the new energy, new illuminant, and new power system & energy storage industries. We are focusing on the four major areas of energy creation, energy conversion, energy storage, and energy saving, and we have planned future operating directions and strategies in these areas expressing our love for the Earth. For instance: Our East China Regional Headquarters in Wujin, Changzhou, opened in September 2009 which also serves as the company's first Green Energy base. All of the facilities are housed in green buildings, and , produce high efficient green technology products with optimized design . Furthermore, in 2010 the Kaohsiung City Government launched Asia's first high-power commercial sightseeing solar-electric boat . This was one of the new items in the Lite-On Group's new energy development campaign.

In 2009 we continued to implement energy saving and CO₂ emission reduction. Compared with 2008, we reduced greenhouse gas emissions by 11.6%, cut power consumption by 5.2%, and trimmed water use by 16%. While we implement CSR training internally, we are also striving to embed CSR as part of Lite-On employees' DNA. In 2009, we formally incorporated CSR in new employees' training classes, and we also provided a complete CSR training program to 244 managers in Taiwan and China.

We are keenly aware that we still have much room for improvement with regard to many aspects of CSR. Consequently, in line with our original commitment, we will actively combine our corporate operations and social responsibilities, and exert our influence for the sake of creating a better tomorrow!

Chairman of the Lite-On Group

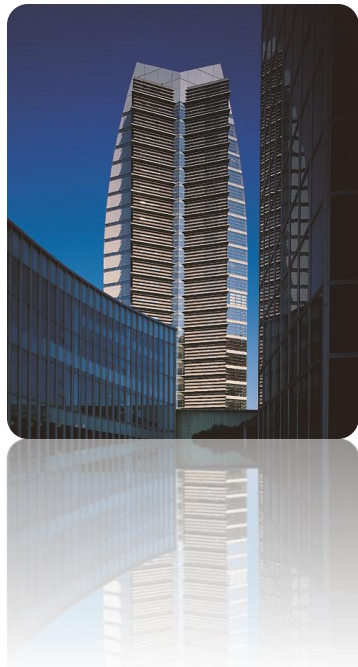
Vice Chairman of the Lite-On Group

Chapter 1

Corporate Commitment and Stakeholders Engagement



1.1 Corporate Commitment and CSR Vision



We will always remember our humble beginnings and responsibilities to society while implementing CSR. At the same time, we will integrate our social responsibilities into our business operations and maintain as part of our company culture for growth driving forces. Under the hands-on leadership of Lite-On Group Chairman Raymond Soong and first-line managers, we have established the Lite-On Corporate Social and Environmental Responsibility Committee (CSER Committee) and designated dedicated personnel, striven to internalize CSR as part of Lite-On employees' DNA, and embraced international standards in an effort to become model international corporate citizens. Since we joined the Electronic Industry Citizenship Coalition (EICC) in 2008, apart from implementing international standards, we have also grown together with international benchmarking green supply chain firms, which greatly expanded our international social responsibility perspectives.

As an ethical and responsible company, we have also been working hard to become a model of world-class excellence; We also feel that our attentiveness to and fulfillment of our environmental and social responsibilities will enhance our long-term business growth and competitiveness. To ensure that our company and all employees actively implement environmental protection and CSR, we have established a CSER Code of Conduct based on SA 8000 (Social Accountability 8000) and the EICC (Electronic Industry Code of Conduct). Our CSER Code of Conduct encompasses all subsidiaries of the Lite-On Group (taking Lite-On Technology as the chief stockholder and participant in actual operations). The categories of the CSER Code of Conduct comprise all relevant matters, including trade, investment, contracting, supply, sales development, and all other matters and employment relationship. The content of the CSER Code of Conduct summarizes our pledges concerning all CSER issues, including business ethics, labor relations, environmental protection, health and safety, management systems, corporate governance, and community participation.

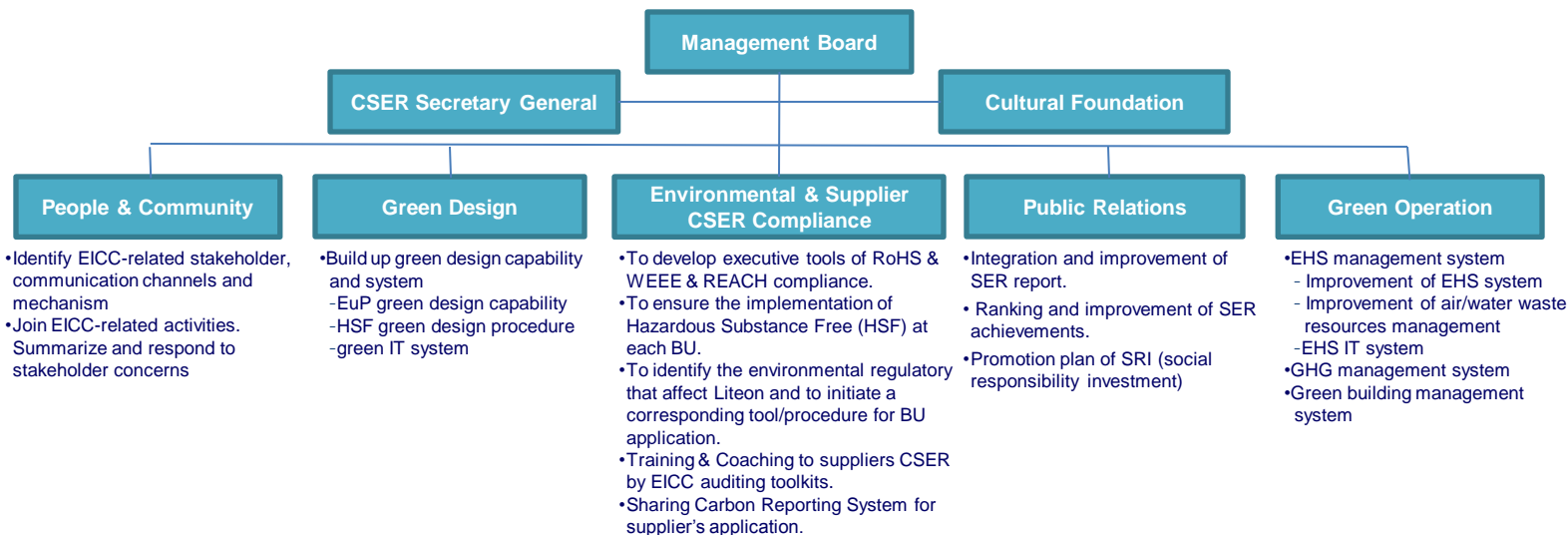
Please refer to Lite-On Technology's official corporate web site for further information concerning the [CSER Code of Conduct](#).



1.1.1 Lite-On CSER Committee

The Lite-On CSER Committee (Lite-On Corporate Social and Environmental Responsibility Committee, CSER Committee) was established for the purpose of realizing Lite-On's various social pledges, including commitments regarding labor-management relations, employee care, corporate governance, environmental protection, and the public interest. The CSER Committee places particular emphasis on complying with government laws and regulations, protecting employees' rights, improving workplace health and safety, reducing impact to the environment, upholding social and environmental responsibilities, and fulfilling customers' requirements.

The Lite-On CSER Committee is the group's highest guidance unit; it is chaired by Chairman Raymond Soong, and has members comprising executive managers of the Lite-On Group. The committee is responsible for determining annual CSR economic, environmental, and social involvement goals, regularly supervising implementation, and directing Lite-On Technology's short-/mid-/long-term realization of goals and visions.



1.2 Identification of Stakeholders

1.2.1 Identification of Stakeholders and Core Issues

Lite-On's stakeholders chiefly include investors (shareholders), customers, suppliers, employees, nonprofit organizations, the community, and the media. Interaction with stakeholders is part of the company's daily operations, and this communication enables us to understand stakeholders' needs and wishes. This information can guide the drafting of operating and social responsibility strategies and implementation of plans by our executive management and relevant units.

We use the materiality analysis process to establish communication goals, and identify stakeholders and issues of concern to them. We employ the following procedures and steps:

1. Establishment of communication targets

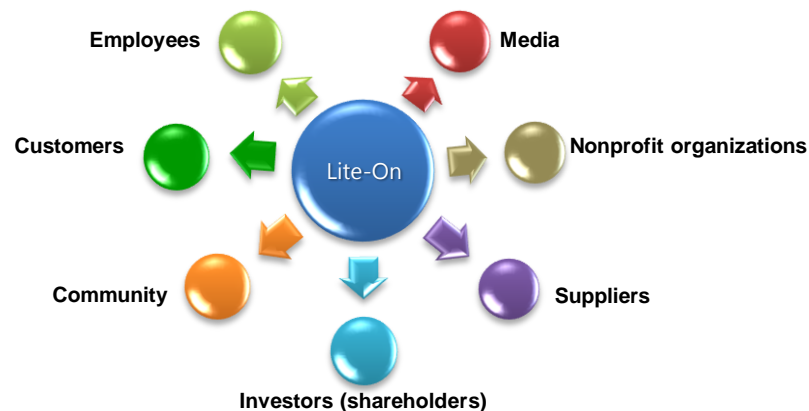
In order to achieve effective communication with stakeholders the company must establish communication goals, identify material issues, comply with stakeholders' needs, and fulfill communication goals. Accordingly, 2009 communication goals were identified at the company's internal CSER working group conferences; these goals chiefly consist of the following seven levels:

- ❖ Improvement of Lite-On's energy saving, CO₂ emission reduction, and environmental protection performance and results.
- ❖ Improvement of Lite-On's risk control ability.
- ❖ Improvement of customer's recognition and satisfaction with regard to Lite-On's implementation of CSER / EICC.

- ❖ Enhancement of employee's enthusiastic participation in CSR; internalization of DNA as part of Lite-On's corporate culture.
- ❖ Improvement of employee loyalty and identification with the company.
- ❖ Strengthening of interaction and communication with the media and investment institutions.
- ❖ Strengthening of interaction and communication with non-profit organizations.

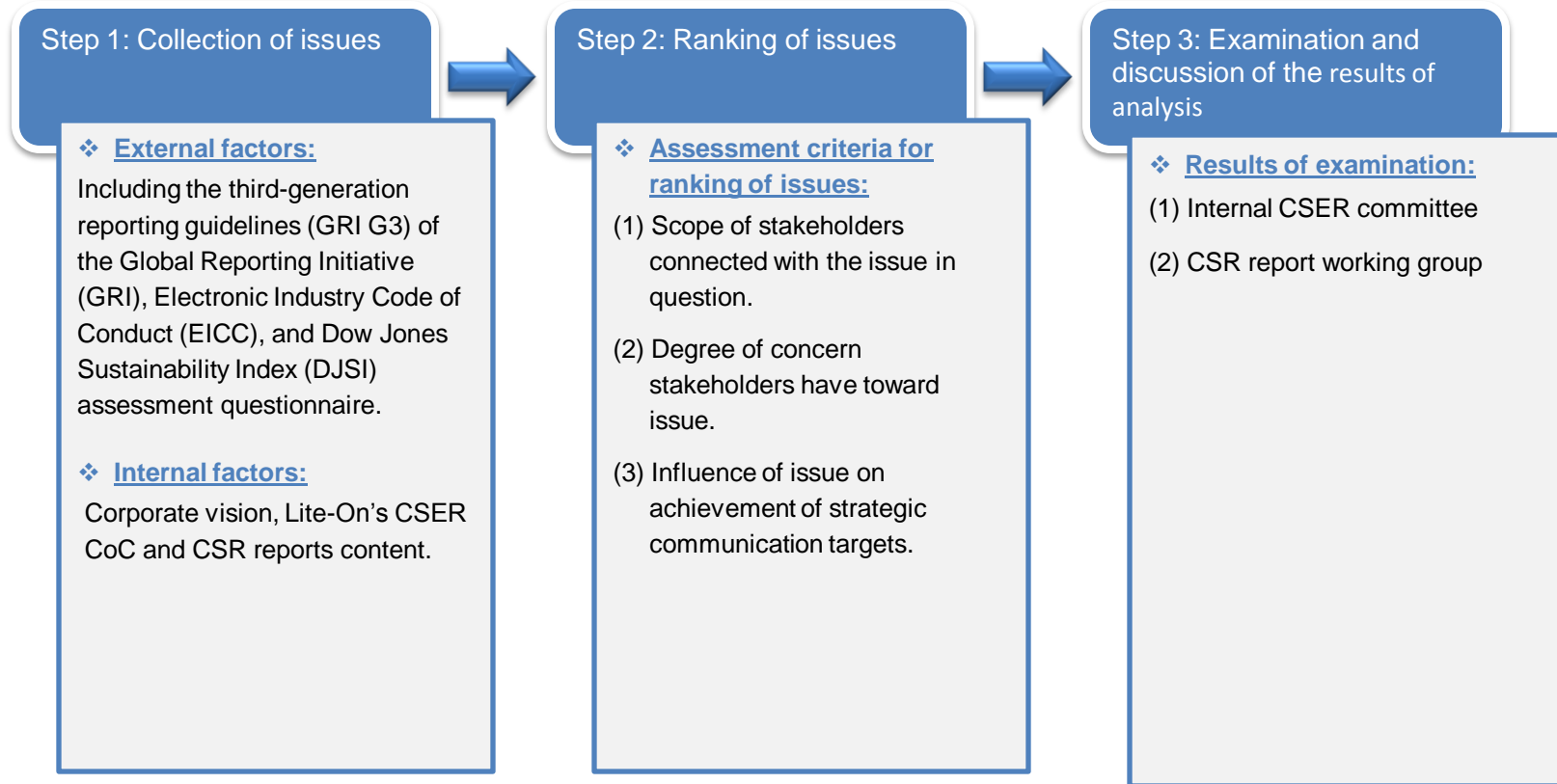
2. Identification of stakeholders

In accordance with communication goals, Lite-On has identified major stakeholders, which include employees, customers, the community, investors (shareholders), suppliers, non-profit organizations, and the media.





3. Materiality Analysis





Step 1: Collection of issues

Lite-On Technology relies on the process of discussion with stakeholders to collect and identify issues; the sources of issues include both within and outside the company; these are explained as follows:

- ❖ External factors: Including the third-generation reporting guidelines (GRI G3) of the Global Reporting Initiative (GRI), Electronic Industry Code of Conduct (EICC), and Dow Jones Sustainability Index (DJSI) assessment questionnaire.
- ❖ Internal factors: The company's vision, Lite-On's CSER Code of Conduct, and content of CSR reports.

Step 2: Ranking of issues

In order to determine the priority of issues disclosure, we have adopted a risk-oriented material issue assessment framework, and assert that when disclosed information cannot be communicated effectively, or a failure has occurred.

First, in accordance with the principles of Failure Mode & Effect Analysis (FMEA), we identified three major assessment standards from the degree of occurrence, detection, and severity: "Scope of stakeholders connected with communication issues," "level of concern stakeholders have toward different issues," "issues' degree of influence on the achievement of strategic communication goals." The members of the CSER Committee then assign different scores to each issue based on these assessment standards.

In accordance with the foregoing assessment framework, the Fuzzy Analytic Hierarchy Process (FAHP) is used to determine the weights of assessment standards. Finally, the score assigned to each issue on the basis of the foregoing assessment standards is multiplied by the respective weight, which yields the risk priority number (RPN) for each issue. The higher the RPN, the greater the priority of the issue's disclosure.

Step 3: Examination and discussion of the results of analysis

After determining the importance of disclosure of each issue based on the ranking of issues in Step 2, the results of this analysis are discussed and confirmed by CSER working group members, and then serve as the basis for disclosure of sustainability-related issues by Lite-On Technology during that year.

Ranking of level of concern stakeholders feel toward different issues

stakeholders	Rank of issues in terms of concern		
	1	2	3
Employees	Employee benefits	Labor-management Relations	Financial Performance
Customers	Customer Relationship Management	Hazardous Substance Management	Supply Chain Management
Non-Profit Organization	Social Involvement	Risk Management, Hazardous Substances Management	
Investors	Financial Performance	Corporate Governance	Risk Management
Suppliers	Supply Chain Management	Supplier selection standards	Financial Performance
Multimedia	Social Involvement	Financial Performance	Corporate Governance
The Community	Social Involvement	Green House Gas Management	Environmental Policy/Management System



1.2.2 Communication Mechanisms

Lite-On uses the following platforms to communicate with stakeholders:

stakeholders	Issues of Concern	Communication Platform
Employees	<ol style="list-style-type: none">1. Employee benefits2. Labor-management relations3. Financial Performance	<ol style="list-style-type: none">1. At least two labor-management conferences are held annually. Managerial personnel including the chairman, CEO, general managers, and highest plant manager personally participate in these conferences.2. Regular union conferences.3. In , two "Call Me David" discussion meetings are held each year.4. "Units in have a "Call Me David" mailbox and MyLiteOn e-mail mailbox to collect employees' views and comments.5. We have established employee relations department within our human resources organization. We hope to maintain positive interactive relationships with our employees, and are striving to enhance employee communication mechanism.
Customers	<ol style="list-style-type: none">1. Customer Relationship Management2. Hazardous Substance Management3. Supply Chain Management	<ol style="list-style-type: none">1. We are an active EICC member and interact with other members in order to jointly realize a code of conduct in the electronics industry.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 rely on quarterly and annual conferences with customers to communicate our corporate development blueprint, new product R&D progress, reliability, and delivery time.
The community	<ol style="list-style-type: none">1. Social Involvement2. Green House Gas Management3. Environmental Policy/Management System	<ol style="list-style-type: none">1. We vigorously promote social involvement and environmental activities through the Lite-On Cultural Foundation, employee relations department, and our public relations office. For instance, we train volunteers in conjunction with communities and schools, assist underprivileged children and adolescents, perform charitable fund-raising, sponsor cultural and art events, hold international industrial design competitions, and plant trees. We are actively contributing to society and protecting the Earth. This also constitutes an unsystematic social communication mechanism.2. Our official company web site provides detailed greenhouse gas reports and a description of our environment management policy and system for stakeholders' reference.



stakeholders	Issues of Concern	Communication Platform
Investors (shareholders)	<ol style="list-style-type: none">1. Financial Performance2. Corporate Governance3. Risk Management	<ol style="list-style-type: none">1. We present sufficient financial disclosures and future developmental directions of our company in our annual shareholders meeting to achieve full communications with shareholders.2. We have communications relating financial information and development directions to institutional shareholders by attending non-deal road shows held by major security institutions, one-on-one institutional investor meetings, daily phone conferences, and quarterly on line shareholders meetings.3. We have established an investor relations office, and have maintained positive long-term interaction with our investors.
Suppliers	<ol style="list-style-type: none">1. Supply Chain Management2. Supplier Selection Standards3. Financial Performance	<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.
Non-Profit Organization	<ol style="list-style-type: none">1. Social Involvement2. Risk Management3. Hazardous Substance Management	<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.
Multimedia	<ol style="list-style-type: none">1. Social Involvement2. Financial Performance3. Corporate Governance	We issue operating revenue news on a monthly basis, and hold quarterly investor conferences to announce operating results. We also provide our business results and development plans to the media. We may occasionally hold press conferences or issue press releases concerning other issues.

Chapter 2

Development of corporate operations

2.1 Company Overview

Name: Lite-On Technology Corporation

Established: 1975

Headquarter: Taipei, Taiwan

Revenue: NT\$97.23 billion (Consolidated Revenue of Lite-On Technology excluding affiliates)

Earnings per share: NT\$3.20

Employees: 33,794 persons (number of employees at domestic and overseas members of the Lite-On Group)

Stock code: 2301

Lite-On Technology was founded in 1975, and was Taiwan's first manufacturer of LED products. Since it was established, Lite-On has established many firsts among companies in Taiwan. Lite-On became Taiwan's first listed electronics company when it was listed on the stock market in 1983. Its stock code 2301 expresses the company's entrepreneurial spirit of being "the first." In 2002, the four listed companies Lite-On Electronics, Lite-On Technology, Silitek, and GVC merged in an unprecedented event for Taiwan's stock market.

Lite-On Technology has successfully maintained a "profitable growth" strategy, and has focused on the development of core components, including power supplies, imaging products, and optoelectronics parts. Lite-On products are widely used in the 4C fields of computers, communications, consumer electronics, and car electronics. Our products enjoy leading position in global markets, and our power supplies, LED packaging, and camera module products are all among the top three worldwide.

In September 2009, Lite-On Technology formally established an East China Regional Headquarters in Wujin, Changzhou, Jiangsu Province which also serves as the company's first Green Energy base. All of the facilities are housed in green buildings, and produce high-efficient green technology products of new energy and new illuminant with optimized process while saving energy and reducing CO₂ emissions. In addition, the establishment of the eastern China operations center will greatly improve management of Lite-On's global supply chain resources and improve efficiency.

While taking into consideration of environmental needs and future industrial development trends, the Lite-On Group has recently taken advantage of its information & communications technology strengths to expand into the new energy industry, and the efficiency of new energy supply chains has gradually realized including solar power of energy creation products, power inverters of energy conversion products, LED lighting and power supplies of energy saving products, and electric vehicle power systems and battery modules for energy storage products all of which will be a new force driving the Lite-On Group's further growth.





