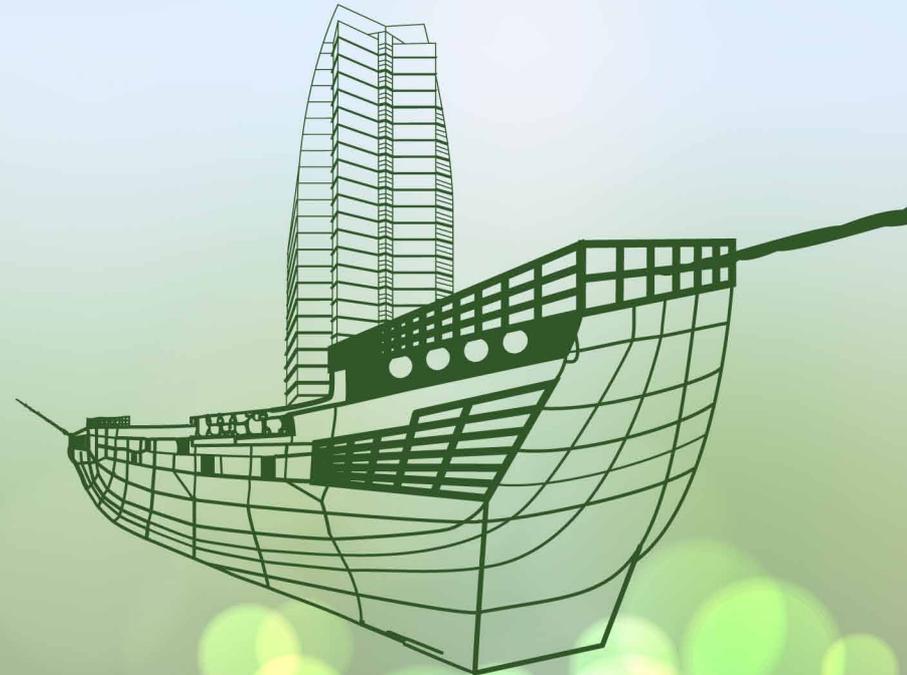
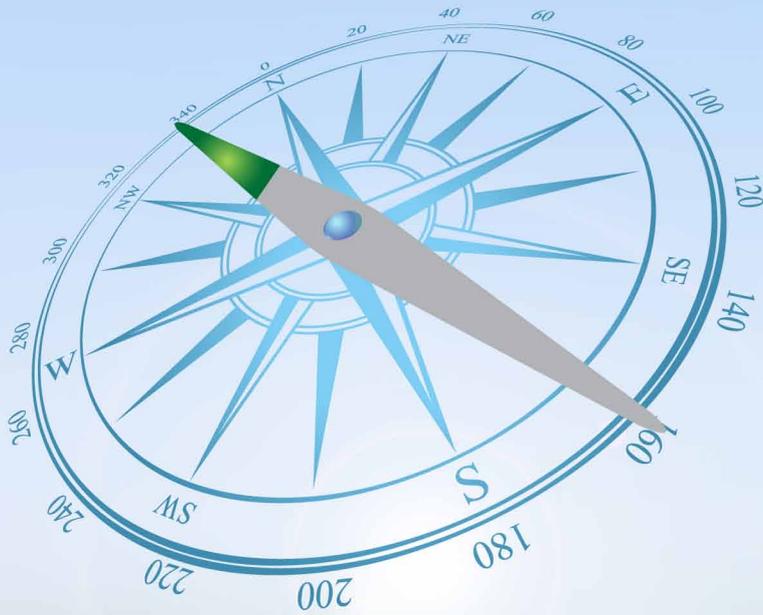


2010 Lite-On CSR Report





About This Report

This is the fifth year that 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 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 2010 to December 2010; the content of most indicators used herein encompasses Lite-On's Taiwan headquarters and business offices, and the production sites in China and Thailand. Any exceptions are specially noted in this report. The figures in financial statements referred to in this report have been calculated in NT dollars, and environment, health and safety performance indicators are expressed in the generally-used information units. Any estimates or assumptions are noted in the respective sections. In comparison with the previous report, this report does not restate any statements or revisions in old reports.

Our eastern China operations center in the Wujin District of Changzhou, Jiangsu Province has started operating the new plant for LED and HIS (Human Input Solutions – PC keyboards and peripherals) in June 2010 and the new plant for network access products in September 2010, in order to continuously expand production capacities for those business units, while improving services by offering closer proximity to Lite-On's global customers in East China. Meanwhile, in order to boost the productivity, and concentrate operations centers in China effectively, Lite-On terminated the plant dedicated to power supply products in Wujiang and the LED plant in Wuxi, and moved the production lines to the Changzhou plants. The imaging product production line initially situated within Shie Keng Huei Huang Industrial Park, Qingxi Township, Dongguan City was also moved to the Guangzhou plant.

Report Outline

The framework of this report is based on the third-generation reporting guidelines of the Global Reporting Initiative (GRI). This 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 G3A+**.

Report Verification

SGS 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 July 2011

Next edition: Expected to be issued in July 2012

(Previous edition: September 2010)

Contact Information

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

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2010 Highlights

Implementation of Corporate Social Responsibility

- Lite-On won Global Views Monthly's Five Stars Award of Social Responsibility Award (in the A section for listed tech firms) in 2010.
- Lite-On has won the "Corporate Citizenship Award" for the fourth year.
- In 2010, there was a total of 16,665 persons (exclusive of those for orientation training) attending EICC-related advanced training in China.
- Lite-On led the establishment of "Taiwan Corporate International Sustainability Coalition" to promote the DJSI guidance and supply chain green house gas management to help more Taiwanese enterprises participate in the International Sustainability.