Lite-On Technology's Major Operations Centers





2.1.1 Financial Performance

As impacted by global financial crisis during the first half of 2009, end market demand slowed down. But our operating performance continued to improve, and we finished 2009 with a final sales revenue figure of NT\$97.23 billion. This left net profit after-tax of NT\$7.05 billion, and earnings per share of NT\$3.2 with growth of 60% Y-o-Y and hit net profit record for the previous two years.

Thanks to strategic enhancement of products among major business units, effective control of production and operating costs, and well management of inventory levels, our gross profit ratio and operating profit ratio improved by 14% and 6.3% respectively in 2009.

Units: NT\$1 m

	2009	2008	2007
Operating revenue	97,230	142,065	184,517
Gross profit ratio	14.0%	11.0%	9.8%
Operating expenses	7.7%	7.0%	6.1%
Operating profit ratio	6.3%	4.0%	3.7%
Income tax expenses	991	655	1,384
Earnings per share	NT\$3.20	NT\$2.01	NT\$3.45

Note:

- ①The figure shows Lite-On Technology's worldwide market consolidated revenue.
- ②Compared with 2008, total operating revenue fell in 2009, which was chiefly attributable to the sale of our digital display business unit to Wistron in August 2008, and end market demand slowed down in the first half of 2009 caused by the global financial crisis.



2.1.2 Membership in Groups and Associations

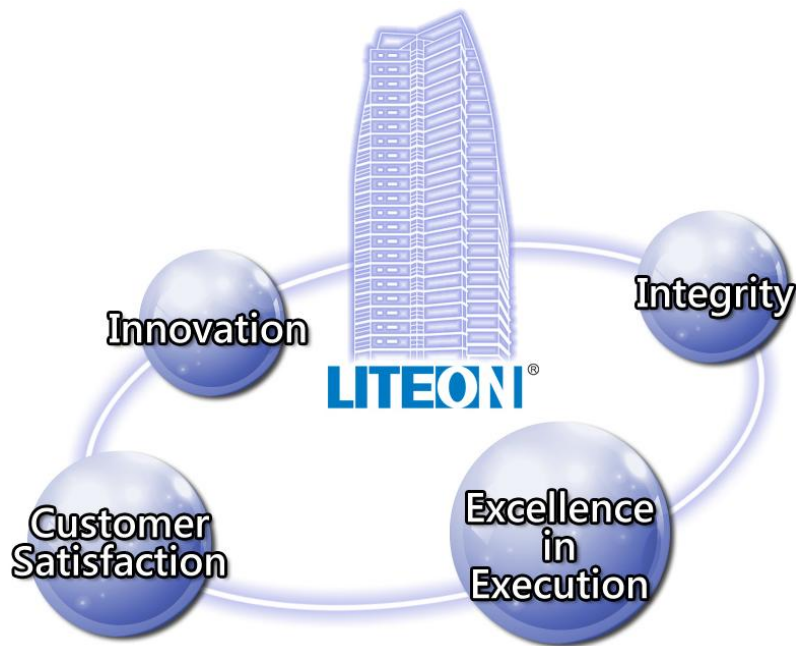
Lite-On Technology actively participates in the activities of industry associations and groups, and relies on regular or irregular industry association conferences to communicate extensively with other industry members. We participate in the activities of the following organizations and groups: (In alphabetical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

Name of association/ organization	Management level	Case involvement	Members	Name of association/ organization	Management level	Case involvement	Members
Climate Savers Computing Initiative			✓	Sinocon Industrial Standards Foundation	Director		✓
Digital Living Network Alliance (DLNA)		✓Contributor Member	✓	Taipei Computer Association			✓
EICC (Electronic Industry Code of Conduct)			✓	Taipei Neihu Technology Park Development Association			✓
Member of UPnP Forum		✓Implementer Member	✓	Taiwan Corporate Sustainability Forum			✓
Member of Wi-Fi Alliance			✓	Taiwan Electrical and Electronic Manufacturers' Association			✓
Photonics Industry and Technology Development Association			✓	Taiwan Optoelectronic Semiconductor Industry Association, TOSIA	Administrator		✓
Rensselaer Polytechnic Institute			✓ Assisting member	Taiwan Thermal Management Association			✓
				The International Commission on Illumination	Deputy chairman		✓



2.1.3 Lite-On Corporate Values

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

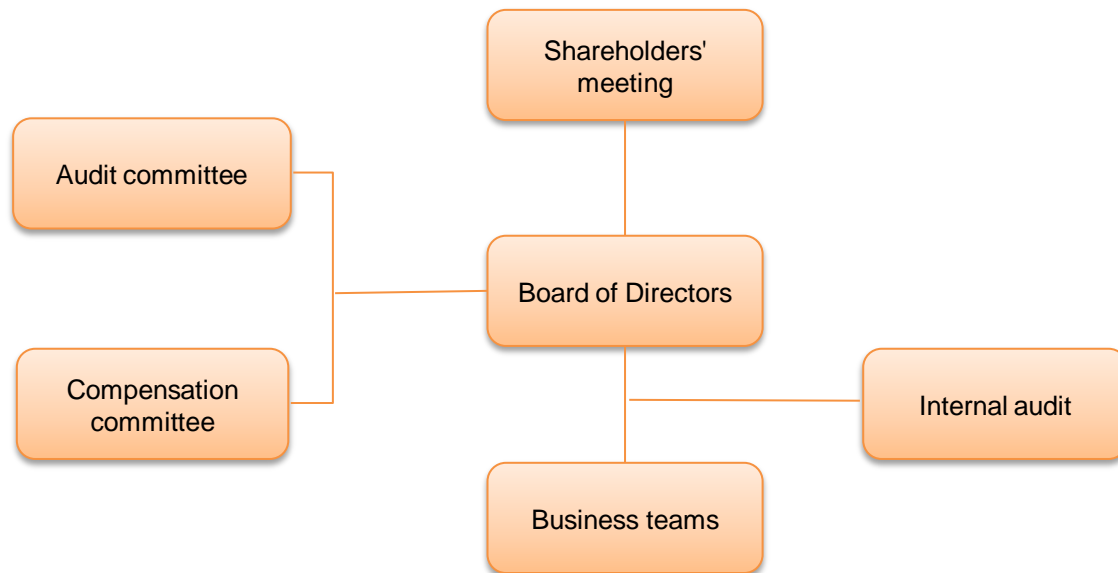
Trust from shareholders, customers, employees and suppliers.

2.2 Corporate Governance



We emphasize transparency and effective corporate governance. We have drafted a corporate governance framework and implementation practices in accordance with the ROC Company Act, Securities and Exchange Act, and other relevant laws and regulations. We are continuing to improve our management performance, while safeguarding the rights and interests of investors and other stakeholders.

Our specific corporate governance actions have included the establishment of independent directors and an audit committee, and we emphasize that information disclosure must comply with the principles of completeness, timeliness, fairness, and transparency principles. Apart from announcing our financial information, financial statements, annual reports and other major news on the Taiwan Stock Exchange's Market Observation Post System, we also enable domestic and foreign investors to view relevant information on our corporate web site (www.liteon.com). We will continue to pursue good corporate governance and the transparency, timeliness, and fairness of financial information disclosure. In 2009, we received a grade of A in the Institute of Securities & Futures Markets Development's Information Disclosure Assessment Activity.





2.2.1 Board of Directors Responsibilities

Lite-On Technology's board consists of 11 directors. All directors are selected by voting by shareholders. Seven of the directors represent institutional investors, namely Yuan Tai Investment, Tuo Chia Investment, Ta Sung Investment, and Yuan Bao Development, and there are also three independent directors. The board's responsibilities include supervision, appointment, and guidance of corporate management, and the board is also responsible for strengthening the company's overall operations, supervisory mechanisms, and management capabilities, and must strive to maximize stockholder's equity.

In accordance with Article 20-1 of this company's Articles of Incorporation, the board is authorized to set directors' compensation on the basis of domestic and foreign industry standards in order to reflect directors' degree of participation in company operations and the value of their contributions. In addition, the compensation of directors (including supervisors) must be correlated with annual earnings. In accordance with Article 24 of the Articles of Incorporation, directors' compensation may not exceed 1.5% of distributed earnings, which ensures that ample earnings are distributed to employees and shareholders.

With regard to guidance of corporate management, this company has implemented a training program for the management hierarchy since the second half of 2009. The goal of this program is to identify successful leadership models, and thereby develop an assessment tool for evaluating managers' leadership functions, gaining a better understanding of their individual capabilities, and examining the differences between successful models.

It is hoped that this program will enable the location and cultivation of a limitless supply of leadership talent.

Board of Directors	
Chairman	Raymond Soong
Director	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

All background information, academic credentials, concurrent posts at other companies, and attendance rate of board members is disclosed in the company's annual reports and on the Market Observation Post System and company web site (www.liteon.com). In 2009, the board of directors met six times.



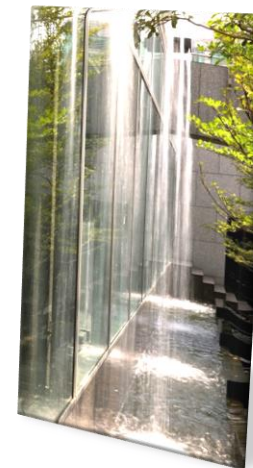
2.2.2 Audit Committee Responsibilities

Lite-On did even better than regulation requirements law by establishing an audit committee in 2007. The audit committee, which replaces a supervisor system, plays a supervisory role in regard to the various aspects of corporate governance and corporate operation development, and also provides material assistance.

In accordance with the company's Audit Committee Organizational Rules, the audit committee is composed of all independent directors, at least one of whom must possess professional accounting or financial skills. Furthermore, in accordance with Article 11 of the Audit Committee Organizational Rules, independent directors must recuse themselves concerning any matters in which they have a personal interest and may possibly be detrimental to the company's interests.

The chief responsibilities of the audit committee consisted of supervising the proper compilation of the company's financial statements, selection (dismissal) of auditing CPA, evaluation of CPA's independence and performance, effective implementation of internal controls, monitoring of the company's compliance with relevant laws and regulations, and control of the company's existence or potential risks.

The audit committee meets at least once every quarter, and may meet any time when necessary. The audit committee met eight times in 2009.





2.2.3 Compensation Committee Responsibilities

In order to continue to strengthen corporate governance and adopt international standards, Lite-On Technology established a compensation committee in 2009. The compensation committee receives its authorization from the board, supervises and reviews the company's overall compensation policy and plans, and possesses the right to make resolutions. We possess the sole compensation committee at any listed company in Taiwan, and also have the only highly-authorized compensation committee system. We are thus a benchmark firm in domestic corporate governance.

The compensation committee's supervisory scope encompasses the compensation of the chairman, high-level management, and management personnel, and is also responsible for the planning of employee incentives and bonuses. The six members of the compensation committee include three independent directors, Chairman Raymond Soong, Group CEO David Lin, and Lite-On Technology CEO KC Terng. Of these, only the three independent directors possess the right of resolution, which ensures the independence, professionalism, and fairness of the compensation committee, and avoids possible conflict of interest between committee members and the company.

According to this company's Compensation Committee Organizational Rules, the compensation committee must meet at least once every six months. The compensation committee met twice during 2009. The compensation committee has the following responsibilities:

1. In order to attract, motivate, and retain professional manpower needed by the company, this committee must review the company's compensation policies and plans on an annual basis.
2. With authorization from the board, the committee reviews and determines the compensation of the chairman, CEO, vice presidents, and general managers on an annual basis.
3. With authorization from the board, the committee reviews and rules on managerial compensation cases submitted by the general manager, including: salaries, bonuses, employee profit-sharing, employee stock options, and other bonuses and incentives.



2.2.4 Anti-corruption

Lite-On Technology Co., Ltd. pledges that, in order to maintain goodwill and the continuation of business activities, it will uphold the legal and ethical standards of the countries in which it does business. We do not permit the violation of ethical or legal standards in pursuit of sales, profit, or performance. "Integrity" is one of Lite-On's four major values.

Based on the foregoing considerations, we have drafted Ethical Guidelines for Employees in order to help personnel deal with any special situations or issues that may occur in the course of their daily work; these Guidelines are also included in the content of new employee training; In the future, we plan to provide e-learning courses ensuring the effective dissemination of the company's legal and ethical standards, safeguarding the company's reputation. The Ethical Guidelines for Employees contains the following ethics requirements:

1. Gifts and hospitality:

- (1) Company employees may not give or accept any gifts intended to improperly influence normal business or decisions. Company employees must immediately notify their manager or return any substantial gifts that they have received. If, however, a gift constitutes a small gift such as often exchanged in business contact, it shall not be subject to this restriction.
- (2) Customers and company employees may engage in reasonable social activities within the course of the business contact in so far as such activities are clearly for business purposes and are respectable in tone. However, any excessively generous treatment shall require the prior consent of the employee's manager and a subsequent report to the manager. While dining is a necessary accompaniment of meetings between company employees and suppliers or customers, treatment should be appropriate and emphasize reciprocity.
- (3) Company employees should avoid any improper actions, and absolutely may not give or accept any kickbacks in any form under any circumstances. While engaged in private shopping, company employees and their family members may not accept discounts from suppliers given due to their relationship with his company, unless such discounts are given to all employees of this company.



2. Principles governing on-the-job payments:

Any employees who discover an abnormality affecting company assets or monies that may disrupt payments must immediately notify their manager. If the abnormality involves a supplier, the employee must notify the purchasing manager. No bribes of any kind may be given to any person; there are no exceptions to this rule. So-called bribes refer to payments given to certain persons to induce them to violate the rules of their employers or laws of their country.

- (1) Payments to suppliers: Payments may only be made for goods or services provided by suppliers confirmed by the appropriate purchasing unit of the company to comply with standards.
- (2) Payments to civil service personnel: Payments prohibited by the laws of the country in question may not be paid to any government officials or personnel of that country. Legitimate payments given to government officials must comply with all procedures specifically required by the company.
- (3) Payments to consultants, distributors, or agents: All payments made to consultants, distributors, or agents must be commensurate with the value of the services they provide.
- (4) Payments to customers: Payments may not be directly or indirectly given to the employees of this company's customers or future customers with the intent of inducing them to take improper actions.

- (5) Payments to other persons: Payments may be made to persons who are not civil servants or customers in accordance with the procedures prescribed by this company if the payments are not for ordinary commercial purposes as defined by the laws of the country where the payments take place.
- (6) Payments made in a country where the payee does not reside: When it is requested that an expense or salary payment be made to an account in a country where the payee does not reside or do business (this may sometimes be termed "distributed expenses"), doing so is acceptable as long as this does not violate relevant laws, and the entire transaction does not violate this company's ethical standards.
- (7) Fraudulent record-keeping: When part of a payment is intentionally or consciously used for some purpose not stated on the transaction evidence, the payment may not be approved, implemented, or accepted. When there is no disbursement explanation in this company's account books, all "kickback funds" or similar funds or account transfers are strictly prohibited.

All personnel, regardless of their responsibilities, must uphold this company's Ethical Guidelines for Employees. No violations of ethics rules occurred in 2009. All personnel who violate these regulations shall be disciplined on the basis of the severity of their actions in accordance with this company's Reward and Punishment Management Regulations; employees found guilty of severe violations shall be dismissed.



2.2.5 Corporate Risk Management

Excellent risk management system and measures are one of the keys to successful sustainable management. Lite-On Technology has established a sound risk management framework, and performs corporate risk control in conjunction with relevant internal units. This is one of the main reasons that Lite-On Technology was able to grow successfully and achieve good sales in the midst of the global financial crisis.

Risk Management Framework and Measures

1. Financial:

(1) Security of corporate funds and avoidance of interest rate risk

Funds management work includes debt and risk control, funds utilization control, and investment size control:

- ① We perform regular global cash inventories, track abnormalities, improve the effectiveness of funds use, enhance profitability, and avoid any harm caused to corporate assets by external crises.
- ② We implement AR / AP forecasts on a monthly basis in order to facilitate funds allocation planning.
- ③ To reinforce payment security, following authorization and approval in accordance with SOPs, we employ electronic banking payments encrypted using our ERP system.
- ④ We regularly determine the most suitable cash and capital structure, and perform funds planning, in order to ensure we have the optimal amount of cash.

(2) Safety of corporate property and avoidance of damage risk

We implement property risk management in conjunction with an insurance broker and insurance consultant:

- ① We hold annual risk classes or seminars concerning freight shipment, product liability, and other risk control matters. This ensures that all relevant departments and plants can adequately control and eliminate risk.
- ② We perform regular annual surveys of freight shipment, product liability (AAA), and plant safety (infrared)
- ③ We perform comparative assessments of in-plant risk (TriStar).

(3) Avoidance of corporate exchange risk

- ① This company monitors its foreign currency positions, operating revenue attainment rate, and inventory increases or decreases on a daily basis
- ② We estimate YTD and month-end foreign exchange losses/gains on a daily basis.
- ③ We have established a foreign exchange position forecasting model enabling us to perform real-time hedging.
- ④ We review predicted discrepancies in positions, and reasons for foreign exchange losses/gains and improvements, on a monthly basis. We carefully track the new value of foreign currency asset and liability offsets, and strive to minimize the operating risk caused by exchange rate fluctuations.





(4) Security of corporate accounts receivable and avoidance of customer credit risk

- ① This company regularly performs credit checks of customers, strives to understand the characteristics of customer's industries, and implements credit rating management.
- ② We regularly review customer credit lines and payment terms, and avoid excessively long collection periods.
- ③ Our annual customer credit review mechanism reviews customers' operating status and avoids unexpected external risks.
- ④ We inspect special transactions and review excessive shipment risks on a daily basis, track customer payments and accounts, ensure that payments can be received, and strictly control credit risk.

(5) Tax planning to ensure legal compliance

In accordance with relevant domestic and foreign tax laws and regulations, we ensure that our transaction and investment framework enables us to manage tax risk and minimize operating costs.

2. Legal affairs:

Responsible for assessment of legal risks, including: Contract review procedures enable the identification of contract risk and recommendation of control strategies; Legal consulting and recommendation of handling methods concerning the internal system, legal compliance, dispute litigation, mergers and acquisitions, and intellectual property rights management; to minimize the company's overall legal risk, supervision and management of the production, use, and revocation of the company's official seal.

3. Corporate internal audit:

We plan and implement annual audit plans on the basis of risk assessment results. Audits are intended to assess the design and effectiveness of the internal control system, and help the risk management organization and operating units to design risk management-based control measures.



4. Corporate information:

Planning and deployment of a company information management system, management of network and system information security and preventive measures, and provision of correct, usable, real-time operating information to management, reducing the company's operating and information security risk.

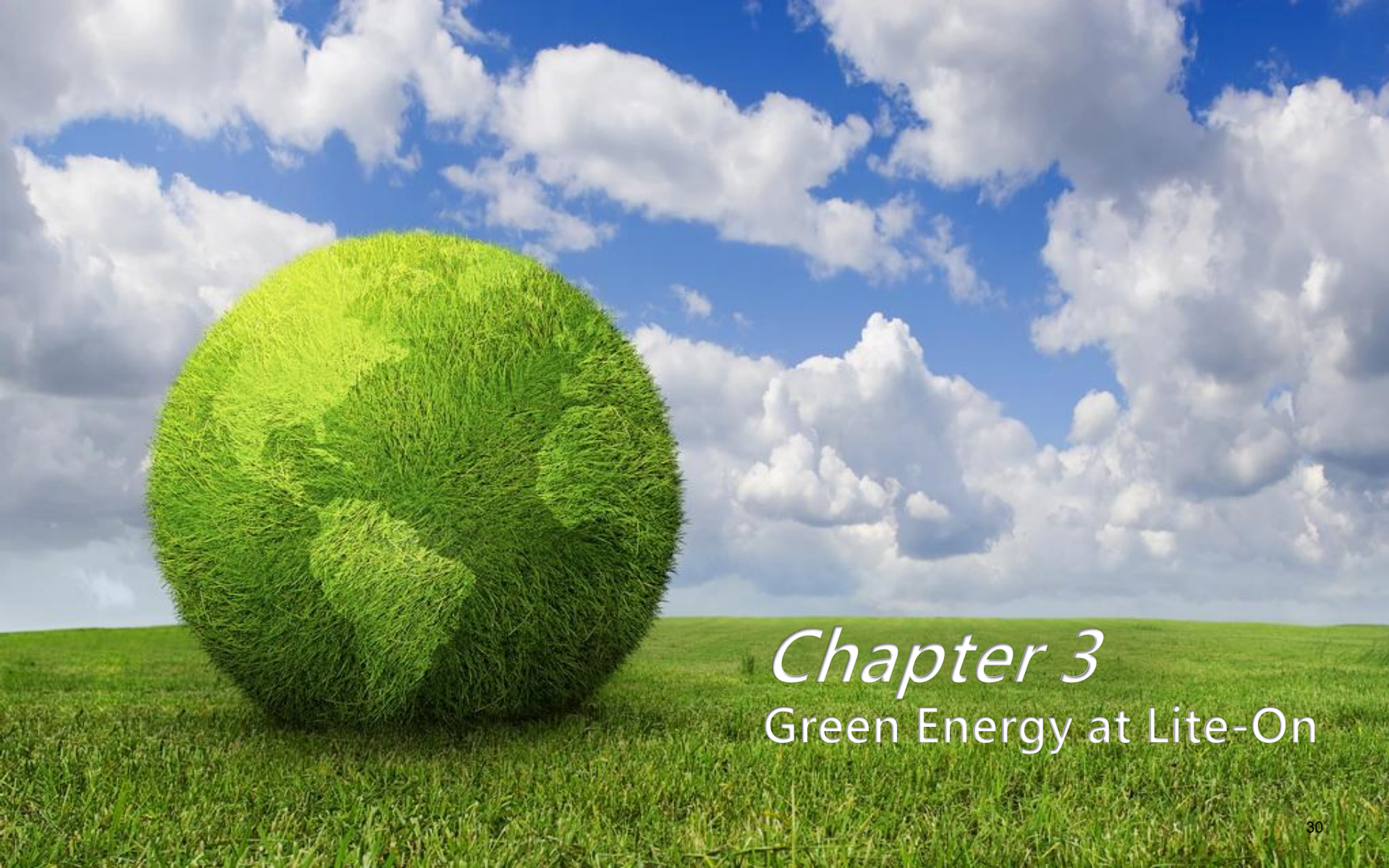
5. Corporate investment:

Consulting concerning the Group's core competitiveness, industry trends, and international economics; assessment of mid to long term investment portfolios and their effectiveness in view of business decisions; and responsibility for assessment, review, supervision, and management of inter-company investments with an eye to reducing investment risk.

6. Public relations/investor relations:

Responsible for establishment of a communication bridge between the company and investors, the media, and the public; effectively disseminating the company's operating information to the outside world; and ensuring the timeliness, correctness, and transparency of information disclosure, and avoiding risk to the corporate image. In addition, reducing investor risk by ensuring that investors to stay abreast of the company's major business developments in an open, fair, and impartial manner.





Chapter 3

Green Energy at Lite-On

3.1 Lite-On's Green Commitment

We realize that every enterprise should be responsible for environment protection, and Lite-On has set up the environment code of conduct designing and manufacturing environmental friendly products through management systems of product design, production process, supply chain management and after sales service to minimize impacts on the environment °

Lite-On's Environmental Protection Code of Conduct

We at Lite-On are committed to designing and manufacturing ecological products that will protect the Earth, while educating our employees in the importance of environmental protection. In order to reduce the impact on the environment, Lite-On and its subsidiaries rely on environmental management to control air pollution, hazardous waste, energy consumption, and noise pollution during the design and manufacturing process. In addition, we pledge to establish, maintain, and continue to improve our environmental management system, which specifies operating procedures of environmental control and monitors execution status.

Specifically, Lite-On is committed to:

- ❖ Improving energy-saving, environmental protection against pollution in all of our sites.
- ❖ Reducing paper, water and all the kind of natural resources usage in office operations and in all of our sites.
- ❖ Defining, maintaining and improving related standard operating procedures based on ISO14001 regulations for the effective implementation of controls on air pollution, hazardous waste material and noise.

- ❖ Reducing air pollution, hazardous waste material and noise in all applicable sites.
- ❖ Complying fully with applicable environmental legal, customer and other requirements.

Communicating with employees, suppliers and customers to provide a more complete understanding of Lite-On's environmental policy and efforts.

Lite-On is committed to reducing its impact on the environment through the following strategies:

Supply Chain Management: Lite-On continually encourages the development of innovative business models that help reduce environmental impact.

Product Design: Lite-On applies design-for-the-environment principles for all of its products and services to minimize impact on the environment.

Manufacturing Processes and Site Management: Lite-On continuously improves environmental management systems at both manufacturing and non-manufacturing sites.

After Sales Service: Lite-On strives to minimize the environmental impact of product packaging and business activities, such as distribution and sales. When possible, Lite-On also provides environmental information to customers.



3.1.1 Energy Saving Goals and Results

We have determined clear energy saving and environmental protection goals, and are striving to achieve our energy saving, CO₂ emission reduction, and environmental protection goals through systematic management of energy and resources, and continued monitoring and improvement.

Lite-On's Energy Saving Goals

1. CO₂ emission reduction goal:

In keeping with global environment trends, we are responding to calls for reduction of greenhouse gas emissions and upholding the emissions reduction goals set for industrialized countries in the Kyoto Protocol by adopting target management and holding ourselves to high standards. Taking 2008 as the base year, we will continue our energy saving campaign until we reach our goal of reducing energy consumption and CO₂ emissions by 10% in 2011.

2. Power saving goal:

According to our company operating model, the vast majority of our carbon dioxide emissions come from power use. Because of this, we are actively promoting various energy saving and power saving programs. Taking three years as one program period, we plan to reduce our power usage by roughly 10% by 2011 (taking 2008 as the base year).

3. Water saving:

Taking 2008 as the base year, we plan to reduce water consumption by 10% per unit product by 2011.

Facing a changing global environment and increasing water shortages, the need to conserve water is the next most important environmental imperative after energy saving and carbon dioxide reduction. Based on the need to protect water resources and maintain sustainable operations, we have already begun planning a water saving program. By improving processes, conserving water, and using water, we are taking active steps to reduce wastewater from our production processes. Our water saving programs cover a three year period. Taking water consumption per unit product in 2008 as a basis, we plan to reduce water consumption by at least 10% per unit product by 2011.



4. Improvement of product efficiency:

Taking 2009 as a basis, we expect that improving the energy efficiency of our power supplies for electronic products such as servers, desktop computers, and notebooks by 2% will enable them to conserve 173 million kWh (note) in 2010 .

Apart from actively implementing energy saving and carbon dioxide reduction programs in our manufacturing processes, we are also looking at the carbon footprint of our electronic products throughout their entire life cycle. It's found that the largest carbon dioxide emissions of our products occur during the use stage. We have therefore concluded that the most effective way of reducing carbon dioxide emissions is to design energy-conserving products. We are actively developing energy-conserving products, and every year we carefully set product energy saving targets. In the case of power supplies, which account for a large share of our sales, apart from meeting the highest USEPA Energy Star standards, we are also striving to ensure that our chief power supplies achieve even greater energy efficiency and lower energy consumption. Taking 2009 as a basis, our new 2010 products improve energy efficiency by at least 2%, which we project will enable them to conserve 173 million kWh, and will consequently reduce carbon dioxide emissions by large amounts.

Note:

The power-saving calculation formula is $\Sigma[0.5 * (\text{average output power}) * (\text{estimated use time}) * (\text{estimated shipment volume}) * (\text{efficiency improvement rate})]$



3.2 Green Product Design



In view of environmental protection needs and future industrial development trends, we have explicitly declared that green design will be a core part of product R&D at all our business units, and we will develop green products meeting environmental and customer needs, fully utilizing green business opportunities in our industry. Our power supply and LED optoelectronics business units contributed about 50% of our total global revenue, hitting revenue share record high. This is an important milestone in our development of new energy and new lighting fields.

The following is a summary of the results of our green product design efforts:

- ❖ All business units have had successful green design cases and results.
- ❖ Apart from optimizing existing product designs, we have also developed innovative green designs. For instance: We have developed LED lighting products able to replace existing conventional high energy consumption lighting products.
- ❖ We have incorporated green design in the entire product life cycle.
Our green design and green thinking of the entire product life cycle, include the steps of raw materials and parts selection, supplier processing, in-plant processing, product packaging, shipping, global end-users, product end of life, disposal, and recycling.






- ❖ Our design thinking takes possible impacts on the environment into consideration.
All business units take measures to reduce environmental impacts, including saving of material resources, saving of energy, low toxicity impact on the ecological environment, and ease of disassembly and recycling, etc. We are also keenly aware that even the slightest improvement in a single product design can still make an important contribution to environmental protection.
- ❖ Our production processes are certified with international environmental protection standards.
We have established a "hazardous substance free process management system" ensuring that production procedures "do not design in, do not purchase," "do not accept, do not manufacture" and "do not emit" materials or products containing hazardous substances. As of 2009, the sites of all eight of our business units had all received IECQ QC080000 international certification. This certification indicates that our "hazardous substance free process management system" can indeed ensure that products meet international environmental protection standards.



During the second half of 2009, we began actively embarking on a green information management platform for system analysis, planning, implementation, which includes an environmental accounting system and GMS (Green Management System) for product ecological design information management. After the implementation of the systems, we expect that we will be able to efficiently control and manage the company's overall environmental information.



Table of Green Product Design Cases

Product category	Feature of green design	Economic and environmental efficiency	Product category
Power Adapters of notebook computers		<ol style="list-style-type: none"> 1. Compact size 2. Reduced materials use 3. Increasing power efficiency 	<ol style="list-style-type: none"> 1. Compact designs enable us to reduce raw materials and packaging materials consumption, while enhancing process efficiency. Compared with products of the previous generation, our current new products have a one-half smaller volume and one-third less weight. 2. Our power adapters have an average electrical conversion efficiency of as high as 92%, which far exceeds existing regulatory requirements. Each of our power adapters can save consumers roughly 13 kWh of power electricity each year. We therefore estimate that the products in this series that we have sold thus far can conserve approximately 400 million kWh of power electricity each year on a worldwide basis. <p>Our calculation formula is (average output power) * (estimated annual use time) *(estimated shipment volume)*(efficiency improvement rate)</p>
Multifunction Peripherals and Scanner for OA products		<ol style="list-style-type: none"> 1. Reducing materials types and consumption 2. Optimizing product design 3. Increasing energy efficiency 4. Removal of hazardous substances 	<ol style="list-style-type: none"> 1. Reduction of parts types and consumption to facilitate product disposal and recycling. 2. Reduction of package volume to increase the shipping capacity of container, and enhance shipping performance to reduce carbon dioxide emissions during the shipping process. 3. Reduction in product standby power consumption. For instance: Our product, which was designed in 2009 and produced in 2010, has a power consumption of less than 1.5 W while in hibernation, which is far less than Energy Star V1.1 requirement of 4.5 W. 4. We select raw materials meeting RoHS requirements, and ask suppliers to provide third party RoHS testing reports.
Computer keyboards		<ol style="list-style-type: none"> 1. Reducing energy consumption 2. Optimizing packaging design 	<ol style="list-style-type: none"> 1. Keyboards are basically low power consumption products. We use even lower energy consumption keyboard ICs, boosting energy efficiency and reducing carbon dioxide emissions. For example, our model SK-8115 keyboard can reduce power consumption by 0.05 W. approximately 780,000 kWh. 2. Our clever design reduces paper consumption in packaging cartons. Taking our SK-2880/2885 keyboard as an example, our packaging reduces paper consumption by 27.58%, and lessens the possible environmental impact of the processing of paper carton materials. 3. With the optimal packaging design and adoption of light paper pallets, it increased the loading rates in each carton and container. It also reduced the carbon dioxide emission at product shipment stage.



Product category	Feature of green design	Economic and environmental efficiency	Product category
LED light source used in thin type backlight for LCD TVs		We developed LED light source used in backlight modules to replace mercury-containing and highly energy-consuming CCFL backlights.	<ol style="list-style-type: none"> 1. We have successfully developed ultra-thin profile (thickness less than 0.3mm) long-life LEDs and SMD LEDs with high color saturation for use in handheld devices and notebook computers, and have begun volume shipments. 2. We have successfully developed high-brightness, low thermal resistance mid-power packaged LED products for medium/large size backlight applications; these products can be used in desktop monitor backlights and all sizes of LED TV backlight modules.
Power-saving LED lighting products		Development of LED lighting products to replace conventional high power consumption lighting	<ol style="list-style-type: none"> 1. We have developed long-life, mercury-free, power-saving white light LED light bulbs. 2. We have successfully developed 1-4 W AC LEDs that do not require external rectifiers or current stabilizer circuits, saving costs and space for power conversion device. If the world's 450 million light bulb market switched completely to AC LEDs, this would conserve 450 million set of electronic components. In addition, AC LEDs have a low driver current with low power losses, and polarity is not an issue when installing LEDs. AC LED lamps have a simple design and offer great flexibility in applications; they have a long life, and provide energy saving, low-carbon, and low cost of use benefits.

Adoption of Product Carbon Footprint Assessment

We are implementing carbon footprint life cycle inventories at all of our business units. Taking LED product carbon footprint assessment as an example, we began performing carbon footprint assessments of our LED products in 2009 based on the PAS2050 international standard. We performed assessments of the following main product series: LED lamps, SMDs, and PLCCs.

Taking our experiences with internal inventory in 2009 as a basis, we are cooperating with the Foundation of Taiwan Industry Service (a famous consultancy in Taiwan) and applying our internal assessment experience as we expand our carbon footprint assessment to other LED products and elements in 2010. We also plan to establish one common standard for global LED industry PCR (Product Category Rule), and issue an LED environmental product declaration (EPD), and establish the ability to assess and analyze the carbon footprint in LED supply chain.

3.3 Development of Green Innovative Applications



We emphasize the development of green energy products and applications, are establishing subsidiaries to participate in renewable energy applications projects, and have developed new energy and new illuminant technologies that are friendly to the environment, such as solar power generation systems, solar greenhouses, electric vehicle power systems & storage and energy saving LED lighting.



3.3.1 Thin Film Solar Cell Integrated Greenhouses

Thin film solar cell integrated greenhouses are just one of our innovative green energy applications. They cleverly combine boutique agriculture with Thin-film photovoltaic technology, and point the way to a diversification strategy for the solar power industry by combining economic value from renewable (solar) energy, energy saving (LED), planting, and tourism. While promoting new energy, we are also boosting improvement of agricultural output and the development of crops with high economic value,. This is one of the ways we are responding to the worldwide movement toward energy saving, CO₂ emission reduction, and the application of renewable energy. We have built Thin-film solar agricultural greenhouses in China's Jiangxi and Jiangsu provinces.

3.3.2 We Have Built the World's Largest Roof-top Solar Power Generation Project for IKEA.

In 2009, we built the world's largest (2MW) roof-top solar power roof generation system for IKEA in Belgium; this system is successfully generating power for the grid. This system can produce 1,700 kWh annually, which is equivalent to the reduction of 1,259 tons of carbon dioxide, as well as the reduction of 10.1 tons of sulfur oxides and 7.5 tons of nitrogen oxides. Compared with conventional thermal power plants, this system can reduce coal consumption by 600 tons per year.



3.4 Major Raw Material and Energy / Resource Flow



In order to achieve our energy saving objectives, we have set energy saving goals, energy saving management measures and plans, and are relying on systematic management tools, improvements to energy-conserving equipment, and regular collection and analysis of energy saving results to gradually improve the efficiency of uses in our raw material, resource, and energy.

3.4.1 Adoption and Deployment of Management Tools



1. Environmental accounting

We began implementation of Environmental Accounting program in 2009, and began planning and adopting an environmental accounting system in 2010. We have also stepped up awareness of our environmental accounting, and ensure that all departments use correct accounting code when they list or report environmental protection spending; this will boost the efficiency and correctness of our statistics in the future. Our environmental accounting system enables us to convert environmental activities (including environmental protection, labor safety, and health) into financial or accounting information, which can then be analyzed, used, and linked with financial and non-financial information. In short, our environmental accounting system connects our company's environmental management and economic policies, and lets us achieve our goal of sustainable development. This system has been established on the basis of the Taiwan Environmental Protection Administration's environmental cost table (2008 version), which forms part of the EPA's environmental accounting framework. We expect to complete system deployment by December 2010 and conduct formal implementation in 2011.

2. GMS (Green Management System)

We began planning and deployment of Green Management System (GSM) as an automatic hazardous substance management system in 2009. This system makes suppliers to upload test data according to individual customers' green requirements; after review by dedicated personnel, data is used to automatically establish an in-house green parts database. Apart from providing reference information to our R&D engineers for use in design work, this system also allows systematic real-time replies to customers' green requests, ensuring customers' confidence in Lite-On's green management. This system is expected to be formally implemented in October 2010.



3.4.2 Energy Saving Measures

1. We hold employee training classes and promote our corporate energy saving and CO₂ reduction policies

CSR classes are a required class for both new employee and manager training. We employ both training classes (CSER Awareness Training) and e-Learning courses and tests to boost our employees' awareness and knowledge. We place emphasis on our concrete measures on energy saving and environmental protection in our classes:

- (1) The air conditioning temperature should be set at 27-28°C
- (2) Turn off lights when you leave a room
- (3) Conserve water consumption
- (3) Bring your own handkerchief
- (4) Bring your own chopsticks and tea cup
- (5) Don't print out hard copies
- (6) Don't wear a tie
- (7) Turn off and unplug your computer when you leave work; some elevators may not be used during off-peak hours



2. Switch to energy-saving equipment at plants and offices

(1) Switch to LED lighting

We are gradually switching to LED energy-conserving outdoor streetlights at our plants in Taiwan and China. In the case of indoor lighting, all our plants are switching from T8 to T5 lamp tubes in order to save more power, and we are using infrared detectors and timers to reduce power consumption for lighting in public areas that are seldom used.

(2) Compressor equipment

We have installed variable-frequency air compressors to enhance system operating efficiency, and are gradually replacing our low-efficiency air compressors with new type variable-frequency compressors.

(3) Air conditioning

Secondary-side water pumps employ variable-frequency control (variable flow systems), and we utilize the pressure differential in the piping system to reduce energy consumption by cyclic water pumping.

(4) Power system

We use solar power and water/air supply heat pumps to replace gas, diesel, and electrical heating. In the future, we plan to use recycle cooling from air supply heat pumps as an air conditioning option for some dormitory areas.



3. Our production sites use green building design

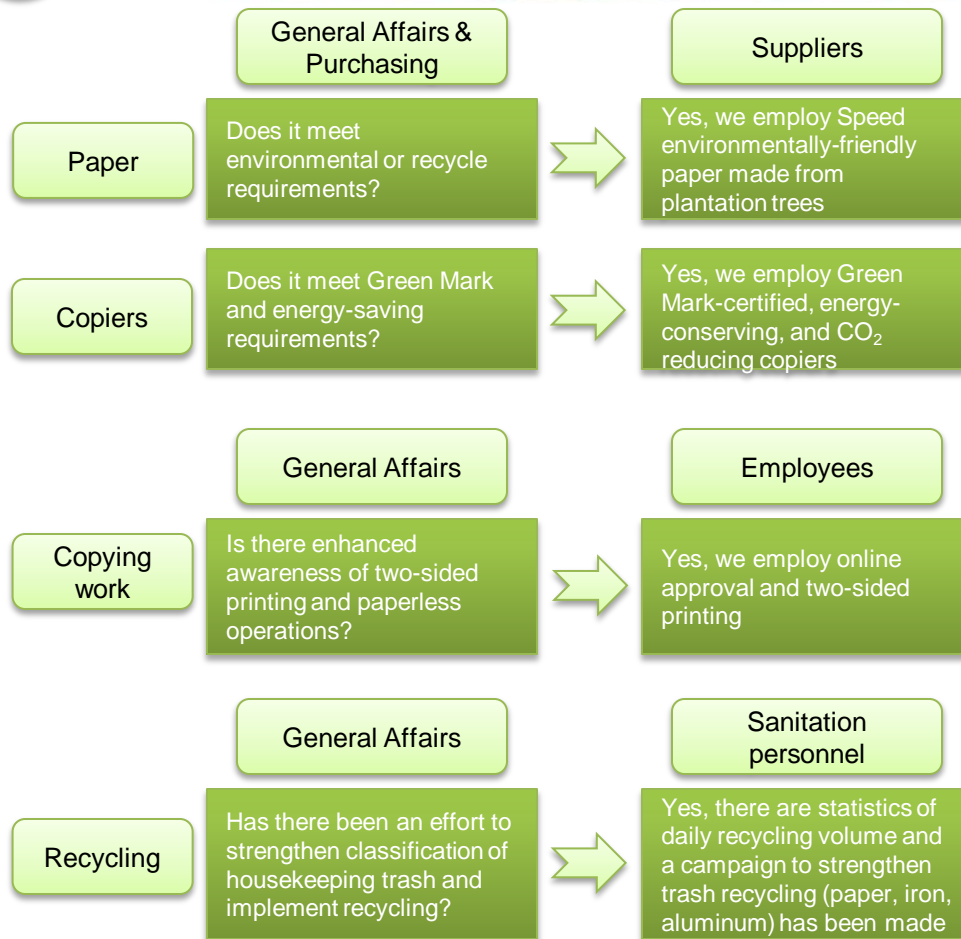
Our eastern China operations center located in Wujin District of Changzhou, Jiangsu, employs China green building standards in its plants. These plants use recyclable building materials, are adapted to the local climate, and feature such elements as deep opening windows, buoyancy ventilation towers, and hollow-brick outer walls. Thanks to these design elements, our plants are naturally temperature regulating, energy conserving, and have low CO₂ emissions.

4. Wastewater and rainwater reuse

- (1) Our Thai plant has a wastewater treatment system, and employs activated carbon to recycle wastewater. Using an estimated flow value (10 m³/hr), the plant can recycle an average of 21,600 m³ per year.
- (2) We have installed a rainwater recycling pond at our headquarters building, and use rainwater for our landscaping plants.