5 stars
★ ★ ★ ★ ★

Corporate Governance

A grade

- Lite-On has been ranked a grade of A in the Institute of Securities & Futures Markets Development's 7th Information Disclosure Assessment.

Environmental Protection

- In 2010, greenhouse gas emissions density reduced by 8.4% compared with 2009, and by 12.2% compared with 2008 (the record year).
- In 2010, total power consumption density reduced by 6.1% compared with 2009, and by 3.5% compared with 2008 (the record year).
- In 2010, total water consumption density reduced by 13.6% compared with 2009, and by 21.2% compared with 2008 (the record year).
- Lite-On led the industry in completing the first Optoelectronic Semiconductor Product Category Rule applicable globally and found a new milestone for the global optoelectronic semiconductor assembly and testing industry to implement the "Product Carbon Footprint Declaration" and "Environmental Product Declarations".
- Lite-On announced Worldwide First Optoelectronic Semiconductor Product Carbon Footprint Declaration and Environmental Product Declaration Type III which can be applied by customers to meet consumer demand for environmental labels and carbon footprint disclosure, as well as being used as a base for improving the environmental impact of Lite-On's optoelectronics (LED) products.

worldwide First



2010 Highlights

Response to Needs of Society

- It has been the 10th term in 2010 since Lite-On organized the “Lite-On Awards” annually. The number of entries made the all-time record, totaling 2,538 pieces, and found the most important milestone for one decade. President Ma Ying-Jeou, who has spared no efforts to boost the cultural and creative industries since his inauguration, also attended the awarding ceremony personally to deliver a speech and to take the initiative to honor the Lite-On Awards and the Company’s on-going devotion and training of Chinese innovative design talents in the world over the years.
- The Taipei Xinyi Community University operated by Lite-On Culture Foundation primarily engaged in “Boosting Safe and Healthy Community District Office and Learning Platform”, and worked with Xinyi District Health Service Center to apply for and acquire the WTO International safe community certification in 2010.
- The volunteer service teams of Taipei Municipal JieShou Junior High School and Taipei Municipal Zhishan Elementary School trained by Lite-On Cultural Foundation have been honored by the “Outstanding Volunteer Citation Awards” of 14th Term of Taipei City Government, respectively.
- Chairman of Lite-On Group, Raymond Soong, donated funds to build the “NCTU Lite-On Hall” to connect with the international trend and construct a Harvard forum to train high-rank elites under academic and industrial cooperation.

the **10th** term

Corporate Management

- Lite-On Tech reported 2010 annual consolidated sales of NT\$123.5 billion, with EPS of NT\$4.05, both up about 30% Y-o-Y, hitting record yearly highs.
- Lite-On successfully installed the Fritz Walter World Cup Football Stadium roof-top solar project, the world-wide largest energy production of football stadium roof-top solar power plant.
- Lite-On successfully built a power system for the first high-power commercial sightseeing solar-electric boat launched in Asia.

EPS4.05





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Letter from the Chairman and Group CEO

Dear Stakeholders:

As the global leading optoelectronic components supplier, Lite-On Technology Corporation has founded Lite-On Cultural Foundation dedicated to public interest activities before 18 years when CSR has not become the global mainstream ideology. Nowadays, CSR is considered as the pass permit required by global corporate layout. Lite-On always believes in “what is taken from the society is used in the interests of society” and takes the initiative in multiple action plans, leads the trend and insists on contribution to our society and the Earth. In 2010, Lite-On not only made the all-time record for operating revenue and earnings, but also won the honors and recognition from fair entities in various professional areas and the social public.

Lite-On Cultural Foundation also worked hard to perform its social involvement vision. The “volunteer service team” subordinated to it is the only volunteer service team operated by the corporate foundation throughout the nation, which won the “National Civic Service Award” in 2009. Meanwhile, the volunteer service teams of Taipei Municipal JieShou Junior High School and Taipei Municipal Zhishan Elementary School trained by Lite-On Cultural Foundation have been honored by the “Outstanding Volunteer Citation Awards” of 14th Term of Taipei City Government, respectively, in 2010. The Taipei Xinyi Community University operated by Lite-On Culture Foundation primarily engaged in “Boosting Safe and Healthy Community District Office and Learning Platform”, and worked with Xinyi District Health Service Center to apply for and acquire the

WTO International safe community certification in 2010.

Lite-On always spares no effort to train domestic talents. The “NCTU Lite-On Hall” donated by Lite-On was officially opened in February 2010, dedicated to boosting the training of first-class cross-strait technology talents. 2010 is the 10th term since Lite-On organized the “Lite-On Awards” annually. The number of entries made the all-time record, totaling 2,538 pieces in 2010 and thus found the most important milestone for one decade. President Ma Ying-Jeou, who is used to encouraging the cultural and creative industries, also attended the awarding ceremony personally to deliver a speech and to take the initiative to honor Lite-On’s on-going devotion and training of Chinese innovative design talents in the world over the years.