A little story: Promoting green printing and copying



In order to implement environmental protection at our offices, our Neihu headquarter began promoting green printing and copying in 2009. Since we began implementing green printing and copying in 2009, we have recycled an average of 1.65 tons of paper each month.

Our green printing methods include:

- (1) Paper used for printing and copying must be made with environmentally-friendly pulp.
- (2) Our printing and copying equipment consists of high efficiency, Green Mark-certified multifunction machines.
- (3) We also employ a paperless online approval system to reduce paper consumption.
- (4) To reduce paper consumption, we encourage employees to print on both sides, combine several pages on one sheet, and perform printing and copying using recycled paper.
- (5) Statistics of daily office waste, recycled paper, and iron /aluminum cans.



3.4.3 Major Raw Material Types and Usage

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. We use three main types of materials in our production: metallic, nonmetallic, and packaging materials. We purchased the following amounts of raw materials in 2009:

1. Metallic materials

- (1) Steel: Chiefly used in cases, screws, transformers, and fan blades; the amount purchased in 2009 was approximately 29,382 tons.
- (2) Aluminum: Chiefly used in heat sinks; the amount purchased in 2009 was approximately 3,493 tons.
- (3) Copper: Chiefly used in embedded wire, PCBs, and wire/cable; the amount purchased in 2009 was approximately 8,736 tons.
- (4) Tin: Chiefly used in solder wire, solder rods, and solder pastes; the amount purchased in 2009 was approximately 462 tons.
- (5) Magnets: Chiefly used in transformers; the amount purchased in 2009 was approximately 8,531 tons.

2. Nonmetallic materials

Plastic: Chiefly used in cases, insulators, and sockets, etc.; the amount purchased in 2009 was approximately 25,894 tons.

3.4.4 Packaging and Shipping Materials

- ❖ Paper/ cardboard / cartons: 231,216 tons
- ❖ Filler materials: 4,656 tons
- ❖ Wood: 2,795 tons





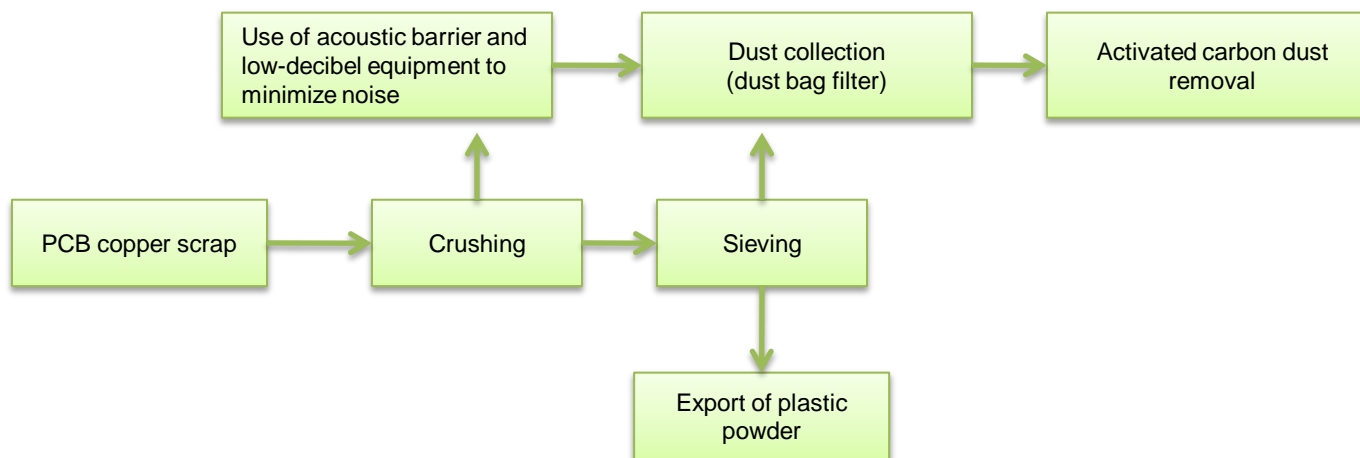
3.4.5 Waste Management and Resource Recycling

In order to realize resource recovery and waste reduction, we have employed ISO 14001 as a regular information collection and management mechanism, and collect industrial waste reduction data from our plants on a monthly basis.

Our plants in China have established waste zones, and general industrial waste is majorly disposed by landfill. We report hazardous industrial waste to the government and entrust certified agents to treat and dispose properly. We hire contractors to recycle and reuse recyclables such as paper, metal, glass, and plastic.

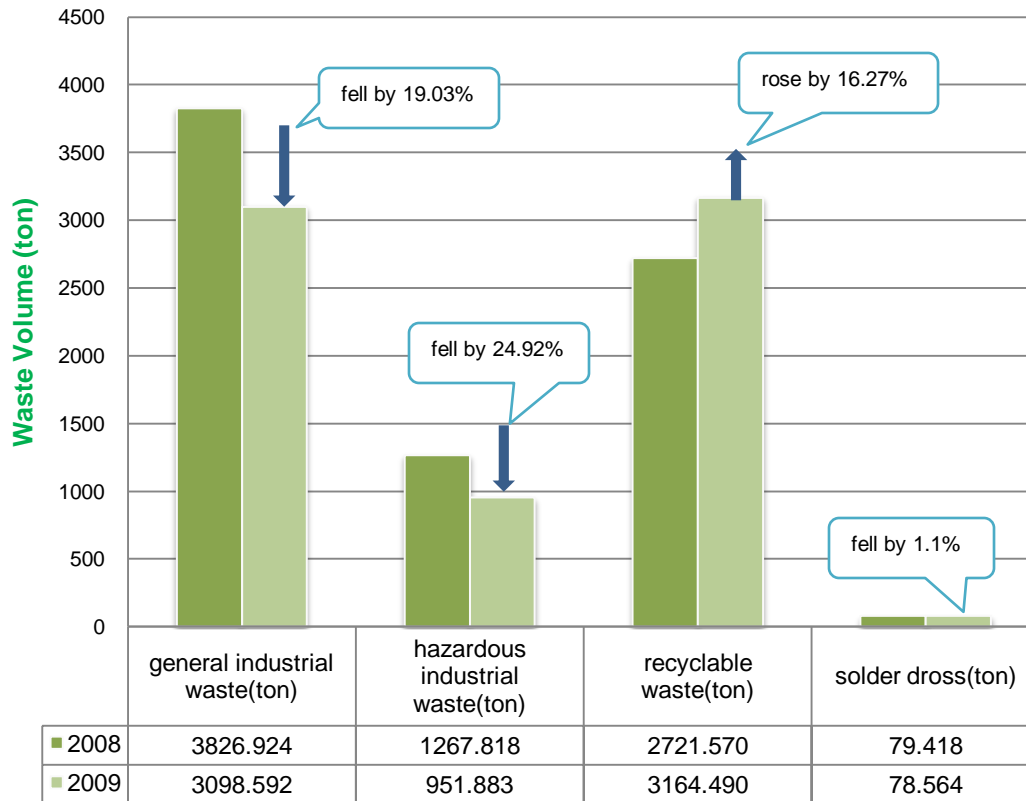
We rely on a clear-cut process and design for manufacturing improvements to integrate and implement waste reduction and resource recycling. Compared with 2008, in 2009 our general industrial waste fell by 19.03%, hazardous industrial waste fell by 24.92%, and recyclable waste output rose by 16.27%. Our process solder dross output fell by 1.1%.

Process for handling of waste PCB off cut





2008 & 2009 Waste Volume Comparison





3.4.6 Direct Energy and Indirect Energy Consumption

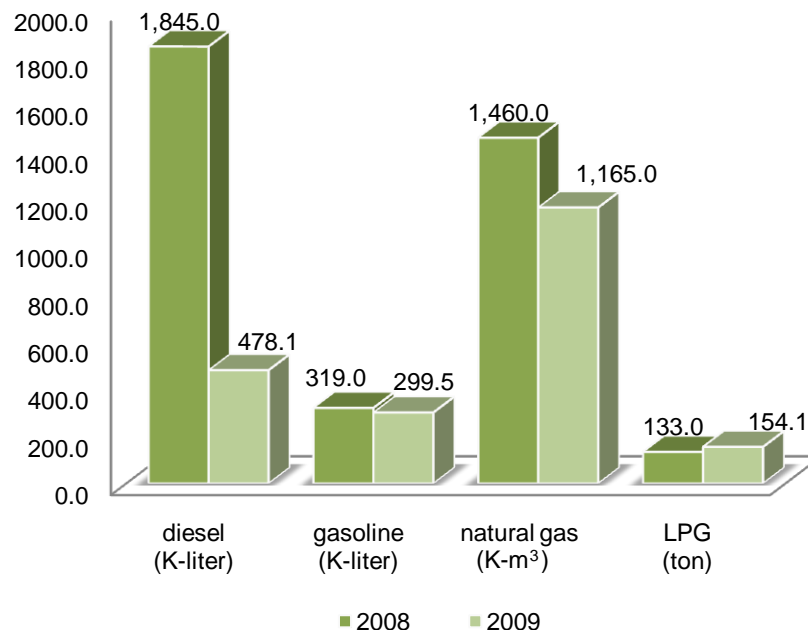
We design our plants in accordance with green building standards, ensure that our new manufacturing procedures meet green and environmental regulations, and strive to improve factory and office energy efficiency. We employ energy-conserving lighting, compressors, air-conditioning equipment, and power equipment to achieve lower operating costs.

1. Direct energy

In 2009, total direct energy consumption fell by 59,069,566 MTJ compared with 2008 (45% reduction).

- (1) In 2009, our diesel consumption fell by 1,366.9 kiloliters compared with 2008 (74% reduction).
- (2) In 2009, our gasoline consumption fell by 19.5 kiloliters compared with 2008 (6 % reduction).
- (3) In 2009, our natural gas consumption fell by 295.0 K-m³ compared with 2008 (20% reduction).
- (4) In 2009, our LPG consumption increased by 21.3 ton compared with 2008 (16% increase).

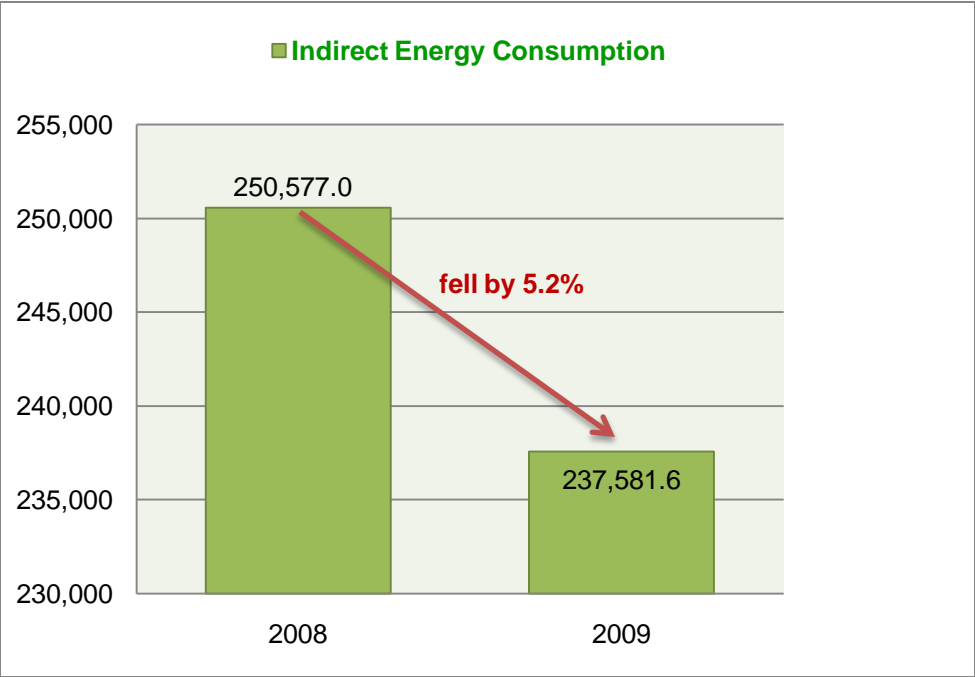
2008-2009 Direct Energy Consumption Comparison





2. Indirect energy consumption

In 2009, our timetable indirect energy consumption (power consumption) was 237,581.6 MkWh, which represented a 5.2% drop compared with 2008.



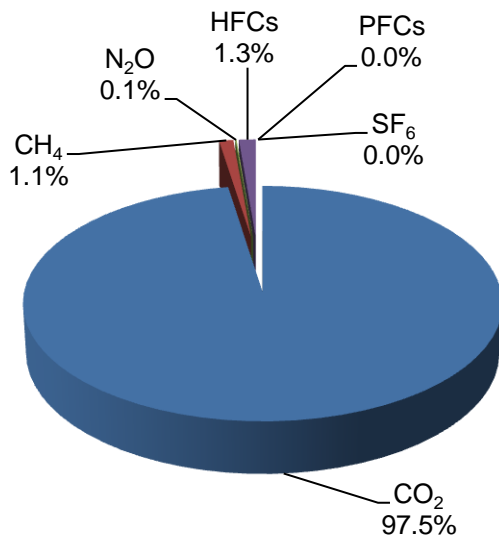


3.4.7 Greenhouse Gas Inventory

Following the Kyoto Protocol in 1997, many of the world's leading countries drafted greenhouse gas reduction strategies and measures. 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 International Standards Organization's (ISO's) 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. Apart from continuing to implement greenhouse gas emission reduction, we also hope to conserve energy, simultaneously cut costs and use resources efficiently, and achieve energy sustainability. We are working hard to become a member of the low-carbon economy of the future.

We rely on the ISO-14064 standard to perform regular annual greenhouse gas emission inventories, and reproduce greenhouse gas reports containing summaries of our greenhouse gas emissions for the previous year. In 2007, we issued our first greenhouse gas report, for 2006. Our most recent report was for 2009, and contained inventories of 18 operating locations or factories. Our greenhouse gas emissions for 2009 totaled 233,990 tons, which represented a reduction of 30,689 tons of greenhouse gases compared with the 264,679 tons emitted from 16 operating locations or factories in 2008. We passed ISO 14064-1 (greenhouse gas inventory) certification issued by SGS Taiwan in June 2010, and received a verification statement with a reasonable grade. Our inventory results are posted on our company web site and the Industrial Development Bureau's greenhouse gas information center web site. Furthermore, since 2008 we have participated in the Carbon Disclosure Project at our customers' invitation, and post our greenhouse gas data for the previous year on the project web site; this information can be used by all relevant stakeholder groups. The following table shows our greenhouse gas emission statistics for 2009:

GHG Emission Accounting Summary in 2009 (in Tons)						Scope 1	Scope 2
CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Direct Emission	Indirect Emission
228,202	2,486	286	3,016	0	0	10,544	223,446
97.5%	1.1%	0.1%	1.3%	0.0%	0.0%	4.5%	95.5%
233,990							



Note1: 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.). Direct emissions totaled 10,544 tons CO₂ equivalent per year, which accounted for approximately 4.5% of total emissions.

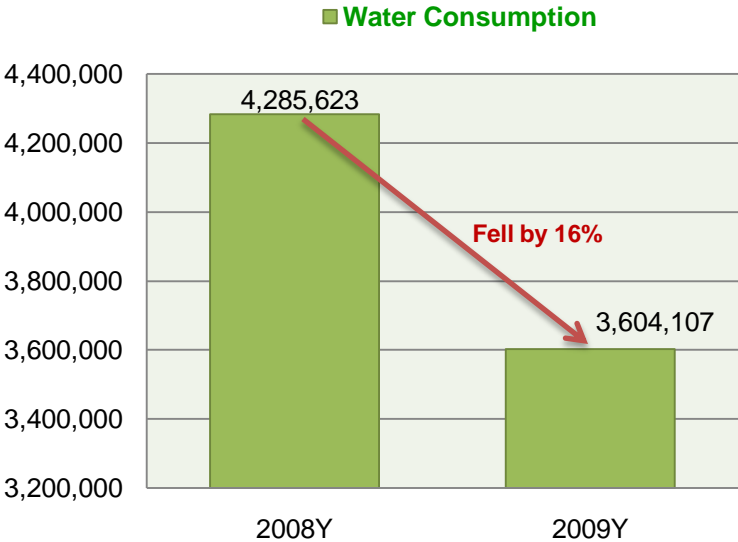
Note2: Greenhouse gas emissions from indirect energy sources (scope 2 emissions): Chief emission sources consist of externally-purchased power and externally-purchased steam; indirect emissions due to energy use totaled 223,446 tons CO₂ equivalent per year, which accounted for approximately 95.5% of total emissions.

Note3: In 2009 indirect greenhouse gas emissions from other forms of energy (scope 3 emissions) were defined to identified emission sources; no actual emissions data has been collected for individual emission sources.



3.4.8 Water Resource Saving

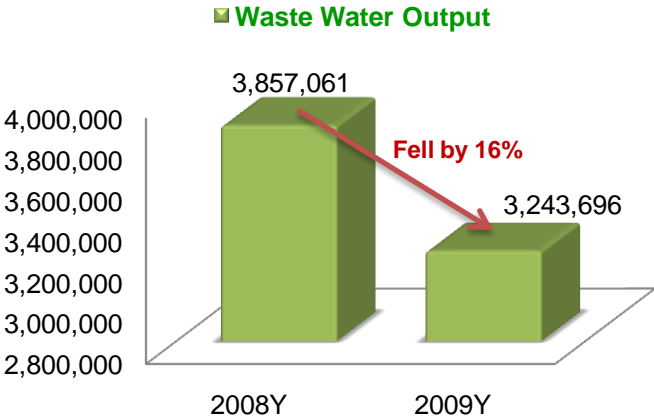
We continued to implement various water saving measures in 2009, including the use of faucet flow reducers, use of recycled housekeeping water in toilets, and turning off unnecessary water uses. Our total water consumption was 3,604,107 m³ in 2009, which was a reduction of 681,516 m³ (16% reduction rate) from the 4,285,623 m³ consumption in 2008.



Wastewater at our plants in China chiefly consists of sewage, which is uniformly treated in appropriate wastewater treatment facilities, or discharged to the wastewater treatment plant at industrial park in accordance with law. The quality of our wastewater discharges uniformly meets the requirements of the competent authorities in charge of our plants.

Our total wastewater output (note) was 3,243,696 m³ in 2009, which was a reduction of 613,365 m³ (16%) from the 3,857,061 m³ output in 2008.

Note: Because our plants do not particularly use water in manufacturing process, wastewater was calculated on the basis of 90% of total tap water consumption.





3.4.9 Green Logistics

Green delivery and distribution is one important link of Lite-On to environmental protection and energy saving. Below are our major way to perform the green logistics:

1. Increase loading quantity

High efficient packaging design helps reduce the emission of greenhouse gas; which means, minimizing the utilization of ships and aircrafts, further decreasing the emissions of CO₂.

Take keyboard –model SK9620/25 and SK2880/85 as an example; by redesigning package and container loading, Lite-On hit the goal of increasing loading volume in each container.

(1) Increasing loading quantities in each box by green package designing

We increase the loading quantity in each box by redesigning packaging and minimize the packing dimension.

Example: SK9620/25 10 units/carton add up to 14 units/carton.

(2) Increasing loading quantity

Lite-On adjusted the way of stacking to increase loading quantity. A 20 foot container loading quantity went up from 4,800 units to 5,600 units; a 40 foot container loading quantity was increased from 10,560 units to 12,320 units.

Each 20 and 40 foot container has increased the loading by 17% approximately in 2009.

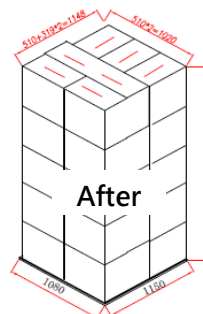
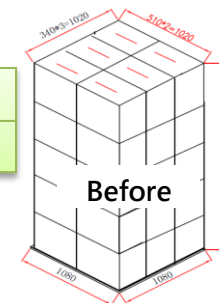
2. Sea transportation instead of air delivery

Sea transportation ratio made up 97.9% of all deliveries, with air deliveries totaling less than 3% in 2009.

3. Employee trips

Based on our love for the Earth and desire to alleviate global warming, in order to reduce carbon dioxide emissions, starting in 2009 we have encouraged employees to take direct flights to overseas destinations, and have also implemented a trip management system to keep track of travel miles.

20 feet	4,800 pieces/container
40 feet	10,560 pieces/container



20 feet	5,600 pieces/container
40 feet	12,320 pieces/container

3.5 Green Factory

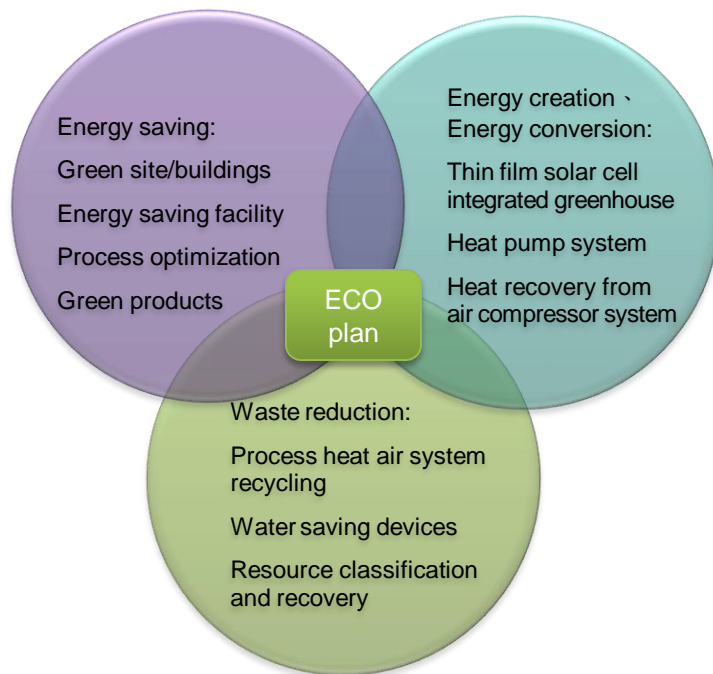


Eastern China Operations Center

In September 2009, we formally began use of our eastern China operations center located in Wujin District of Changzhou, Jiangsu, which is also a major new green energy facility. We have made energy saving and CO₂ emission reduction a core planning element in plant design, process optimization, and manufacturing. Our green plant and green processes reduce power consumption by 5,450 kWh, which is the equivalent of a 5,199-ton reduction in carbon dioxide emissions, which in turn is equivalent to planting trees on 289 hectares. In addition, as a pioneer in innovative green energy applications, we have used LED streetlights and Thin film solar cell integrated greenhouses in Changzhou's Wujin District. Thanks to the occupation of our green energy industry site and adoption of new green energy applications, Changzhou's Wujin District has begun achieving economic development based on low-carbon industry and has also implemented a low-carbon town development plan, which will attract even more firms interested in participating and moving in.

All plants at our eastern China operations center meet Chinese green architectural standards, use recyclable building materials as much as possible, and are adapted to the local climate and natural environment. The environmentally-friendly designs of these plants enable them to achieve a natural energy saving effect. In order to prevent heat from sunlight in summer, our plants have adopted a "deep open window" design, which reduces the amount of sunshine and lowers indoor temperatures; this method can reduce air conditioning load, while maintaining good indoor lighting. Our plant roofs are equipped with "buoyancy ventilation towers," which allow hot air to naturally rise and escape through the ventilation towers, reducing indoor temperatures by approximately 2-3°C. In winter, fresh air entering the plants is pre-cooled using cold outdoor air, reducing air conditioning load at key times. All conditioning equipment in the plants is equipped with variable-frequency systems; when the equipment is idle, power consumption is minimal. These systems achieve 22.6% power savings compared with conventional equipment.

The plants' outer walls are constructed with hollow bricks, which have an insulating effect, and enable the buildings to naturally stay warm in the winter and cool in the summer. Our plant and office partition walls are made of recyclable, easy-to-assemble panels, achieving a waste reduction effect. In order to conserve water, toilets are equipped with sensor-type water inlets. Men's toilets have waterless urinals; besides being odor-free, these urinals can conserve approximately 1.44 million liters of water annually in a plant with 800 male employees.

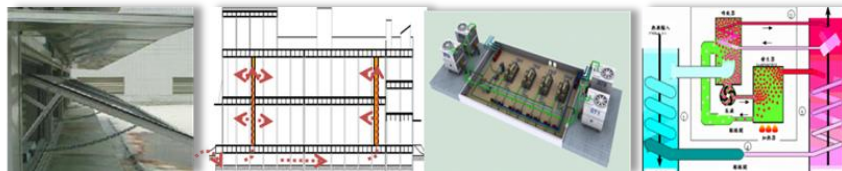


In line with the process optimization concept, we strive to ensure that the machinery, products, and parts in our green plants are as light in weight, low energy consumption, and high efficiency as possible. For instance, in order to avoid wasting hot air from the burn-in rooms used to test the stability and reliability of electronic products, we have installed energy recycling systems enabling the use of hot air to heat the plant in the winter. In addition, improvements to our SMT (surface mounting technology) process enabled the production lines to share the same reflow oven, reducing energy consumption by 50%. Furthermore, the adoption of automated processes at our eastern China operations center has significantly boosted productivity compared with the all-manual operations used in the past. In addition, the lower density of personnel in the plants has enabled lower power consumption.

We are striving to implement our ECO program, and new plant designs seek to achieve goals of energy saving, energy creation, energy conversion, and waste reduction.



Energy-saving Design in Green Building System



Buoyancy ventilation

- Natural ventilation is achieved by the buoyancy driven thermal convection, exhausting hot indoor air and reducing indoor air conditioning load.
- Reduces temperature by 2-3°C in spring and fall

Air conditioning load reduction

- Takes advantage of the geothermal principle that the underground soil is cool in the summer and warm in winter; reduces air conditioning load by employing precooled fresh air.
- Reduces external air temperature by 2-3° C

System frequency conversion

- Uses the system to convert the frequency and amplitude of AC drives. The change in flow reduces the load on equipment.
- Saves 22.6% of energy

Air conditioning heat recovery

- Offers different designs for different temperature and function needs; recovers and reuses heat.
- Heat recovery rate of up to 40%

Design explanation

Energy-saving Design of Manufacturing Equipment



Burn-in chamber

- Energy recovery system (ERS)
- Estimated energy recovery rate of up to 82%

Reuse of hot air

- Reuses hot air from burn-in chambers in winter
- Meets the plant's need for heating

Reflow Oven

- 2 SMT lines share one reflow oven.
- Conserves 50% of energy

Process automation

- Process automation significantly increases PPH, lessens personnel density, and effectively reduces plant power consumption.

Process design

Biodiversity

All of our sites are located within science parks or high-tech industrial parks, and passed environmental impact assessment before construction. As a consequence, plant development had no significant impact on biodiversity. We are striving to create ecological industrial parks characterized by the three attributes of production, ecology, and living.

3.6 Customer service and customer satisfaction



Customer Service

We are a leading international manufacturer of electronic products, optoelectronics parts and components, and our customers include global leading brands in the communications, computers, and consumer electronics industries. Customer satisfaction is one of our core values. We strive to meet high quality standards and provide environmentally-friendly service satisfying customers' needs.

Our business units all have cross function teams (CFTs) providing targeted services to individual customers; these teams bear responsibility for taking orders, performing product R&D and manufacturing, and ensuring quality, delivery, cost, and after-sales service. Our CFTs can quickly and correctly propose handling methods and overall solutions based on customers' problems and feedback.

Apart from continuing to strengthen product design services, we also formulate comprehensive design SOPs for individual products, and strictly implement these SOPs to ensure that customers' special specifications and views are incorporated in the design process.

In order to satisfy customers' need for prompt delivery, we handle purchasing, planning, logistics, and cash flow processes online, and use online information as the basis for our operations. We integrate data from external suppliers, customers, and banks, etc., ensuring that management information is correct and up-to-date, and facilitating problem-free deliveries. Furthermore, in order to expedite technical support, shipping, delivery, and after-sales service, we have established production facilities, subsidiaries, and distribution warehouses close to our customers worldwide.

Quality Commitment

Our quality commitment consists of listening to customers, understanding customers' true needs, transforming these needs to CTQ(Critical To Quality) factors, and strengthening QC, in order to achieve the highest level of customer satisfaction. At Lite-On, the 6 Sigma implementation has become an important quality management strategy. 6 Sigma improvements have been incorporated among our business units' operating targets, and are key quality improvement indicators company-wide.

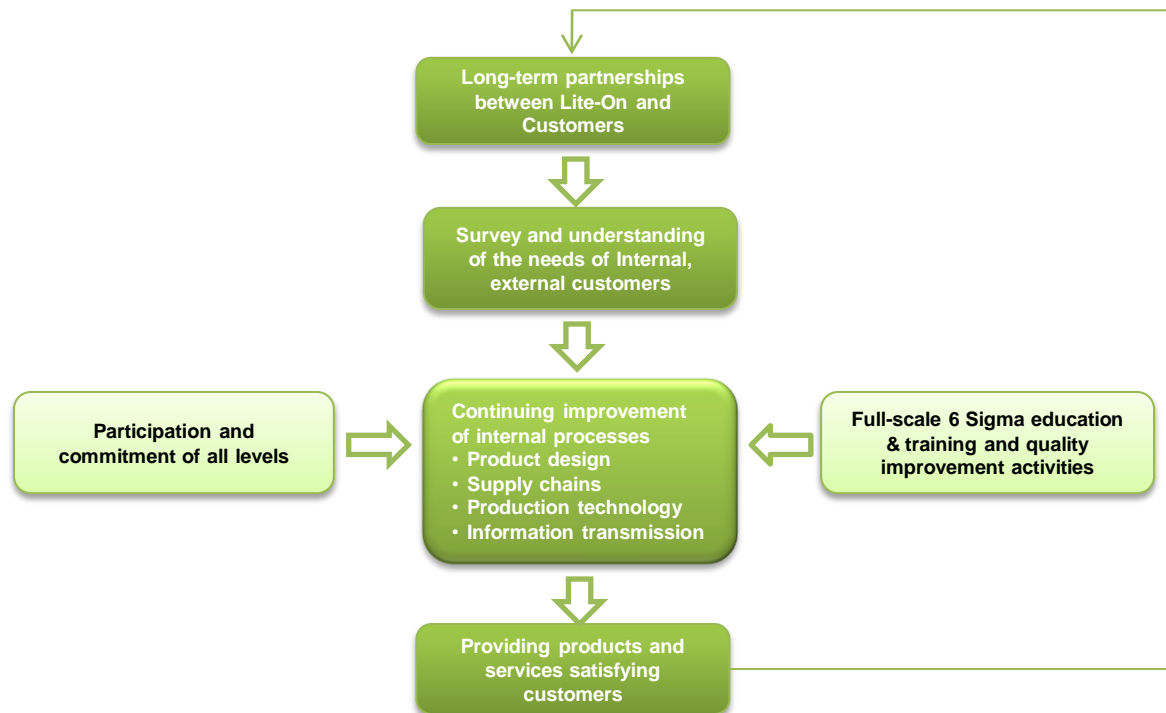
To achieve the greatest quality improvement results, we have to communicate quality improvement concepts and activities to our key suppliers, ensuring that our entire supply chain are progressing to the similar quality improvement goals.

Our quality improvement motivation is derived from the following actions and concepts:

- ❖ Upper management commitment, support, and leadership
- ❖ Customer-oriented management and customer relationship management
- ❖ Continuous improvement
- ❖ Processes management and quality information management and application
- ❖ Employees training and development
- ❖ Product/service design and quality management
- ❖ Benchmark learning and re-engineering
- ❖ Implementation of process QC to achieve zero defects
- ❖ Transformation of employee awareness and behavior, and establishment and maintenance of a corporate quality culture



In order to strengthen organizational learning and statistical analysis, while boosting quality awareness, we implement 6 Sigma activities and provide quality management training classes, including green belt (GB) and black belt (BB) training. We ensure that our employees understand how to use tools and actively take part in improvement projects. Only continuous employee learning and self-improvement can ensure ongoing quality improvement. We trained 2,092 green belt and 83 black belt employees from 2005 to 2009, and completed 1,738 green belt improvement cases and 106 black belt improvement cases. In addition, we use a best practice benchmark system in conjunction with meetings and competitions to ensure that employees at all plants can share, learn, and quickly replicate best practice.





6 Sigma and Quality Management Training Classes

Basics		On-line quality judgment and management(Q001)		Seven chief QA methods and process control(Q002)		
		Overview of 6 SIGMA(Q006)		Basic quality statistical analysis tools(Q003)		
BB Training (Q005)	GB Training(Q004)	Define	Measure	Analyze	Improve	Control
		Definition of project	Basic statistics	1 st of seven chief QA methods (root cause analysis)	Implementation of improvement plan	Control plan
		Determination of project scope and management	Cpk	Process analysis		SPC
		Flowchart	MSA	Hypothesis testing		2 nd of seven chief QA methods (control chart)
		Minitab	Cause and effect diagram Cause and effect matrix			
				Correlation and regression analysis	DOE (Design of Experiment)	RSM (Response Surface Methodology)
				Multivariate analysis		
				FMEA		

Apart from promoting 6 Sigma activities, all business units in our group have also passed ISO 9001 and ISO 14001 certification, and apply PDCA cycle management in daily management tasks. As a result, we have simplified and rationalized processes and actions. The designs of all systems, strategies, and working methods seek to achieve three major customer-oriented ideals: Perfect, free, and now. This also summarizes our quality improvement mission and commitment to our customers.



Customer Satisfaction

Customer satisfaction has always been one of our revered principles and core values. In addition, the assessment of customer satisfaction and feedback has become an important basis for our continued improvement.

To monitor customer satisfaction, all of our business units collect our main customers' regular (quarterly, semiannual, or annual) supplier assessment scorecards. The content of these scorecards includes technical capability, delivery lead time, price, quality, and information feedback. All business units must draft improvement plans based on assessment results, and must include customers' assessment scores among their unit performance indicators.

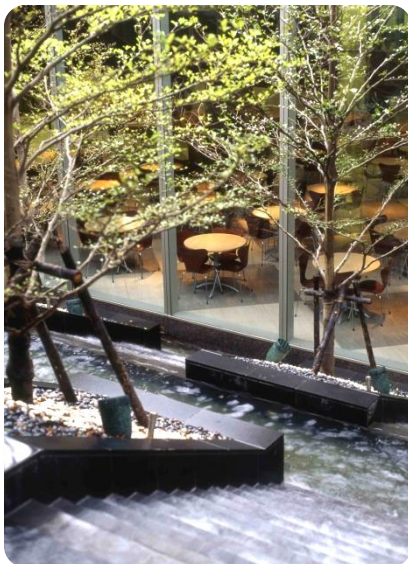
We send customer satisfaction survey forms to our main customers on an annual basis in order to obtain information that can guide our yearly improvement plans. Our plants also collect "lessons learned" and other customer feedback.

Our customers can perform regular or occasional audits at our plants; these audits provide another important basis for improvement of customer satisfaction.

Customer Confidentiality

While we strive to improve customer service, we simultaneously emphasize respect for customers' confidentiality and intellectual property rights. To protect their confidential information, we sign nondisclosure agreements with our customers, and we make sure that all employees maintain customer confidentiality when performing their duties. In 2009, there were no instances of harming customers' rights and interests by violating confidentiality or losing customer data.





Product Health and Safety

To ensure that our products are completely safe, we make sure to meet international safety certification standards, including TUV and UL products safety standards, from the very beginning of the product design process. In addition, all our product series comply with international environmental regulations, such as RoHS, REACH, PAHs, and Halogen free, and fully comply with customers' requirements. We do not design or produce any products containing hazardous substances. Furthermore, in 2010 we began adopting a green management system (GMS), and performing long-term tracking to ensure that products contain no hazardous substances.

Legal Compliance

We strive to uphold all applicable national and international laws, ethical rules, and universally-accepted values, including, the promotion of fair competition, provision of safe products and services, and compliance with labor laws and practices, human rights declarations, international standards, copyright protections, and company asset and intellectual property rights in any forms. We respect local conventions and values in all the areas where we operate.

3.7 Supply Chain Management



Our main production sites are located in China. With regard to implementation of environmental protection, safety, and health risk control in our supply chain, we have adopted numerous measures to help suppliers improve their environmental protection, health, and safety levels, minimizing operating risk to ourselves and our suppliers due to environmental protection, health, and safety factors.

We require our suppliers to fully comply with all local laws and regulations when performing our services. At the same time, we have determined basic guidelines for suppliers on the basis of the EICC code of conduct, and require suppliers to sign in management pledges guaranteeing that they will uphold their relevant social responsibilities. We have also stipulated supplier EICC audit forms to provide a basis for supply audits; audit assessment key points include no use of child labor, protection of human rights, no discrimination, fair treatment, legal working hours and pay, and environmental management.

Supplier Training

❖ Explanatory meetings on "Supplier Fulfillment of Corporate Social Responsibilities"

We held several explanatory meetings or workshops on "supplier fulfillment of corporate social responsibilities" in 2009 to explain CSR items; we also asked upper managers at suppliers to sign in "Executive Certification of Compliance" confirming willingness to uphold relevant CSR aspects and EICC standards.

❖ REACH seminar

We held several REACH seminars for suppliers in 2009. These seminars explained our REACH implementation plan and asked suppliers to sign an EU substance of very high concern information notice (SVHC guarantee).



Promoting the Carbon Footprint Concept in Our Supply Chain

In 2009, we promoted carbon footprint management tasks throughout our supply chain; this work included:

- ❖ Checking the current state of greenhouse gas inventory at supply chain
- ❖ Holding meetings and workshops to explain the carbon footprint concept to supply chain (including explanation of process surveys, inventory methods, and survey forms).
- ❖ Assisting supply chain to perform greenhouse gas inventories
- ❖ Assisting supply chain to fill out greenhouse gas inventory forms
- ❖ Assisting supply chain to fill out carbon footprint forms
- ❖ Collecting suppliers' greenhouse gas emission data

Audits on Suppliers' Human Rights, Environmental, Safety, and Health

Suppliers' human rights, environmental, safety, and health audits help us understand suppliers' environmental, health, and safety management and state of implementation. We provide EICC self-assessment questionnaires to suppliers, enabling them to perform self-assessment with regard to labor rights, health and safety, environmental responsibilities, and ethics.

We further conducted on-site audits of 90 selected suppliers in 2009. These audits systematically checked compliance with labor rights, health and safety, environmental responsibilities, and ethics in accordance with the items on the EICC audit form; 45 firms passed their audits. When noncompliant items are discovered during the audit process, we ask key suppliers to submit improvement plans, which should include: Problem points, severity, improvement measures, responsible persons, completion date, and status. Suppliers must draft and provide to us clear improvement plans within 15 days after they receive our audit reports.

Selection of Suppliers and Subcontractors

Our purchasing management is based on the green supply chain concept, and we assess our suppliers based on the following basic principles:

- ❖ Whether the supplier has established an environmental management system.
- ❖ Whether environmental management requirements have been provided to materials suppliers?
- ❖ Whether Lite-On's "Concentration Limits for Hazardous Chemical Substances in Materials" (LS-301) has been fulfilled.

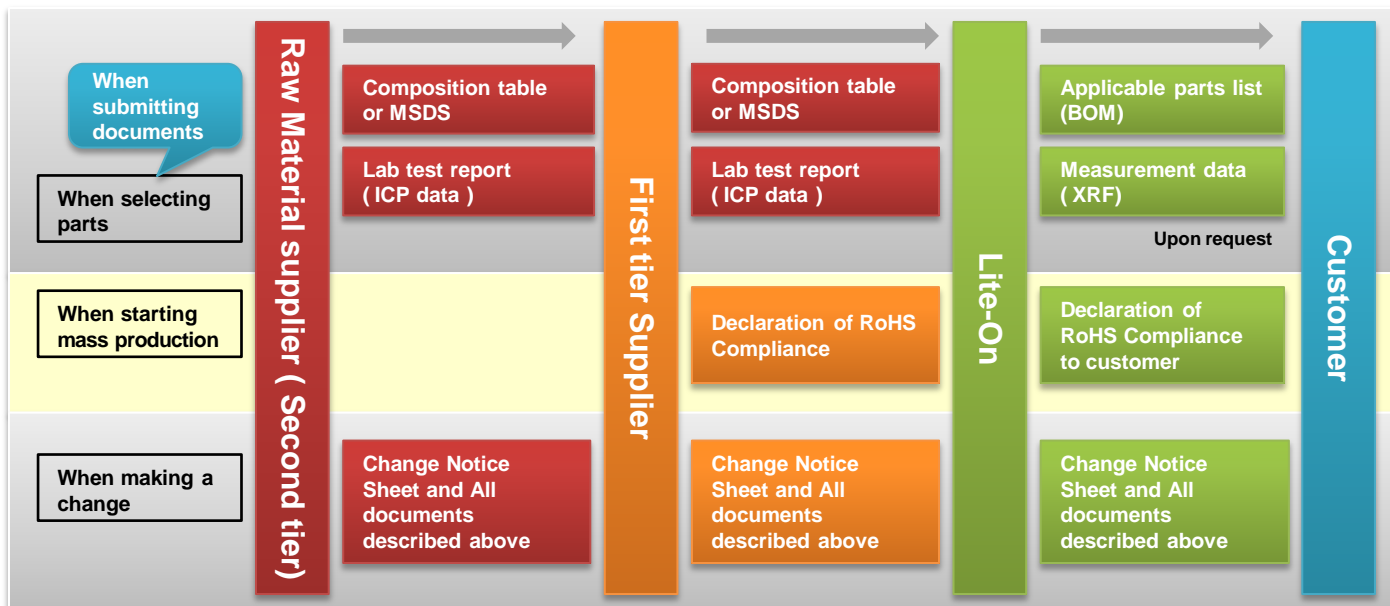


Green Procurement

We have rigorously incorporated environmental protection principles in our supplier management mechanisms, and strictly require suppliers to meet environmental standards with regard to raw materials, packaging, and minimized pollution etc. Suppliers must commit and guarantee that their products do not contain prohibited substances, 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
- ❖ Toxicity and restriction of relevant chemical substances (materials safety data sheets)
- ❖ Results of supplier management system review

We Have Adopted “Hazardous Substance Control Procedures” to Maintain a Green Supply Chain





Chapter 4

Social Involvement



4.1 Lite-On and Its Employees

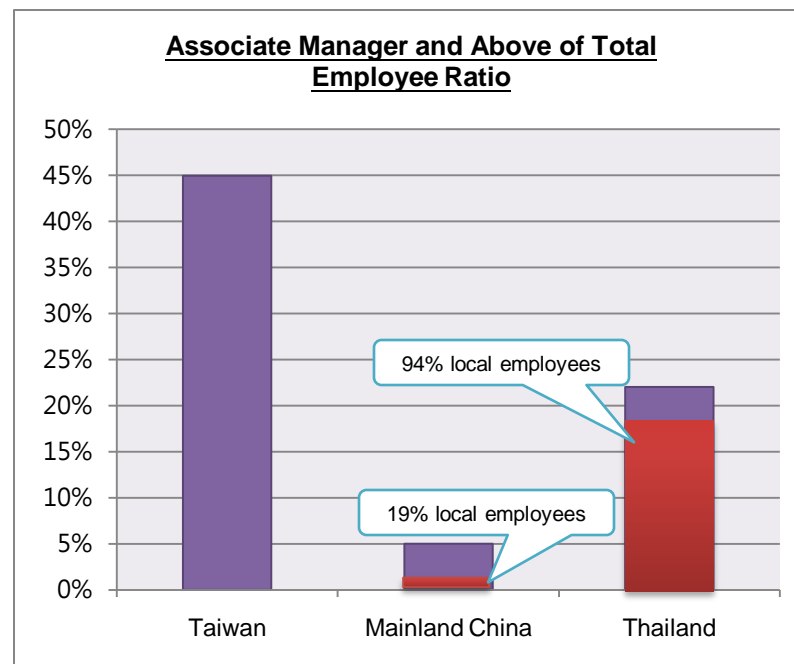
Employees are our most important asset, and we place great emphasis on employees' work environment, career development, and care. We have established many internal channels of communication, and continue to implement various employee relations programs. We hope that we can create a working environment of "happiness, growth, health, and harmonization" for our employees.