In addition to the social involvement, Lite-On also performed its corporate social responsibility actively towards economy and environmental protection, and strictly followed the Electronic Industry Code of Conduct(EICC) set by EICC (Electronic Industry Citizenship Coalition), and has comprehensively built up the EICC management system and spared no efforts to employees care. In 2010, there was a total of 16,665 persons (exclusive of those for orientation training) attending EICC-related advanced training in China, and Lite-On achieved the objective for connection with international rules and learning from the benchmark enterprises in the global green supply chain. Meanwhile, as one of the founders of “Taiwan Corporate Sustainability Forum”, Lite-On led the



establishment of “Taiwan Corporate International Sustainability Coalition” to promote the DJSI guidance and supply chain green house gas management to help more Taiwanese enterprises participate in the International Sustainability, thereby performing its corporate social responsibility and also upgrading its industrial competitiveness.

For the time being, the whole world is making the self-examination about the endless waste caused by human beings to the environment at the same time when the technology brings out convenient life. Lite-On is used to playing a key role in the electronic industry supply chain and thinking from green technology development. The eastern China operations center in the Wujin District of Changzhou, Jiangsu Province, which was officially operated since September 2009, is an important green energy base where green energy products, production line design and green building facilities at factory premises are planned primarily for the purpose of supplying high-efficient new energy and new light source products, and saving energy and reducing carbon emissions. In 2010, Lite-On led the industry in completing the first “Optoelectronic Semiconductor Product Category Rule” applicable globally and found a new milestone for the global optoelectronic semiconductor assembly and testing industry to implement the “Product Carbon Footprint Declaration” and “Environmental Product Declarations”. Later, Lite-On announced worldwide first Optoelectronic Semiconductor Product Carbon Footprint Declaration and Environmental Product

Declaration Type III which can be applied by customers to meet consumer demand for environmental labels and carbon footprint disclosure, as well as being used as a base for improving the environmental impact of Lite-On’s optoelectronics (LED) products. Additionally, as to the upgrading of energy-saving and carbon emissions reduction efficiency, in 2010, Lite-On’s total greenhouse gas emissions density reduced by 8.4% compared with 2009, and by 12.2% compared with 2008 (the record year), and total power consumption density reduced by 6.1% compared with 2009, and by 3.5% compared with 2008 (the record year). Meanwhile, Lite-On’s total water consumption density reduced by 13.6% compared with 2009, and by 21.2% compared with 2008 (the record year), in order to fulfill the belief in environmental protection of the Earth.

In recent years, the global warming and extreme weather changes have resulted in frequent natural disasters throughout the world. The Executive Yuan defined 2010 as the Energy-Saving and Carbon Emission Reduction Year and also set up 10 benchmark programs, including those for boosting recycled energy and green factory facilities, to invite enterprises to work together to initiate Taiwan’s green economic development. As we know, to mitigate the climate changes, it is necessary to draft long-term planning and preparation, as it is impossible to reach the goal in one step. Notwithstanding, it is an issue which everyone living on the Earth needs to reflect on thoroughly. As far as an enterprise dedicated to performing its corporate social responsibility is concerned, creation



of a chance for a win-win situation of environmental protection and economic development shall be held for not only an enterprise's commitment to the global warming issue but also a new orientation toward enhance of economic competitiveness. In recent years, at the same time when pursuing the enterprise's growth, Lite-On started to create its new competitiveness from green thinking, launched into such green energy industries as new energy, new sources of light and new power energy, and focused on the four major areas of energy creation, energy conversion, energy storage and energy saving, and also planned future operating directions and strategies in these areas to express our love for the Earth. For example, Lite-On successfully built a power system for the first high-power commercial sightseeing solar-electric boat launched in Asia, and installed the Fritz Walter World Cup Football Stadium Solar Roof Project of the largest energy production of football stadium roof-top solar power plant was officially opened in September 2010. Meanwhile, the innovative and unique thin-film solar cell integrated greenhouses developed by Lite-On are also expected to yield positive and outstanding results in Europe and Asia markets.

The efforts spent by Lite-On in promoting the corporate social liability have been honored and recognized by multiple sectors. It not only won the Commonwealth Magazine's "Corporate Citizenship Award" for four consecutive years but also was awarded 2nd place in the "Most Admired Companies" (in the electronic industry) by

Commonwealth Magazine. In 2010, Lite-On also won Global Views Monthly's Five Stars Award of Social Responsibility Award (in the A section for listed tech firms). Lite-On appears to come out on top in terms of "corporate governance" and "environment" aspects, which is one of the few listed companies which made progress under the circumstance that the contemporary CSR evaluation standards were raised. For Corporate Governance, Lite-On has been ranked a grade of A in the Institute of Securities & Futures Markets Development's Information Disclosure Assessment.

As we know, any enterprise may have room for improvement with regard to many aspects of CSR. Therefore, we will urge ourselves to carry out the important social responsibility and lead the enterprise toward the green ocean, for a better tomorrow and love for the Earth. Looking into the future, Lite-On will adhere to its original intention and the principle for "remembering where our happiness comes from", continue carrying out its social involvement, train creative talents, transform the corporate social responsibility into Lite-On folks' DNA to urge them to perform their responsibility as citizens in society, and have all of the Lite-On folks exert their influence to communicate being "true, good and beautiful" to every corner of our society.

Chairman of Lite-On Group

CEO of Lite-On Group



A tall, white, cylindrical lighthouse stands on a grassy cliff overlooking the ocean. The lighthouse has a glass-enclosed lantern room at the top. At its base is a small, white, single-story building with a gabled roof. The ocean is visible in the background with waves breaking on the shore. The sky is a clear, bright blue.