We strictly uphold all labor laws and regulations, and have complied with the Electronic Industry Code of Conduct since joining the Electronic Industry Citizenship Coalition (EICC) in 2008; we are highly dedicated to caring for our employees.

Lite-On always reinforce to nurture leadership of managers and strengthen the professional development of all levels of employees, ensuring our sustainable corporate development.

4.1.1 Employee Profile

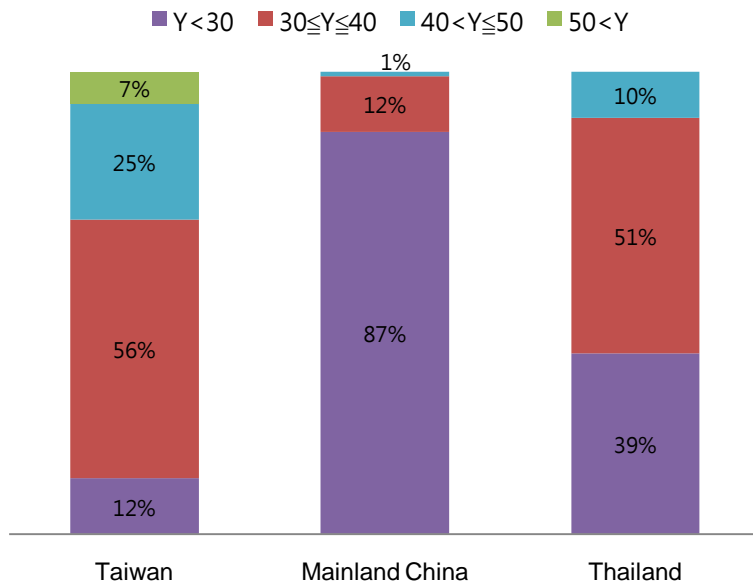
As of the end of 2009, we had a total of 33,794 employees worldwide, of whom 1,703 worked in Taiwan and the remaining 32,091 worked in China and at our other overseas plants. As a rule, we hire local employees at our overseas facilities. In Taiwan, persons at the level of associate manager and above account for 45% of the total number of employees. In China, persons at the level of associate manager and above account for 5% of the total number of employees, and 19% of those personnel are local individuals. In Thailand, persons at the level of associate manager and above account for 22% of the total number of employees, and 94% of those personnel are local individuals.



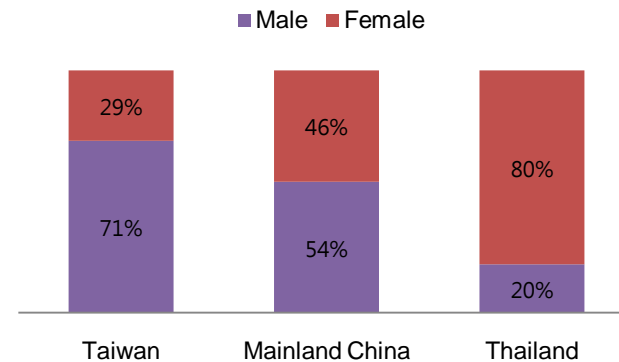


❖ Workforce Structure

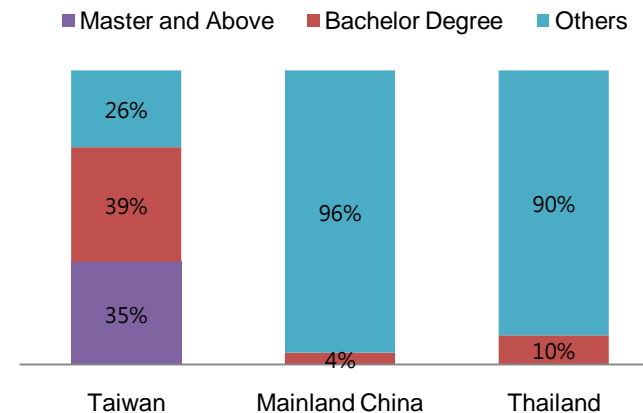
Employee by Age



Employee by Gender



Employee by Educational Diploma





❖ Employee retention

Because we have always considered employees to be our most important asset, we provide management promotion classes and an employee benefit system. We encourage continuous self-improvement among employees as a means of achieving individual career development. If an employee wishes to resign, our human resources unit will, when needed, immediately arrange an interview with that employee to realize the employee's reason for resignation, and try to retain and assist the employee as much as possible.

The following are our annual turnover results, which are based on the accumulated number of employees actively submitting their resignation each month, i.e., annual turnover rate=(sum of hired persons who actively resigned in 2009)/(sum of in-service employees at the end of each month in 2009/12)*100%.

Accumulated turnover in 2009—by age

age location	Direct Labor					Indirect Labor				
	<30	30~40	41~50	>50	Average	<30	30~40	41~50	>50	Average
Taiwan	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	10.8%	7.4%	6.1%	9.8%
Mainland China	143.4%	54.8%	20.0%	152.4%	135.9%	36.3%	14.7%	7.9%	64.5%	28.4%
Thailand	2.8%	0.3%	0.0%	0.0%	1.4%	0.0%	1.1%	0.0%	0.0%	0.7%
Average	139.8%	39.9%	14.3%	152.4%	128.8%	33.8%	12.3%	6.9%	9.6%	21.9%

Cumulative turnover in 2009—by gender

gender location	Direct Labor			Indirect Labor		
	Male	Female	Average	Male	Female	Average
Taiwan	0.0%	0.0%	0.0%	11.6%	5.6%	9.8%
Mainland China	145.4%	128.6%	135.9%	26.7%	31.5%	28.4%
Thailand	0.0%	1.6%	1.4%	0.6%	0.8%	0.7%
Average	143.3%	118.4%	128.8%	21.1%	23.6%	21.9%

Note: The relatively high employee turnover in Mainland China in 2009 chiefly resulted from local labor shortages.



❖ Personnel recruiting (including policy of child labor prohibition)

In accordance with our business strategy and emphasis on employee career development, we employ various channels to recruit outstanding personnel. We participate in collaborative programs with prominent university departments, sponsor work-study internships during the summer vacation in Taiwan, and cooperate with the government's employment promotion program. Our employee recruiting unvaryingly complies with local laws and regulations, and we uphold EICC code of conduct. We refuse to hire child labors, strictly prohibit forced labor, and do not let minors perform hazardous work. In addition, we have established an information system to manage employees' working hours and vacation time, ensuring that our employees can balance work and leisure.



❖ Fair performance management system

The goal of our performance management and development system is to boost individual and organizational performance. We have instituted two-way communication and implemented an employee development plan. We try our best to make our performance assessments fair and reasonable, so that assessment results can provide an allocation basis for promotions, raises, bonuses, and employee development and training measures. 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.



4.1.2 Training and Human Resources Development

Employees are our most important asset, and education and training are important means of ensuring that the value of our human capital continues to appreciate in value. Our learning and development declaration is: "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 objects, and ensure corporate sustainable development." As a consequence, learning and development receive the highest degree of emphasis at Lite-On.



Learning at Lite-On is based on on-the-job training and individual development, and includes the four major elements of new employee training, specialized training, leadership training for managers at different levels, and personal development. Training is intended to help employees identify with Lite-On's core value and realize the company's vision and strategies.





Lite-On Training Programs

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 SBG/SBU session training for new employees Corp session for new employees Training for new R&D personnel	Training for certify trainer Training for DDISEW certification trainer Training for Advanced trainer	CSER executive training	Executive management development training	R&D training Sales training Manufacturing training Engineering training Quality/6 Sigma training Supporting training	Online courses Foreign language training Employee on campus training
High management level				CSER manager training	Upper management training		
Middle management level					Middle management training		
Primary-level management				CSER employee training	Primary-level management training		
Operating level					Shift supervisor training		

Overview of global training in 2009:

Level	Total person-times	Total training hours	Average training hours per person
Executive management	193	845	23.5
Executive management	536	2,195	16.3
Middle management	4,523	19,928	23.5
Primary-level management	10,984	46,659	29.1
Indirect personnel	20,605	73,731	29.8
Direct personnel	377,258	980,913	44.0
Total	414,099	1,124,270	41.1



We are striving to improve our learning development infrastructure, and our management system provides a superior, well-rounded manpower development environment. The following are some of our efforts and achievements of the last few years:

❖ **Strengthening our learning development infrastructure:**

We began implementing an e-learning system in 2007, and completed the e-Learning Center online learning platform in Taiwan and China in 2008. The e-Learning Center provides a wide variety of online classes and learning databases, ensuring that employees have access to a learning environment without restrictions of time or space, while also saving vast amounts of paper that would be used to print lecture notes. We are doing our part to protect the environment, and also preserving and organizing trainees' learning information.

❖ **Raising training development quality:**

In order to improve the quality of training development at Lite-On, we received assistance from the Taiwan TrainQuali System (TTQS) of the Employment & Vocational Training Administration, Council of Labor Affairs in early 2008, enabling us to strengthen the connection between our organizational needs, strategies, and training, track trainees' learning results, implement learning transfer, and continue to improve our training quality. As a result, we received the Council of Labor Affairs' Benchmark Company Silver Medal at the end of 2008.

❖ **Green supply chain training program:**

In order to boost the quality and competitiveness of human resources throughout our group, and achieve greater added value than our competitors, in 2009 we participated in the Joint Corporate Human Resources Improvement Program sponsored by the Employment & Vocational Training Administration. This program helped us integrate our resources with those of our suppliers, and jointly offer classes in environmental protection, specialized fields, and management. As a result, our employees and those of our suppliers have been able to continuously improve their professional skills and overall competitiveness, enabling them to cope with today's environmental protection and energy conservation trends. The program has been well-received by employees, who have participated eagerly. Our employees in Taiwan participated 8,679 person-times; each participant took part in 17.1 hours of class time and received the greatest amount of program subsidy from the Employment & Vocational Training Administration.

❖ **Electronic Industry Code of Conduct (EICC) training:**

To ensure that all employees understand the content of the EICC and uphold its guidelines, we provide classroom training, and also began producing online classes in 2008. These online classes have been placed on our e-Learning web site to provide an alternative training channel. Our plants in China began including EICC training in new employee training classes in 2009.



❖ **Implementation of CSER-related training activities:**

CSER training for managers: We held CSER training for managers in Taiwan and China in 2009 in order to ensure that our managers have comprehensive understanding of CSER; a total of 244 managers received this training.

Incorporation of CSER in new employee training: In order to instill a correct attitude toward CSER in new hires, and show them the effort that Lite-On puts into CSER work, we began incorporating CSER in new employee training classes in 2009.

❖ **Gradually building a robust and complete leadership cadre:**

We began collaborating with the American consulting company DDI and adopted a function management system in 2008 in order to strengthen our managers' leadership ability and meet the company's future development needs. We started implementing a Leadership Development Program among our executive management in 2009, and we look forward to gradually realizing our leadership manpower development strategies and plans among all levels of managers during the next few years. This will build the robust and complete leadership cadre that we will need for our future development and sustainable management.



4.1.3 Compensation and Benefits

We place considerable emphasis on employee compensation and benefits, and have adopted a highly competitive salary and benefits policy. Employee salaries are set on the basis of academic attainment, past work experience, and individual performance, and 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 motivate 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.
- ❖ Issuing bonuses in accordance with our operating situation and individual performance.

In Taiwan, we also employ an employee stock ownership system using cash and/or stock to reward employees for their contributions and give them an incentive to keep working hard. As for the compensation of our overseas employees, apart from offering reasonable and competitive salaries reflecting conditions in the local labor market, to encourage employees to grow together with the company, we also provide long- or short-term bonuses in view of local laws, methods used by other industries, and our operating performance.

In order to maintain employees' on-the-job safety, we purchase social insurance on behalf of our employees in accordance with local laws, and provide a benefit and retirement system; In Taiwan, employees purchase labor and health insurance, and regularly contribute to retirement accounts in accordance with the retirement system prescribed in the Labor Standards Law.



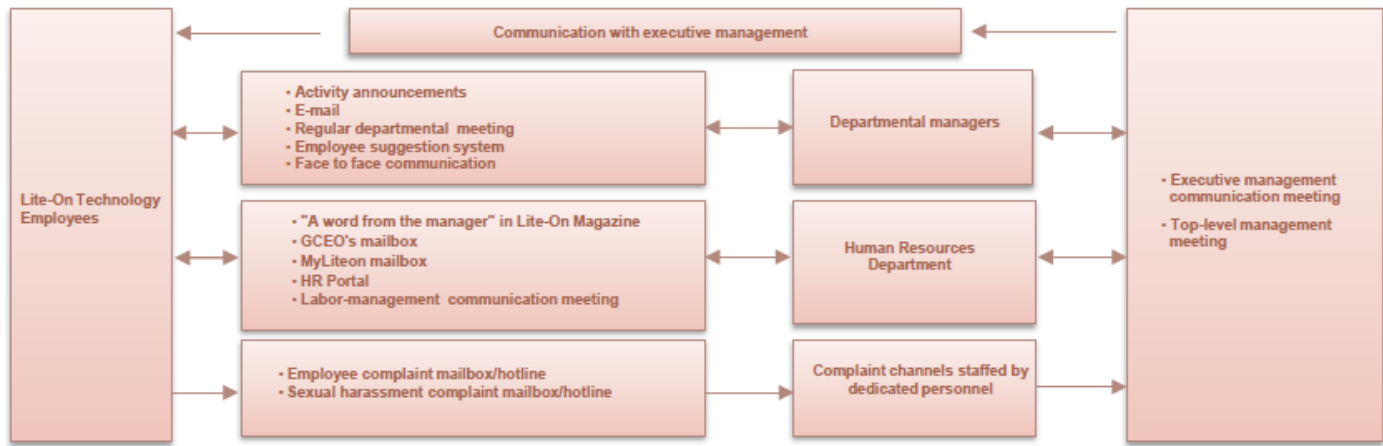


4.1.4 Employees Relations

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 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 "My Lite-On" 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.





❖ We hold at least two labor-management communication conferences each year

We establish labor-management consulting mechanisms in accordance with local laws and regulations, and the right of employees to consultation when their rights and interests are affected receives legal protection. We hold at least two labor-management conferences during the middle and at the end of the year, and the company's top managers, such as the chairman, CEO, and general manager, attend this event. This conference discusses the company's management and relevant labor-management matters, and provides an opportunity for the exchange of views. Our Chungho office in Taiwan holds at least three union conferences annually.

❖ 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.

❖ When Typhoon Morakot ravaged Taiwan, our people stepped up to provide their concern and assistance.

The torrential rain that fell during Typhoon Morakot in 2009 caused devastation in eastern Taiwan and south-central Taiwan. After the typhoon, we immediately initiated an emergency relief campaign, took steps to help affected employees, and issued emergency assistance subsidies. At the same time, we also implemented an employee "one day's pay" donation activity; the funds collected in this activity were donated to a special account set up by the ROC Red Cross for use in relief and reconstruction work benefiting affected members of the public.





4.1.5 LOHAS at Lite-On

We respect our employees' right for freedom of association, and do not engage in any formal or actual discrimination on the basis of ethnicity, nationality, religion, political views, or union membership. We have established an employee benefit committee to be in charge of promoting various employee benefit tasks. In order to increase enjoyment of life, and boost on-the-job morale, we support various types of leisure clubs organized by our employees. We provide subsidies and space for activities to clubs, which help our employees achieve health, happiness, and balance in their lives.

1. A wide range of benefit measures

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, marriage and maternal subsidies, hospitalization subsidies, condolence payments, scholarships for employees' children, subsidies for our employees' continuing education, and other employee benefits prescribed in law. We are constantly striving to show our concern for employees.

2. Varied employee leisure 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 hold various athletic competitions encouraging employees to participate in healthy activities in their spare time. We sponsor two group trips for employees annually, and also provide domestic and foreign travel subsidies. We sponsor approximately 33 employee clubs appealing to a broad range of interests in Taiwan, allowing employees to associate, interact, and share their insights.



↑ Plant employee athletic group



↑ Club activities appealing to persons with a variety of interests.



↑ a bowling tournament



↑ growing organic vegetables at Pingxi



Employees on a group trip →



Table tennis →





3. 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.



4. Promoting health and a safe workplace

This company actively complies with the requirements of the Labor Safety and Health Law and its enforcement rules, Labor Health and Safety Facilities Regulations, Labor Inspection Law and its enforcement rules, Hazardous Work Place Review and Inspection Rules, Strengthened Labor Health and Safety Management Guidelines, Labor Standards Law and its enforcement rules, and Health and Safety Facilities Standards. We provide pre-service health checkups and health and safety training to new employees. We also provide regular health checkups for in-service employees who may perform particularly hazardous work, who must also use appropriate safety gear. We further implement health examinations focusing on specific items, perform health management, and regularly hold health and safety training classes, including classes on such subjects as electrical safety, use and management of hazardous articles and substances, and how to avoid unsafe actions while working, as well as conducting regular fire drills. In 2009, our employees took part in company-sponsored annual physical examinations more than 11,983 person-times and occupational disease examinations 4,003 person-times; a total of 357 health training classes were held, and 27,448 persons attended these classes.





In order to prevent occupational diseases and occupational accidents, all our plants have established working environment and health and safety promotion task forces, which work in conjunction with internal audits and headquarters audits (consisting of annual environmental safety, work safety, health, and fire safety activities). These task forces oversee environmental health and safety, and improvement actions, throughout the company. Our workplace zero accident record is a key indicator of our operations and management.

In accordance with the requirements of our EHS management system, we continuously track occupational injuries: In 2009, our Taiwan employees had an average FR (disabling frequency rate) of 0.7 per million working hours and an SR (disabling severity rate) of 15.21 per million working hours; our employees in China had an average FR of 1.35 per million working hours and an SR of 35.27 per million working hours; and our employees in Thailand had an average FR of 2.71 per million working hours and an SR of 12.79 per million working hours. During the year, we also had a global average FR of 1.37 per million working hours and SR of 32.25 per million working hours. We continue to take corrective and preventive measures to stop the recurrence of accidental injuries.



↑ Blood Donation



↑ CPR



↑ Health Examination for Employees



↑ Firefighting Excise



Cooperating with Customers and NGO to Encourage Employees for Health Protection



❖ We are working together with our customers and NGOs to prevent hepatitis B among our employees.

Hepatitis B is a major social issue. Due to lack of knowledge concerning the problem of Hepatitis B, the public is widely afraid of Hepatitis B and prejudiced against hepatitis B sufferers. We continue to protect our employees' rights and interests, provide superior employee benefits, and implement comprehensive education and training. Our Network Access Strategic Business Unit (NABU) teamed up with our customer HP and the NGO Guangzhou Inno Community Development Organization to hold the "Prevent Hepatitis B – Stamp out Hepatitis B Discrimination" lecture and fair in December 2009; a total of 900 comic book-style awareness handbooks and 2,000 awareness cards were given out, and a variety of fun activities were used at this event to help Lite-On employees obtain knowledge and correct their misperceptions. This event eased discrimination, protected employees' rights, promoting the harmonious development of society, and served as an effective communications platform between Lite-On and its customers and NGOs.



↑ NGO(Inno) Crew and Lite-On Managers



↑ NGO(Inno) Crew and Lite-On Employees



↑ NGO (Inno) Crew reading "Prevent Hepatitis B – Stamp out Hepatitis B Discrimination" posters



↑ NGO(Inno) Crew and Lite-On Employees co-worked to prepare for the festive activity

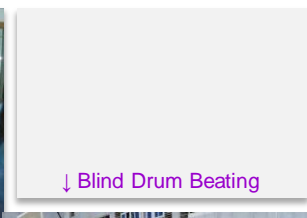


The content of the "Prevent Hepatitis B – Stamp out Hepatitis B Discrimination" lecture and fair included:

- ❖ **Preliminary promotional actions:** Issuance of a comic book-style "Hepatitis B Discrimination Eliminate Awareness Handbook" and the "Inno hepatitis B Hotline" awareness card.
- ❖ **Fair activities:** Happy circle, basket shooting contest, bowling, ping-pong, blind drum beating, chopstick ping-pong ball contest, and other fun educational activities.
- ❖ **Hepatitis B training:** Introduction to the current state of hepatitis B, hepatitis B transmission routes, hepatitis B prevention, hepatitis B treatment, hepatitis B-related laws and regulations, and hepatitis B hotlines.



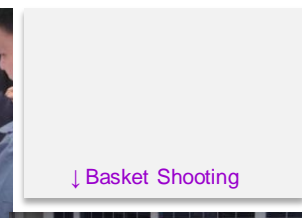
↑ Providing Handbooks of Promotion



↓ Blind Drum Beating



↑ Chopstick Ping-pong



↓ Basket Shooting



↑ Interactive Games for Training of Hepatitis B Prevention



← Posters for Hepatitis B Prevention



↓ Quiz with Prizes



Happy Cycles →

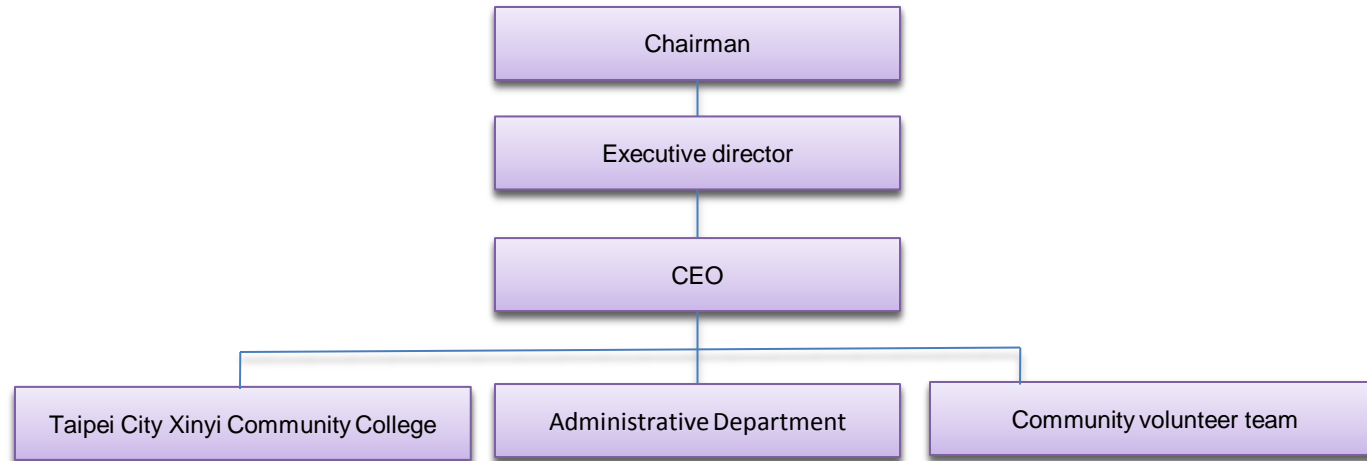


4.2 Lite-On's Social Involvement Vision

We hope to create a sustainable society with cultural diversity, universal tolerance, and respect for learning by fostering humane qualities, encouraging children's healthy growth, promoting a corporate culture of concern, supporting public interest activities, and nurturing innovative manpower.

4.2.1 The Lite-On Cultural Foundation

The Lite-On Cultural Foundation was established in 1993 with donations from the three founders of the Lite-On Group's chief affiliates. Every year the Lite-On Group's subsidiaries contribute NT\$10 million from their profits to the Foundation to pay for the year's operating expenses. Due to the financial crisis, however, donations were reduced to NT\$6 million in 2009. The Foundation's chief goals consist of encouraging the arts and humanities, promoting children's growth, fostering culture in the company, supporting public interest activities, and training innovative manpower. The Foundation is dedicated to nurturing the arts and humanities, the public interest, education, and culture.



organizational chart of the Lite-On Cultural Foundation



1. Training volunteers; aiding underprivileged groups

We actively assist members of underprivileged groups, establish community volunteer teams, provide systematic volunteer training, and serve underprivileged youths, the elderly, indigenous citizens, and new residents in conjunction with government resources. Taking the school system as an example, the Lite-On Cultural Foundation has provided training in family education, psychological counseling, and other specialized subjects to community women and parents so that they can serve in elementary and junior high schools. More than 4,000 volunteers have received training during the most recent three years; and training has been provided a cumulative total of over 60,000 person-times. Volunteers are currently serving at schools throughout Taipei City and County and Taoyuan County.

In addition, the Lite-On Cultural Foundation is working together with school counseling offices to provide concern, assistance, and guidance for schoolchildren and youths facing troubles, including children from single-parent families, dysfunctional families, indigenous families, new-resident families, and families with disabled children. Approximately 1,670 children and teenagers received assistance annually during the most recent three years. A total of 1,722 children and adolescents obtained assistance during 2009, for instance. Assistance has been provided a cumulative total of over 20,000 person-times, which underscores our commitment to being a caring neighbor.

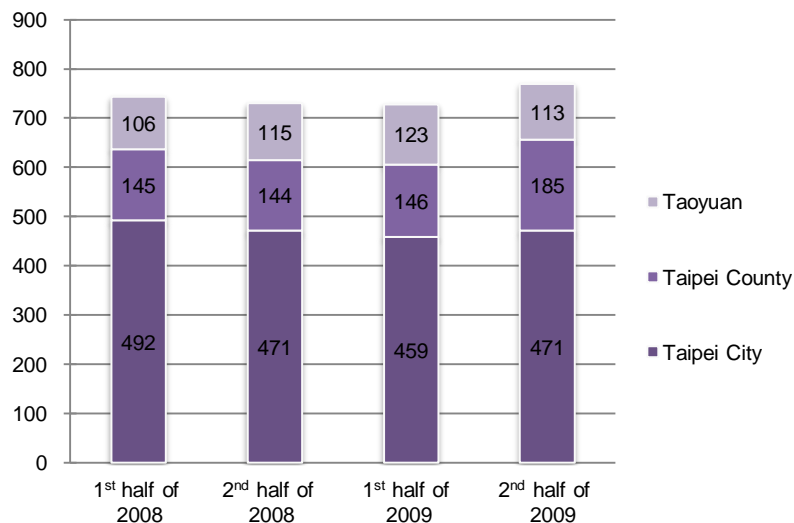
The financial crisis that overtook the world during the fourth quarter of 2008 has caused many community-level social problems (such as unemployment and severance pay-related issues). As a result, many family problems have arisen, creating a need for more community service. In order to prevent crises from occurring, our community volunteers provide the most appropriate care, including long-term companionship and several types of counseling services. We hope that boosting children's self-confidence, social skills, emotional management, and problem solving ability will enable them to enjoy normal growth and development, and have a happy and successful future.



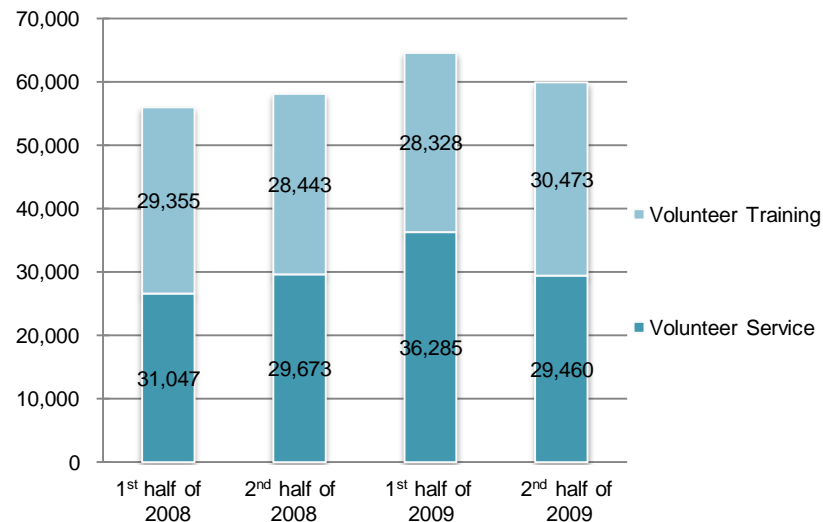
2. Active promotion of community volunteer involvement in adult education

Apart from providing relevant training to community volunteers, the Lite-On Cultural Foundation also encourages volunteers to take part in adult education; this not only makes them good examples for children, but also creates a learning-oriented atmosphere in the household. In 2009, eight seed lecturers were admitted to National Taiwan Normal University's in-service Master's program in Social Education and Cultural Administration.

Numbers of persons receiving community volunteer training



Community volunteer training and volunteer service hours





※ In order to maintain anonymity, pseudonyms are used for the main persons in the following accounts; the counseling recipients have granted their consent for the editing of these accounts. The children in each of these accounts really exist in some corner of society, and received caring and companionship of community volunteers.

Community children

Hsiao-fang and Hsiao-cheng are eight and nine years old respectively; their father is in prison, and their mother has left home. Their grandmother, who cares for them, is partially paralyzed on her left side due to a stroke. As a result, this brother and sister often smell bad, and are very far behind their peers at school.

Community volunteers take the two on small group activities, which creates a warm, secure, trust-inducing environment. As a result, the brother and sister can learn and grow within a group. The volunteers kindheartedly teach them how to take care of personal hygiene, and help them prepare clean second-hand clothing. From Monday through Friday, volunteers supervise as they complete their schoolwork early in the morning, help them prepare meals, and ensure that they receive the basic necessities of life.

Now Hsiao-fang and Hsiao-cheng have both made the jump to junior high school. Thanks to the painstaking care of her volunteer Mama, the slender and graceful Hsiao-fang has learned to take care of herself, and can also look after her elderly grandma and younger brother. By taking care of children, the volunteers are also helping their communities.





In 2009, Lite-On Cultural Foundation held “Learning Together with International Families” providing diversified courses for multi-cultural families.

Lonely memories

Meirong was originally from Vietnam. Through the services of a marriage broker, she married a man from Taiwan when she was only 19 years old, and now has two sons. When the boys were just entering elementary school, her originally healthy husband suddenly suffered a cerebral hemorrhage and died. Meirong was forced to do odd jobs in the market to support her household, and she struggles to communicate in Taiwanese.

Because of Meirong's long hours spent working, the neglected boys grew wild and spend most of their time at Internet cafes. When she wants to bring them home, the exhausted Meirong must drag herself out of the house and search for them in spots where Internet cafes are clustered.

Around the middle of June, Meirong received a call from the local police—her older son had been caught helping people sell banned goods at the night market. When the volunteer women heard of Meirong's plight, they immediately offered their assistance and support, which made Meirong feel that she was no longer so alone. The volunteers provided small group assistance and acted as study companions to the boys, keeping them on campus after school.



3. Xinyi Community College

Relying on its long-term community development experience, the Lite-On Cultural Foundation began the formal process of establishing Xinyi Community College in 2000 as a model of lifelong learning in the midst of society. The college received approval and began enrolling students in 2001. Xinyi Community College has an average of 100 courses each semester, and 2,500 students take part each year. Xinyi Community College is the only one of Taipei City's 12 community colleges to have long-term corporate support.



Xinyi Community College achieved the following results in 2009:

- (1) **Based on holistic development strategy, the college sought to meet the needs of the Xinyi community and promote community health and safety policies in conjunction with the local health center:**

Taking the promotion of health and safety community education as its main thrust, the college supported the Xinyi District Health Service Center's 2010 application for a WTO community safety certification project, conducted community safety work in Xinyi District agencies, schools, and offices, and employed the radio program "Community College Easy Go" to create awareness. The college also conducted relevant courses and activities, boosting the quality and safety of community life.





(2) The college continued to offer online classes aimed at underprivileged groups in the community and focusing on issues of particular concern.

The college's classes for underprivileged members of the community yielded excellent results, and beneficiary families unanimously expressed their support and gratitude.

- The college held "fun health camps" for the disabled in conjunction with the First Children's Development Center Foundation.



In order to better serve underprivileged members of the community, since 2008 Xinyi Community College has joined forces with the First Children's Development Center Foundation to offer professional-run "fun health camps" for disabled children; these camps include rhythmic dancing to music, a basketball limb coordination class, and a clay molding art class. Thanks to support from the Family Education Center, Taipei City, the college was able to hire trainees belonging to underprivileged groups, which made a big contribution to local underprivileged families. A total of 49 persons took part in four classes in 2009.



- In services to new immigrants, the college teamed up with the Rotary Club of Taipei Metro East to offer ten classes for immigrants, including information technology, practical living skills, and health care. These free classes sought to avoid loss of interest in lifelong learning that may occur when new immigrants take typical dull naturalization courses. These individuals were able to learn practical everyday skills, establish effective social networks, and acquire good learning habits.



(3) Holding community college lecturer workshops to polish professional skills:

Apart from giving lecturers opportunities to share practical experience with their peers, the two sessions of the "Xinyi Community College Instructor Information Skills Enhancement Training Class" also perfected lecturers' professional teaching skills.

(4) Promoting art in the community, enhancing residents' aesthetic abilities:

Xinyi Community College's "Hua-Hua Taipei Sketching Club" continued to grow, while deepening the artistic endowment of the local community. Apart from an art exhibition conducted jointly by students and teachers, in 2009 the club also held sketching competitions, art seminars, and results presentations, which tangibly boosted the artistic qualifications of the community.

In addition, the college also held many other artistic events, including an exhibition of Chinese tapestry by students and teachers, an exhibition of the calligraphy of instructor Tsai Ming-tzan and his students, an exhibition of the oil paintings of instructor Pan Peng-pin and his students, an exhibition of the papercutting art of instructor Li Huan-chang and his students, public dance performances, and concerts featuring various Chinese and Western instruments. These activities deepened appreciation of art in the community and enhanced residents' aesthetic qualifications.

(5) Native plant volunteer guides training

Xinyi Community College is also committed to protecting the ecological environment. The college therefore gathered an instructional team from the Taiwan Native Plant Society and offered a free native plant volunteer guide training class.



(6) Aerial garden and green roof ecological energy conservation project

The college has engaged in the Hsi Liu Environmental Greening Foundation and a professional instructor team to plan an aerial garden and green roof energy conservation project. Students and teachers from Community College have joined forces with Xinyi Junior High School to create an aerial garden more than 1,650 square meters in area on the roof of the school activity center. The college's students and teachers have spontaneously organized a maintenance team for this environmentally-friendly, energy-conserving, CO₂ emission-reducing garden, and have also arranged an organic vegetable gardening class, which creates all-new opportunities for ecological education at the community college.



(7) The college is offering classes on community culture, history, and the environment, and is striving to realize community development projects

- The college is cooperating with the Taipei Department of Urban Development to offer special project courses, environmental training courses, and a back-mountain 4567 green belt interpretive guide course.
- The Xinyi green belt image collection and training of professional volunteers have had a catalytic effect on linkage of community culture, history, and information
- With regard to the Houshan cultural and historical guide class, instructor Liao Shou-yi, a local scholar of culture and history, was invited to teach the class outdoors at actual cultural and historical sites. This class traced the history of settlement in the Taipei area, and discussed historical incidents that took place in Taipei's Xinyi, Wenshan, Da-an, and Nangang districts. Xinyi Community College provided full funding for class expenses and also supported the project with a major publicity campaign, showing the efforts of the college's commitment to community development.



(8) Special project courses developed in conjunction with the city government

The college has trained "honest administration volunteers" and broadcasting personnel in conjunction with the Taipei City Government's Anti-corruption Department. The practical results of this training were displayed on the Goodnews radio station and put to use at workshops. More than ever, Xinyi Community College is working closely with government for the common good.





4.2.2 Encouraging Innovation and Manpower Training — The Lite-On Award

The Lite-On Award, which is intended to train innovative design manpower and boost the international competitiveness of Chinese design worldwide, is another important way in which Lite-On is fulfilling its corporate social responsibilities. The award competition has steadily improved the standards of domestic and foreign industrial design, encouraged creativity among Chinese designers, and fostered the development of outstanding industrial design manpower, while bearing witness to global high-tech industrial development trends. After more than nine 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 this competition, which has been dubbed the "Chinese Industrial Design Oscar."

In keeping with the global green industrial design trend, the current Lite-On Award has a topic of "Green Miracle: Brighter Ideas for a Greener Future," and it is hoped that the competition will induce designers to incorporate green design in digital consumer products, creating boundless green opportunities and a green economic miracle.

In another first, the Lite-On Award invited heavyweight international design figures, including Red Dot CEO Peter Zec, the directors and secretary generals of three major international design federations, and designers from leading domestic brands, to serve as judges. It is hoped that this event will merge with green trends, and induce designers worldwide to become promoters of sustainability. The power of green design will create a better life for all humanity.





The winners of the 2009 Lite-On Award amply displayed the power of green design through their original combinations and interpretations of technology, energy conservation, and energy regeneration and reuse. The current Lite-On Award competition has attracted more than 2,000 talented young and veteran designers from Europe, Asia, and the Americas who want a shot at the NT\$1 million prize money. This year's number of entrants has set a new record and is up by 30% compared with last year.



Works from China accounted for 45% of total entered works at this year's competition, and there was also a significant increase in the number of works from Taiwan. There was also a large increase in finalist works this year. At the same time, the number of works from other overseas areas also continued to grow this year, and there were numerous works from places such as Hong Kong, Singapore, the US, France, and Italy. The Lite-On Award seeks to encourage Chinese designers to demonstrate their creativity on the international stage, and the results of the awards have borne witness to the steady improvement of global Chinese industrial design ability. As a leading member of the optoelectronics industry, we have begun incorporating green thinking at the very beginning of the product design process, facilitating increased green competitiveness in the information industry. We hope to play our role at the head of a green supply chain to the full, while actively training green leaders.



4.2.3 Public Interest and Cultural / Artistic Sponsorship

❖ The Lite-On Cultural Foundation's donation of the "Neihu Peach Blossom Springs" tapestry

—The Metro Neihu Line contains a treasure of Neihu: Close to 100 local moms jointly create a national treasure-grade work of public art



↑ "Neihu Peach Blossom Springs" depicts the local scenic and cultural attractions, from the high-tech Neihu Science Park to the historic Guzhai Trail, while accentuating local features such as the colorful Muller's Barbet, Dahu Park, the College of Performing Arts, Neihu Flower Market and the Neihu Ferris Wheel.

The Lite-On Cultural Foundation has donated the large tapestry work "Neihu Peach Blossom Springs" to the Taipei Department of Rapid Transit Systems. This work, which can be considered a national treasure, was made by close to 100 women from the local community, and is now permanently displayed in Gangqian Station on the Metro's Neihu Line as public art. Everyone who takes the Metro from this station will have a chance to appreciate the creativity and culture of Neihu.

The huge tapestry work "Neihu Peach Blossom Springs" is the only work of its kind in Taiwan. This tapestry was made by women participating in a Neihu community embroidery class that received assistance from the Lite-On Cultural Foundation. This very time-consuming work took 15 months to complete. The instructor in charge of the creation of this work was Ms Chen Szu-hsueh, who herself was the only student of the world's master crewel embroidery experts of the older generation (note 1). The tapestry is 480 cm in width and 120 cm in height, and is the largest embroidery work of its kind in Taiwan. A work of this size is unusual even at the global level, and it took nearly 100 local women to complete it.



The Lite-On Cultural Foundation participated in this community development project under the name "A Family of Artists—The Embroidered Beauty of Neihu." All parts of the project, including development of an idea, planning, recruiting of volunteers, training, production, display, and preservation, were performed jointly and made use of the strengths and talents of the community. The result amply displays the love of Neihu residents for their home. The content of the tapestry "Neihu Peach Blossom Springs" includes the local scenic and cultural attractions from East Lake to West Lake, and includes Neihu Science Park, the historic Guzhai Trail, the colorful Muller's Barbet, Dahu Park, Taiwan College of Performing Arts, Neihu Flower Market, and the Neihu Ferris Wheel. This work of public art has been assessed as a highly meaningful and artistically-valuable work by the Taipei City Government Public Art Review Committee.