Chapter 1 Corporate Commitment and Stakeholders Engagement

1.1

Corporate Commitment and CSR Vision

Lite-On creates its “sustainable development” by following the principles of “customer satisfaction”, “excellence in execution”, “innovation” and “integrity”, and insists on playing the role of global corporate citizen and promoting its corporate social responsibility with due diligence to create constant growth driving forces and valuable competitiveness, at the same time when it pursues operating revenue and earning.

Under the hands-on leadership of Lite-On Group Chairman, Raymond Soong, and the first-line managers, we have established the Lite-On Corporate Social Environment Responsibility (CSER) Committee and also designated dedicated personnel. We trained functional CSR expert team to internalize CSR as part of the Lite-On Group’s “valuable competitiveness” and “enterprise culture”. Meanwhile, with the intention of coping with the international trend and becoming an exemplary international corporate citizenship, Lite-On has established the “Taiwan Corporate International Sustainability Coalition (TCISC)” since 2010 which effectively enhanced the industrial coalition through its “DJSI Workgroup” and heavily promoted the implementation of Social Responsibility Investment (SRI). Moreover, the TCISC has upgraded Taiwan’s international competitiveness, and integrated the green gas SOPs through its “Supply Chain Greenhouse Gas Management Workgroup”, reducing the overall industrial cost, and optimizing Taiwan’s overall industrial competitiveness on carbon asset management.

As an ethical and responsible enterprise, Lite-On is working hard to become a model of world-class excellence. We firmly believe that being responsible to our shareholders and environment

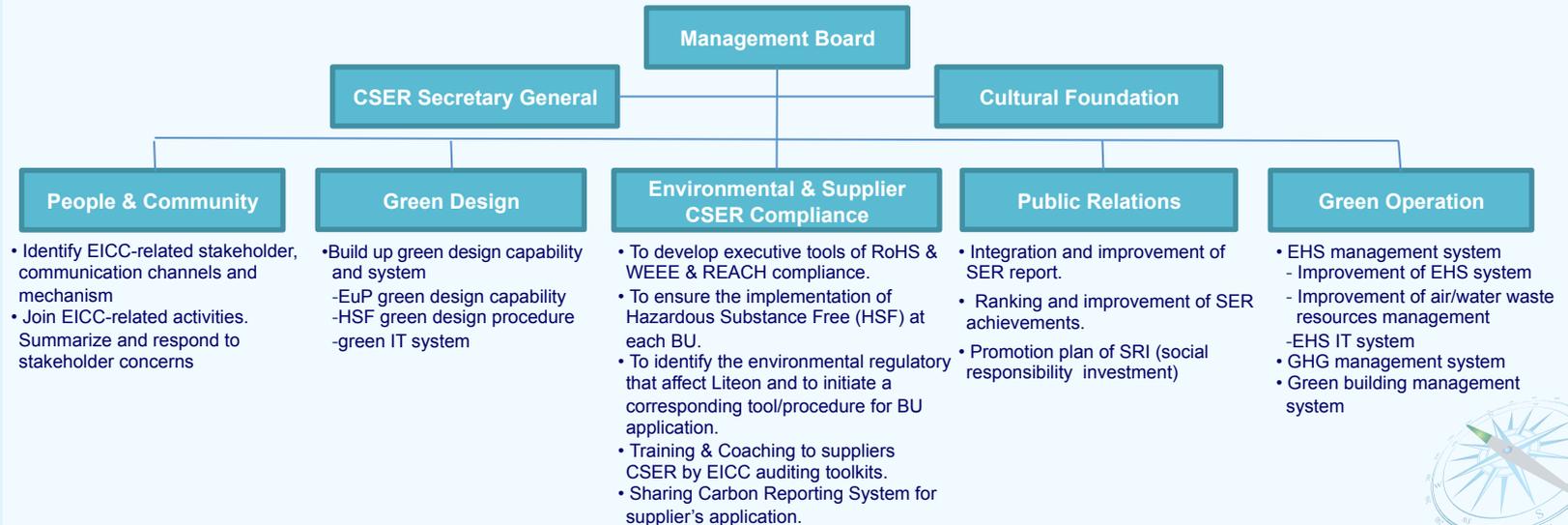
will consequently enhance our long-term business growth and earnings. With the achievement of the growth and earnings, Lite-On will continue adhering to the principle for feedback to the society and promoting the CSER, to maintain the Company’s sustainability. To ensure that the Company and all employees actively implement environmental protection and CSER, we have established a CSER Code of Conduct based on SA8000 (Social Accountability 8000) and EICC (Electronic Industry Code of Conduct), which is applicable to all subsidiaries of the Lite-On Group (taking Lite-On Technology as the chief stockholder and participant in actual operations). The categories of our CSER Code of Conduct comprised all relevant matters, including trade, investment, contracting, supply, sales development, and all other matters and employment relationship. The contents of the CSER Code of Conduct summarize our pledges concerning all CSER issues, including business ethics, labor relations, environmental protection, health and safety, management systems, corporate governance, and community participation. Meanwhile, our commitments will be certified by a third party institution. Please refer to Lite-On official website (<http://www.liteon.com/Page.aspx?id=c50922db-7d72-4124-ad1a-29011f12a5ae>) for further information about the CSER Code of Conduct.



1.1.1 Lite-On CSER Committee

Lite-On CSER Committee was established for the purpose of realizing Lite-On's commitments to the society, including commitments regarding labor-management relations, employee care, corporate governance, environmental protection, and the public interest. The CSER Committee places particular emphasis on compliance with the government laws and regulations, protection of employees' right to work, improvement of occupational health and safety, reduction of environmental hazards, assumption of social and environmental responsibilities, and fulfillment of customers' requirements.