Via the Xinyi Community College, the Lite-On Cultural Foundation actively participated in government-funded community development projects, has joined forces with the Crewel Embroidery Association to promote the embroidery cultural industry, and is striving to create distinctive community features and bring cultural industries into the community. Courses held by the Foundation at Xinyi Community College have yielded outstanding results. Thirty-two seed embroidery instructors have received training to date, and upwards of a hundred trainees have completed embroidery classes. As a consequence, an art once in danger of being lost is thriving within the gates of the community college. Looking ahead to the future, the Lite-On Cultural Foundation will continue to rely on training classes to harness the strengths of community residents, uncover local cultural talents, give underprivileged and middle-aged/elderly women chances to start their own businesses, and boost the competitive ability of disabled persons.

Note 1: Chinese crewel embroidery is also known as "flying needle embroidery"; by using the needle as a brush, it combines the attributes of painting and embroidery, and finds innovation in the traditional. After being tempered by the times, conventional arts can be used to create works of art with a high degree of cultural value.

→ The "Neihu Peach Blossom Springs" is displayed in the MRT Neihu Line Gangqian Station as a public art for permanent display, allowing MRT passengers a lasting impression of Neihu's beauty and culture.



← → An embroidery in the "Neihu Peach Blossom Springs". It was created by approximately 100 middle-aged/elderly women from a Neihu community college embroidery course sponsored by the Lite-On Cultural Foundation. Dedicating 15 months to the process, every stitch and thread of this masterpiece was embroidered with warmth and community spirit.





❖ We joined forces with the Starry Starry Night to invite a thousand volunteers and members of underprivileged groups to a reception and viewing.

—Summoning the strength of the stars; warmly guarding the soul



The Lite-On Cultural Foundation teamed up with the Starry Starry Night to invite a thousand community school volunteers, underprivileged children, teenage school dropouts, and the underprivileged and disabled and their families to a special viewing of deeply moving works providing sustenance and comfort for the soul. In addition, in the upper part of the exhibition's "Starry Skies of the Four Seasons" area, the LED lamps sponsored by Lite-On Group were used to create 14 of the best-known and beautiful constellations of the different seasons. This recreation of the starry night sky amazed visitors.

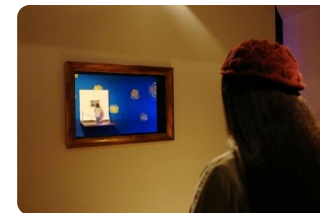
The Starry Starry Night invited 14 domestic and foreign artists and writers to jointly create a highly imaginative relay game based on the text of author/illustrator Jimmy Liao's newest full-length work "Starry Sky." In "Starry Sky," Jimmy portrays two children who are lonely, neglected, and misunderstood in the wake of changes in the structure of their households. The children finally obtain comfort and understanding when they happen to meet each other. The protagonists in this story have family backgrounds similar to those of the children served by Lite-On's community volunteers. Because of this, the exhibition viewing elicited deep emotions in the children and teenagers and in the community volunteers accompanying them. The mental dialog and understanding induced by viewing the displayed works provided an outlet for the viewers' inner feelings and turbulent moods.



Lite-On Cultural Foundation invited the following persons to this public interest event: Community school volunteers from Taipei City/County and Taoyuan County, children and teenagers receiving assistance, the Angel Heart Family Social Welfare Foundation, Good Shepherd Social Welfare Services (teenage dropouts), volunteers serving as companions to children from communities affected by the August 8 floods, students, teachers, and parents from the Sanyu Ability Development Center, urban indigenous children's groups, and Lite-On volunteers helping new immigrants.

According to the attending volunteers, because of today's rapidly changing social structure, many children end up like the kids in "Starry Sky," and are lonely and need care and companionship. The Lite-On Cultural Foundation's community volunteer teams have made a long-term commitment to caring about and providing company to underprivileged children and teenagers. When kids view the Starry Starry Night, apart from the intense enjoyment they obtain from Jimmy Liao's warm colors and appealing illustrations, the story "Starry Sky" and the works of the 14 artists truly move their hearts. They become keenly aware that people can transform their life experiences into wisdom. The Lite-On Cultural Foundation and the organizers of the Starry Starry Night hope that the event helped the children to cherish what they have and encourage them to continue to make progress on the path of life.

In addition, the Lite-On Group also arranged two Employee Day activities in September and October, and invited employees and their families to see the Starry Starry Night at Huashan. It turned out that many Lite-On employees were big fans of Jimmy Liao, so the list of participating employees filled up almost immediately after this news was announced. In the end 250 Lite-On employees and family members visited the Starry Starry Night. In this activity, the organizers invited Prof. Sun Wei-hsin, an astronomer from National Taiwan University, to give a special talk to Lite-On's employees. This talk was held in the "Starry Skies of the Four Seasons" exhibition; apart from Jimmy's illustrations, this exhibition area also contained an amazing recreation of 14 of the best-known and most beautiful constellations of the different seasons created by Lite-On using LED lamps. These constellations formed a fascinating counterpoint to Prof. Sun's presentation.





❖ 2009 urban education camp for indigenous youths

To give indigenous students from rural areas a taste of the urban workplace, giving them the knowledge they will need to succeed and encouraging their career planning, the Taiwan Rainbow Indigenous Caring Association holds annual urban education camps for indigenous youths. We allowed indigenous students to visit Lite-On headquarters in both 2008 and 2009, and the organizers expressed that the students had very positive responses and learned a lot.

A total of 48 indigenous students and teachers visited the Lite-On building in 2009. These students and teachers were mostly from Puli Township and Renai Township in Nantou County and Zhudong Indigenous High School in Hsinchu (and were soon to be sophomores and juniors). Most of them were members of the Bunun, Atayal, and Seediq tribes. Since they had had few opportunities to visit Taipei or encounter high-tech industry, they were full of curiosity.

Group CEO David Lin encouraged the students to cultivate their thinking ability, face everything life has to offer with enthusiasm, and approach their work with a down-to-earth attitude. Lin also expressed his belief that the students would have extraordinary achievements when they grew up.

In order to give the students an understanding of Lite-On's high-tech products, we provided a basic introduction of the company, and gave them a tour of the Neihsu building's first-floor product showroom, public areas on the first and second floor, and the gymnasium. In addition, a quiz with prizes given for correct answers ensured that the students left with a deep impression of Lite-On's technology and products.

After completing the tour of our Neihsu headquarters, 70% of the students expressed that they liked or strongly liked the visit arrangements, and 98% of the students expressed that they learned a lot from the visit. We look forward to hosting more enthusiastic indigenous teenagers in the future, and we hope that their visit to our headquarters will broaden their horizons and give them a better understanding of Lite-On and the information industry.



↑ Experiencing in the Gymnasium



↑ Prizes for Question and Answers



↑ The Group CEO Led the Youths Taking Exercise



↑ Visiting Product Showroom ↑





GRI G3 Index



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Strategy and Analysis	1.1	Statement from the most senior decision maker of the organization	Letter from the Chairman and Vice Chairman	5	
	1.2	Key impacts, risks, and opportunities.	Letter from the Chairman and Vice Chairman	5	
Organizational Profile	2.1	Name of the organization.	2.1 Company Overview	16	
	2.2	Primary brands, products, and services.	2.1 Company Overview	16	
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	2.1 Company Overview	16	
	2.4	Location of organization's headquarters.	2.1 Company Overview	16	
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	2.1 Company Overview	16	
	2.6	Nature of ownership and legal form.	2.1 Company Overview	16	
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	2.1 Company Overview	16	
	2.8	Scale of the reporting organization.	2.1 Company Overview 2.1.1 Financial performance	16 18	
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	2.1 Company Overview About This Report	16 1	
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Report Parameters, Scope and Boundary	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	1	
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GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
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	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About This Report 2.1 Company Overview	1 16	
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	About This Report	1	
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	About This Report	1	
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	3.12	Table identifying the location of the Standard Disclosures in the report.	GRI G3 Index	96	
	3.13	Policy and current practice with regard to seeking external assurance for the report.	About This Report Third Party Assurance Statement	1 106	
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	2.2 Corporate Governance	21	
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	2.2.1 Board of Directors Responsibilities	22	
	4.3	The number of members of the highest governance body that are independent and/ or non-executive members.	2.2.1 Board of Directors Responsibilities	22	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1.2.1 Identification of Stakeholders and Core Issues 1.2.2 Communication Mechanisms 2.2 Corporate Governance 4.1.4 Employees Relations	10 13 21 72	
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance.	2.2.1 Board of Directors Responsibilities	22	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	2.2.2 Audit committee responsibilities 2.2.3 Compensation Committee Responsibilities	23 24	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Governance, Commitments, and Engagement	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	2.2 Corporate Governance	21	
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1.1 Corporate Commitment and CSR Vision 2.1.3 Lite-On Corporate Values 2.2.4 Anti-corruption 2.2.5 Corporate Risk Management 3.1 Lite-On's Green Commitment 4.1 Lite-On and Its Employees	8 20 25 27 31 63	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	1.1.1 Lite-On CSER Committee	9	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1.1.1 Lite-On CSER Committee 2.2.2 Audit committee Responsibilities 2.2.3 Compensation Committee Responsibilities	9 23 24	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	2.2 Corporate Governance	21	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Letter from the Chairman and Voice Chairman	5	
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	2.1.2 Membership in Groups and Associations	19	
	4.14	List of stakeholder groups engaged by the organization.	1.2.1 Identification of Stakeholders and Core Issues 1.2.2 Communication mechanisms	10 13	
	4.15	Basis for identification and selection of stakeholders with whom to engage.	1.2.1 Identification of Stakeholders and Core Issues	10	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.2.1 Identification of Stakeholders and Core Issues 1.2.2 Communication mechanisms	10 13	
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	1.2.1 Identification of Stakeholders and Core Issues	10	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Economic Performance Indicators	Management Approach	Management Approach	2.1 Company Overview 2.2 Corporate Governance	16 21	
	EC1	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.	2.1.1 Financial Performance	18	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	3.4.7 Greenhouse Gas Inventory	47	
	EC3	Coverage of the organization's defined benefit plan obligations.	4.1.3 Compensation and Benefits 4.1.5 Lohas at Lite-On	71 74	
	EC4	Significant financial assistance received from government.			In 2009, Lite-On Technology received from the government NT\$3,302,034 in technology development project funding and NT\$1,091,475 in Collective Project for Upgrading the Human Resources of Enterprises funding. In accordance with the Statute for Upgrading Industries, this company has enjoyed tax incentives offsetting investments in R&D and personnel training. Please refer to the relevant disclosures on page 139 in Chapter 6. Financial Overview of Lite-On Technology's 2009 Annual Report.
	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.			The starting salaries of Lite-On personnel comply with local laws.
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			Lite-On's production facilities are chiefly located in China, and roughly 90% of vendors are local manufacturers.
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	4.1.1 Employee Profile	63	
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	4.2 Lite-On's Social Involvement Vision	79	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	Management Approach	Management Approach	3.1 Lite-On's Green Commitment	31	
	EN1	Materials used by weight or volume.	3.4.3 Major Raw Material Types and Usage	42	
	EN2	Percentage of materials used that are recycled input materials.			Lite-On is a components and ODM vendor, and use of raw materials and parts depends on customers' needs and specifications; whether recycled materials can be used likewise depends on customers' product specifications.
	EN3	Direct energy consumption by primary energy source.	3.4.6 Direct Energy and Indirect Energy Consumption	45	
	EN4	Indirect energy consumption by primary source.	3.4.6 Direct Energy and Indirect Energy Consumption	45	
	EN5	Energy saved due to conservation and efficiency improvements.	3.4.2 Energy Saving Measures	39	
	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 Green Product Design	34	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	3.1.1 Energy Saving Goals and Results 3.4.6 Direct Energy and Indirect Energy Consumption	32 45	
	EN8	Total water withdrawal by source.	3.4.8 Water Resource Saving	49	
	EN9	Water sources significantly affected by withdrawal of water.			Due to the characteristics of its industry, Lite-On does not use large amounts of water. Most of the water Lite-On does use is obtained from the city water supply, and has no significant effect on water sources.
	EN10	Percentage and total volume of water recycled and reused.	3.4.2 Energy Saving Measures	39	
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	3.5 Green Factory	51	
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	3.5 Green Factory	51	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN13	Habitats protected or restored.			A Tree for Me, A Forest for Thee: Lite-On tree-planting activity Lite-On Group Chairman Raymond Soong called on all employees in Taiwan to do their part for conservation by planting trees. This activity has adopted 3.6 hectares of wooded land, and it is estimated that the trees will absorb approximately 200 tons of carbon dioxide over the course of 40 years. The land adopted by Lite-On is located in reforestation area 98-6, stand 10, Chingshuikou District, National Taiwan University Experiment Forest. This land is in urgent need of water and soil conservation measures; the seedlings planted there include such rare native species as Griffith ash, Red Nanmu, Formosana michelia, and Soapberry.
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.			A Tree for Me, A Forest for Thee: Lite-On tree-planting activity Lite-On Group Chairman Raymond Soong called on all employees in Taiwan to do their part for conservation by planting trees. This activity has adopted 3.6 hectares of wooded land, and it is estimated that the trees will absorb approximately 200 tons of carbon dioxide over the course of 40 years. The land adopted by Lite-On is located in reforestation area 98-6, stand 10, Chingshuikou District, National Taiwan University Experiment Forest. This land is in urgent need of water and soil conservation measures; the seedlings planted there include such rare native species as Griffith ash, Red Nanmu, Formosana michelia, and Soapberry.
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.			No effect
	EN16	Total direct and indirect greenhouse gas emissions by weight.	3.4.7 Greenhouse Gas Inventory	47	
	EN17	Other relevant indirect greenhouse gas emissions by weight.	3.4.7 Greenhouse Gas Inventory	47	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	3.1.1 Energy Saving Goals and Results 3.4.7 Greenhouse Gas Inventory	32 47	
	EN19	Emissions of ozone-depleting substances by weight.			Lite-On Technology does not use any substances detrimental to the ozone layer in its production processes.
	EN20	NOx, SOx, and other significant air emissions by type and weight.			The process emissions at Lite-On's factories generally consist entirely of waste heat and solder furnace fumes.
	EN21	Total water discharge by quality and destination.	3.4.8 Water Resource Saving	49	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN22	Total weight of waste by type and disposal method.	3.4.5 Waste Management and Recycling Reuse	43	
	EN23	Total number and volume of significant spills.			There have been no major leaks.
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			The clearance and disposal of hazardous waste is uniformly carried out in accordance with relevant environmental protection laws and regulations.
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			After treatment, Lite-On's wastewater is uniformly discharged to the industrial park's sewers or is treated using the company's own sewage treatment equipment. All effluent meets legal requirements and has no significant impact on the ecological environment.
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	3.2 Green Product Design	34	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.			Due to the characteristics of its industry, Lite-On currently does not recycle packing boxes.
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.			In 2009, the company did not suffer any penalties due to violation of environmental protection laws or regulations.
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	3.4.9 Green Logistics	50	
	EN30	Total environmental protection expenditures and investments by type.	3.4.1 Adoption and Deployment of Management Tools	38	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	Management Approach	Management Approach	4.1 Lite-On and Its Employees 4.1.2 Training and Human Resources Development 4.1.3 Compensation and Benefits 4.1.4 Employees Relations 4.1.5 Lohas at Lite-On	63 67 71 72 74	
	LA1	Total workforce by employment type, employment contract, and region.	4.1.1 Employee Profile	63	
	LA2	Total number and rate of employee turnover by age group, gender, and region.	4.1.1 Employee Profile	63	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	4.1.3 Compensation and Benefits 4.1.5 Lohas at Lite-On	71 74	
	LA4	Percentage of employees covered by collective bargaining agreements.	4.1.4 Employees Relations	72	
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			Lite-On has completed notification procedures pursuant to laws and regulations.
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	4.1.5.4 Promoting Health and a Safe Workplace	75	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	4.1.5.4 Promoting health and a safe workplace Appendix: Cooperating with customers and NGO to encourage employees for health protection	75 77	
	LA10	Average hours of training per year per employee by employee category.	4.1.2 Training and Human Resources Development	67	
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.1.2 Training and Human Resources Development	67	
	LA12	Percentage of employees receiving regular performance and career development reviews.	4.1.2 Training and Human Resources Development	67	
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	4.1.1 Employee Profile	63	
	LA14	Ratio of basic salary of men to women by employee category.	4.1.3 Compensation and Benefits	71	



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Human Rights	Management Approach	Management Approach	4.1.1 Employee Profile	63	
	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.			Lite-On is an EICC member, upholds the relevant electronic industry code of conduct, and has incorporated the EICC spirit in corporate social and environmental responsibility guidelines. Our pledge to uphold these guidelines encompasses all matters such as trade, investment, contracting, supply, business development, and all other undertakings and employee relations. There were no major investment cases in 2009.
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	3.7 Supply Chain Management	59	
	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.	4.1.2 Training and Human Resources Development	67	
	HR4	Total number of incidents of discrimination and actions taken.	4.1.4 Employees Relations	72	
	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	4.1.5 Lohas at Lite-On	74	
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	4.1.1 Employee Profile	63	
	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	4.1.1 Employee Profile	63	
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			We pledge that when personnel are external contractors, we ensure that the management and training of such personnel uniformly comply with EICC standards when we perform evaluation and selection; because of this, we have achieved a 100% rating in terms of human rights within our corporate organization.



GRI Indicators			Related Report Sections	Page(s)	Explanatory Notes
Human Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.			part from clearly specifying safeguards of employee rights and interests in employment contracts, we have also announced numerous guidelines and regulations to protect employees' rights. We have further established the "Call Me David" CEO mailbox and employee complaint and sexual harassment hotlines and e-mail addresses, ensuring that all employees can submit their views or recommendations at any time, and can also obtain immediate feedback. There were no cases of infringement of employees' rights in 2009
	Management Approach	Society Performance	4.2 Lite-On's Social Involvement Vision 2.2.4 Anti-Corruption	79 25	
Society	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	3.5 Green Factory	51	
	SO2	Percentage and total number of business units analyzed for risks related to corruption.			here is currently no substantive statistical information; we plan to disclose this in future reports.
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	2.2.4 Anti-Corruption	25	
	SO4	Actions taken in response to incidents of corruption.	2.2.4 Anti-Corruption	25	
	SO5	Public policy positions and participation in public policy development and lobbying.			Lite-On is concerned about public policy, and has long maintained a neutral standpoint.
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.			Lite-On Technology does not give political donations.
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			In 2009, we have not been involved in any anti-competitive behavior, and have not had any anti-monopoly or anti-monopolistic behavior lawsuits.
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			In 2009, we did not suffer any fines due to violation of laws or regulations.



GRI Indicators		Related Report Sections	Page(s)	Explanatory Notes
Product Responsibility	Management Approach	3.6 Customer Service and Satisfaction	54	
	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	34	
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		In 2009, we did not violate any product or service health or safety laws or regulations.
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Our products are uniformly provided on the basis of customers' specifications, and comply with the local country's product marking laws and regulations, for instance, CE, RoHS, Energy Saving, UL, etc.
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		In 2009, we did not violate any product or service information- or marking-related laws or regulations.
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	54	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	54	
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		In 2009, we did not violate any marketing laws or regulations.
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	54	
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		In 2009, we did not suffer any fines due to violation of laws or regulations.



Third Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE LITE-ON TECHNOLOGY CORP.'s CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2009

NATURE AND SCOPE THE ASSURANCE/VERIFICATION

SGS Taiwan was commissioned by LITE-ON TECHNOLOGY CORP. to conduct an independent assurance of the Corporate Social Responsibility Report of 2009. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in factories in Taiwan, China and Thailand of this report.

The information in the Corporate Social Responsibility Report of 2009 of LITE-ON TECHNOLOGY CORP. and its presentation are the responsibility of the superintendent, vice superintendents, CSR committee and the management of LITE-ON TECHNOLOGY CORP. SGS Taiwan has not been involved in the preparation of any of the material included in the Corporate Social Responsibility Report of 2009.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all LITE-ON TECHNOLOGY CORP.'s stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines (2006) and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organisation.

This report has been assured at Global Reporting Initiative G3 Application level A* of scrutiny using our protocols for:

- evaluation of content veracity; and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (2006).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at headquarter of LITE-ON TECHNOLOGY CORP. in Taipei City, Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Taiwan affirms our independence from LITE-ON TECHNOLOGY CORP., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this

assignment, and comprised auditors registered with QMS, EMS, SMS, GPMS, SA 8000, GHG Verification Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within Corporate Social Responsibility Report of 2009 verified is accurate, reliable and provides a fair and balanced representation of LITE-ON TECHNOLOGY CORP. sustainability activities in 01/01/2009 to 12/31/2009. Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance, and these are clearly marked throughout the text.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

The report is the first to be assured by an independent assurance team and LITE-ON TECHNOLOGY CORP. has taken a bold step by offering the report to evaluation against Global Reporting Initiative's G3 guidelines. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of Global Reporting Initiative G3 Application Level A*.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2006) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Principles, Standard Disclosures and Indicators

The report, LITE-ON Corporate Sustainability Report 2009, is adequately line with the GRI Application level A+. Stakeholder identification and engagement, as well as material issue identification and response were responsibly implemented by LITE-ON in accordance with principles. However, principles of Timeliness, Clarity and Comparability may be further enhanced in the next report. The goals of each aspect for management approach and some performance indicators with explanation for omission of disclosure on this report need to be more clearly addressed in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.
Dennis Yang, Chief Operating Officer
27 September, 2010

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