Lite-On CSER Committee is the Group's supreme advising unit. It is chaired by Chairman Raymond Soong, and consists of the Lite-On Group's executive managers as the Committee members. The Committee is responsible for determining annual CSR economic, environmental and social involvement goals, regularly supervising implementation, and directing fulfillment of Lite-On's short, mid and long-term goals and visions.



1.2

Identification of Stakeholders

1.2.1 Materiality Analysis Process

Since 2010, Lite-On has introduced the materiality analysis into its corporate sustainability reporting, in the hopes of identifying the sustainability issues concerned and interested by stakeholders as the reference basis for disclosure in the reporting by virtue of the systematic analysis model to help effective communications with various stakeholders. Lite-On's materiality analysis model, primarily developed and constructed by Dr. Hsu Chia-Wei, environment management department of Tunghan University of Technology, is mainly categorized into five major steps:

Step 1: Establishment of communication goals

Lite-On holds the CSR Report as one sustainability management strategy. Therefore, it will set the company's annual communication goals, in the hopes of achieving the strategic communication goals through disclosure in the CSR Report. Therefore, the internal CSER team members brainstormed to identify 7 communication goals in 2011.

- Improvement of Lite-On's energy saving, CO₂ emission reduction, and environmental protection performance and result.
- Improvement of Lite-On's risk management capability.
- 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.
- Enhancement of interaction and communication with the media and investment institutions.

- Enhancement of interaction and communication with non-profit-making organizations.

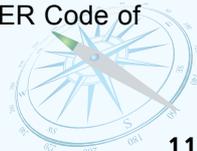
Step 2: Identification of stakeholders

In accordance with communication goals, Lite-On has identified 7 major stakeholders to communicate, which include employee, customer, the community, investor (shareholder), supplier, non-profit organization, and the media.

Step 3: Collection of sustainability issues

Lite-On relies on the process of discussion with stakeholders to collect and identify issues. The sources of issues include external and internal factors specified 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: Company's vision, Lite-On's CSER Code of Conduct, and contents of sustainability reports.



1.2

Step 4: Materiality issues analysis

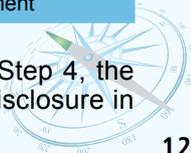
In order to identify the materiality issues concerned by stakeholders, we adopted a risk-oriented materiality analysis model. If the information disclosed in the CSR Report does not meet the stakeholders' requirement, the communication will be defined as invalid. Therefore, for the materiality issues analysis, we adopted Failure Mode & Effect Analysis (FMEA), and identified three major assessment standards from the degree of occurrence, detection and severity, namely, "scope of stakeholders connected with communication issues", "level of stakeholders' concern about the issues", and "degree of influence to be produced by the issues on achievement of strategic communication goals".

In 2011, Lite-On integrated an Analytic Network Process (ANP) to decide the weighting of each assessment standard according to the analysis result conducted from the questionnaire distributed to various stakeholders subject to the level of concern about the issues.. Finally, the score assigned to each issue under said assessment standards multiplies by the respective weighting, and results in the Risk Priority Numbers (RPN) for each issue, to define the priority of disclosure.

Stakeholder	Rank of issues concerned				
	1	2	3	4	5
Employee (Labor Union)	Recruitment and retention	Employee welfare	Innovative management	Training and education	Labor-management relationship
Investor (Shareholder)	Financial performance	Corporate governance	Innovative management	Customer relationship management	Supply chain management
Customer	Supply Chain Management	Green product management	Customer relationship management	Innovative management	Environmental policy/management system
Supplier	Hazardous substance management	Green product management	Environmental performance	Water resources management	Carbon management
Media	Financial performance	Corporate governance	Innovative management	Supply chain management	Carbon management
NPO (incl. NGO)	Hazardous substance management	Water resources management	Carbon management	Green product management	Environmental performance
Community	Carbon management	Green product management	Environmental policy/management system	Human right	Hazardous substance management

Step 5: Review and discussion of analysis results

After determining the importance of disclosure of each concern based on the ranking of materiality analysis issues in Step 4, the analysis results should be discussed and confirmed by the internal CSER team, and serve as the basis of information disclosure in the CSR Report.



1.2

1.2.2 Communication Mechanism

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

Stakeholders	Issues concerned	Communication Platform
Employee (Labor Union)	<ol style="list-style-type: none"> 1. Recruitment and retention 2. Employee welfare 3. Innovative management 	<ol style="list-style-type: none"> 1. Labor-management meeting will be held twice a year at the Chong-ho factory of Taiwan. 2. Two communication symposiums for “Date with the Chairman” will be held in Taiwan per year. 3. “Call Me David” mailbox and Myliteon mailbox are installed in Taiwan to collect views and comments from employees. 4. We have established an employee relationship functional unit within the human resources organization. We hope maintain positive and interactive relationships with our employees; more importantly, we are striving to enhance employee communication mechanism..
Investor (shareholder)	<ol style="list-style-type: none"> 1. Financial performance 2. Corporate governance 3. Innovative management 	<ol style="list-style-type: none"> 1. Call the shareholder’s meeting in the middle of each year, and communicate the complete financial information and the Company’s development orientation to all shareholders honestly. 2. Communications relating to financial information and development directions to institutional shareholders by attending non-deal road shows held by major securities institutions, one-on-one institutional investor meetings, daily phone conference, and quarterly on line shareholders meeting. 3. The investor relations office is established to maintain positive and long-term interaction with investors.



1.2

Stakeholders	Issues concerned	Communication Platform
Customer	<ol style="list-style-type: none"> 1. Supply chain management 2. Green product management 3. Customer relationship management 	<ol style="list-style-type: none"> 1. We employ the E-TASC (Electronics-Tool for Accountable Supply Chains) platform to disclose our EICC self-assessment status to customers. 2. We hold quarterly and annual customer conferences to inform customers of our corporate development blueprint, new product R&D progress, and reliability and delivery time. 3. We work with our customers to organize numerous CSER activities in order to strengthen interactivity and communication..
Supplier	<ol style="list-style-type: none"> 1. Hazardous substance management 2. Green product management 3. Environmental 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 take the chance 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 emission checks and reductions irregularly.
Media	<ol style="list-style-type: none"> 1. Financial performance 2. Corporate governance 3. Innovative management 	<p>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.</p>



1.2

Stakeholders	Issues concerned	Communication Platform
NPO (including NGO)	<ol style="list-style-type: none"> 1. Hazardous substance management 2. Water resources management 3. Carbon management 	<ol style="list-style-type: none"> 1. We were enrolled into EICC as a member in 2010, and engaged in interacting the other members voluntarily to work together to boost implementation of the Electronic Industry Code of Conduct (EICC). 2. We actively participate in regular or special conferences held by industry groups including Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association, and Taiwan Optoelectronic Semiconductor Industry Association and thereby establish the intensive communication mechanism with other industry members. 3. 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 development directions. This positive interactive model provides a non-systematized mechanism for communication with experts and researchers.
Community	<ol style="list-style-type: none"> 1. Carbon management 2. Green product management 3. 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 trained 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 a non-systematic social communication mechanism. 2. Our official website contains links to CSR Report, detailed greenhouse gas reports and description of our environment management policy and objectives to disclose the environment management information to the community residents for reference.



Chapter 2 Development of
Corporate Operations

2.1

Company Overview

Lite-On Technology was founded in 1975, and was Taiwan's first LED product manufacturer. Since it was incorporated, it has established many firsts among companies in Taiwan. Lite-On became Taiwan's first listed electronic company when it was listed on the stock market in 1983. The stock code 2301 symbolizes the Company's entrepreneurial spirit of being "the first". In 2002, the four listed companies including Lite-On Electronics, Lite-On Technology, Silitek and GVC were consolidated as 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 supply, imaging and optoelectronics products. Lite-On products are extensively applied to such 4C fields as computer, communication, consumer electronics and car electronics, et al.. The products provided by Lite-On, including power supply, LED and camera module products, are all among the top in the world.

In September 2009, Lite-On Technology formally established the Eastern China Operations Center in Wujin, Changzhou, Jiangsu Province, which also serves as the Company's important green energy base where green energy products, production line design and green building facilities at factory premises are planned primarily for the purpose of supplying high-efficient new energy and new light source products, and saving energy and reducing carbon emissions. The establishment of Eastern China Operations Center will greatly improve Lite-On's global supply

chain resources management and efficiency.

While taking into consideration the environmental needs and future industrial development trends, Lite-On Group has taken advantage of its information & communications technology strengths in recent years to expand into the new energy industry, and the efficiency of new energy supply chains has gradually been realized in various industries including solar power for energy creation products, power inverters for energy conversion products, new LED lighting resources and high-efficient power supplies that are 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.

Name: Lite-On Technology Corporation

Incorporated: 1975

Headquarters: Taipei, Taiwan

Operating revenue: NT\$123.46 billion (Consolidated operating revenue of Lite-On Technology excluding affiliates)

EPS: NT\$4.05

Employees: 42,468 persons (number of employees of the Lite-On Technology domestically and overseas)

Stock code: 2301



2.1



Lite-On Technology's Major Operations Centers Worldwide 2010



2.1

2.1.1 Financial Performance

Despite the rise of material and labor costs coupled with NT appreciation in 2010 and given the changeable global economic environment, Lite-On continued its remarkable growth in both sales and profits. Lite-On Tech reported consolidated sales of NT\$123.5billion, with net profit after-tax of NT\$8.99 billion and EPS of NT\$4.05, up 27% Y-o-Y, hitting profit record yearly highs.

Unit: NT\$1 million

	2010	2009	2008
Operating revenue	123,457	97,230	142,065
Gross profit ratio	13.0%	14.0%	11.0%
Operating expenses	7.1%	7.7%	7.0%
Operating profit ratio	5.9%	6.3%	4.0%
Income tax expenses	1,245	991	655
EPS	NT\$4.05	NT\$3.20	NT\$2.01

Note:

- The figure shows Lite-On Technology's world wide market consolidated operating revenue.
- Compared with 2008, the total operating revenue declined in 2009 as a result of the sale of our digital display business unit to Wistron in August 2008, and the conservative end market demand in the first half of 2009 caused by the global financial crisis.



2.1

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	
China Solid State Lighting Alliance	Climate Savers Computing Initiative
Digital Living Network Alliance (DLNA)	The International Commission on Illumination
Member of UPnP Forum	Member of Wi-Fi Alliance
Photonics Industry and Technology Development Association	RENSSELAER POLYTECHNIC INSTITUTE
Sinocon Industrial Standards Foundation	Taipei Computer Association
Taipei Neihu Technology Park Development Association	Taiwan Corporate Sustainability Forum
Taiwan Electrical and Electronic Manufacturers' Association	Taiwan Semiconductor Industry Association
Taiwan Optoelectronic Semiconductor Industry Association, TOSIA	Taiwan Thermal Management Association
Zhaga Consortium	



2.1

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**

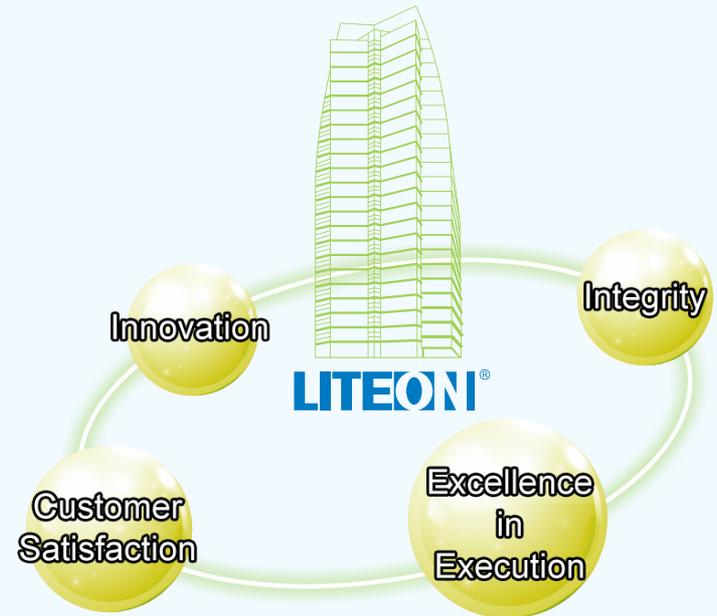
First movers in the market always capture the value of future trends. Formulate strategies accordingly and execute effectively in advance of competitors.

- **Innovation**

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

- **Integrity**

Trust from shareholders, customers, employees and suppliers

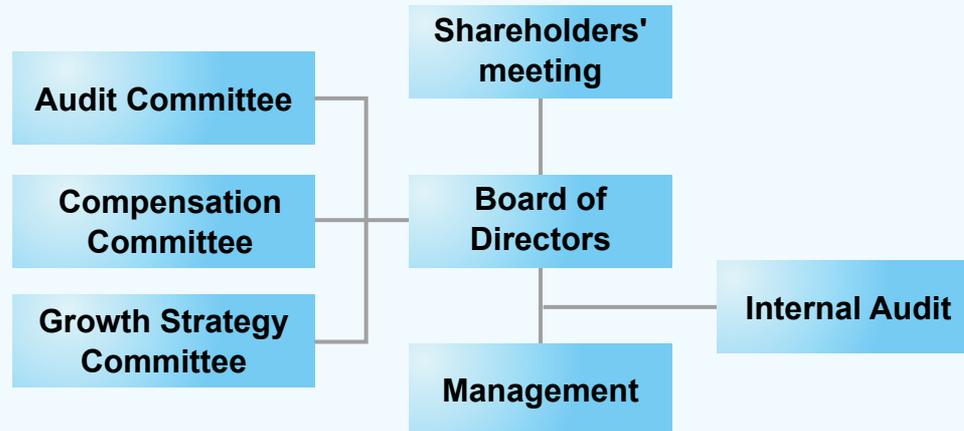


2.2

Corporate Governance

Lite-On values the transparency of operation and corporate governance. We have defined the corporate governance framework and practices in accordance with the ROC Company Act, Securities and Exchange Act, and other relevant laws and regulations, in order to continue improving our management performance and protecting the interests and rights of investors and other stakeholders.

The specific corporate governance actions taken by Lite-On included establishment of independent directors and such functional committees as “Audit Committee”, “Compensation Committee” and “Growth Strategy Committee”. We emphasize that information disclosure shall comply with the principles of completeness, timeliness, fairness and transparency. In addition to disclosing the relevant financial information, financial statements, annual statements and important messages on the Taiwan Stock Exchange’s Market Observation Post System, we also make the relevant information available to domestic and foreign investors for reference on our corporate website (www.liteon.com). We will continue to pursue good corporate governance and transparency, timeliness and fairness of financial information disclosure. In 2010, we have been ranked a grade of A in the Institute of Securities & Futures Markets Development’s Information Disclosure Assessment.



2.2

The various functional committees operate in accordance with the “Parliamentary Regulations for Board Meetings”, “Organizational Chart for Audit Committee”, “Organization Chart for Compensation Committee”, and “Organizational Chart for Growth Strategy Committee”. The committees' functions and operations are specified as follows:

2.2.1 Board of Directors Responsibilities

The Board of Directors consists of 11 directors. All of the directors are selected by shareholders' voting. Six of the directors represent institutional investors, namely, Lite-On Capital, Dorcas Investment Co., Ltd., Da-Song Investment and Yuan Pao Development. The Board's responsibilities include supervising, appointing and directing the corporate management, and the Board is also responsible for the Company's overall operations and dedicated to maximizing the stockholders' equity.



Board of Directors	
Chairman	Raymond Soong
Vice Chairman	David Lin
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



2.2

2.2.2 Audit Committee Responsibilities

Audit Committee consists of all independent directors, namely three members. It is responsible for helping the Board of Directors review the Company's financial statements, internal control system, audit and accounting policies and procedures, important assets transactions, employment of CPA, and appointment and dismissal of executive officers dedicated to finance, accounting and internal audit, to ensure that the Company's operation complies with the relevant governmental laws and regulations.

2.2.3 Compensation Committee Responsibilities

In order to continue strengthening the corporate governance and adopt international standards, Lite-On Technology established the Compensation Committee in 2009. The Compensation Committee is authorized by the Board of Directors to supervise and review the Company's overall compensation policy and plan, and to make resolutions. We are the first one to establish the compensation committee amount domestic listed companies and possess the only one highly-authorized compensation committee system and, therefore, become a benchmark company with respect to corporate governance among domestic enterprises.

The Compensation Committee's supervision extends to the compensation of Chairman, all high-rank management and managerial staff, and employee incentive and bonus policies. The Compensation Committee consists of 7 members, including 3 independent directors, 1 director, Chairman, Group CEO, and Lite-On Technology CEO. Among them, only the three independent directors are entitled to make resolutions to

maintain the independence, professionalism and fairness of Compensation Committee and to avoid potential conflict of interest between the committee members and Company.

According to the "Organizational Chart for Compensation Committee" defined by the Company, the Compensation Committee shall call a meeting at least once every six months. In 2010, the Committee has called a total of two meetings. Compensation Committee's responsibilities:

1. In order to recruit, encourage and retain the professional human resources needed by the Company, the Committee shall review the Company's compensation policy and plan annually.
2. Under authorization from the Board of Directors, the Committee shall review and resolve the compensation of Chairman, presidents, vice presidents and CEO annually.
3. Under authorization from the Board of Directors, the Committee shall review and resolve the compensation of managerial staff submitted by CEO annually, including salary, bonus, employee bonus, employee stock option, and other incentives.

The Board members' background information, academic degree, concurrent posts assumed in any other companies and meeting attendance rate have been disclosed in the Company's annual report. The Company's annual report may also be accessed on the Taiwan Stock Exchange's Market Observation Post System (MOPS) and the Company's corporate website. In 2010, the Board of Directors called a total of 12 meetings, the Audit Committee called a total of 10 meetings and the Compensation Committee called a total of 2 meetings.

2.2

2.2.4 Growth Strategy Committee Responsibilities

In order to enhance and accelerate the growth policies of Lite-On Technology and Lite-On Group, the Growth Strategy Committee was established in 2010. The Committee is authorized by Board of Directors to direct and review the Company's and the Group's overall growth strategies, and to preview the Company's and the Group's important investment projects.

The Committee's direction and assistance extend to Lite-On Technology and its subsidiaries and business units designated by Lite-On Technology. The Committee consists of at least 5 directors from Lite-On. The convener is Vice Chairman, David Lin. The candidates for deputy convener and members shall be nominated by the Board of Directors. The Company may, if necessary, retain external advisors to provide the committee members with the comments needed by the members, but the external advisors may not participate in making resolutions.

The Committee shall call the committee meeting at least once every six months, and the meeting shall be attended by more than two-thirds of the committee members, and may make resolution upon agreement of a majority of the present members. The Committee will report any resolutions made at the meeting to the Board of Directors.

2.2.5 Anti-Corruption

Lite-On Technology undertakes that it will comply with the legal and ethical standards of the countries in which it carries out business to maintain its goodwill and engage in business activities. We will not permit any violations of the ethical or legal standards in the process of pursuing sales, profit or performance.

Meanwhile, we will also declare the operating procedures of our routine business activities that involve potential anti-corruption risk in a timely manner, in the hopes of preventing anti-corruption events from arising.

Based on the said considerations, in addition to the "Integrity", one of Lite-On's four major values, we also drafted "Ethical Code of Conduct for Employees" to help the employees deal with any special circumstances and problems that may occur in the course of their routine activities. Meanwhile, the Code is also included into the orientation training programs. In the future, we will plan the e-learning courses ensuring more effective promotion of the legal and ethical standards and maintenance of our goodwill and legal and ethical standards. The "Ethical Code of Conduct for Employees" contains the following ethical requirements:

1. Gifts and Hospitality:

1.1 The Company's employees shall not give or accept any gifts intended to improperly influence normal business or decisions. The Company's employees must immediately notify their supervisors, or return, any tangible gifts upon receipt of the same. Notwithstanding, this shall not apply, if the gift refers to a small gift usually exchanged in business conduct.

1.2 Customers and the Company's employees may engage in reasonable social activities within the course of the business contact insofar as such activities are clearly for business purposes and are held respectable. Notwithstanding, any excessively generous treatment shall be subject to supervisor's prior approval and reported to supervisor afterwards. While dining is a necessary accompaniment of meetings between the employees and suppliers or customers, treatment should be appropriate and emphasize reciprocity.

2.2

1.3 The Company's employees should avoid any improper conduct, and in no event should give or accept any kickbacks in any form. While engaged in private shopping, the Company's 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 the Company.

2. Principles governing on-the-job payments:

Any employees who discover an abnormality affecting the Company's assets or monies that may disrupt payments must immediately notify their supervisors. If the abnormalities involve a supplier, they shall notify the purchasing manager. No bribes of any kind may be given to any person. There are no exceptions to this requirement. The so-called bribes refer to payments given to certain persons to induce them to violate their employers' regulations or national laws.

2.1 Payments to suppliers: Payments may only be made for goods provided by the supplier confirmed by the Company's competent purchasing unit to comply with standards.

2.2 Payments to civil service personnel: Payments prohibited by laws of the country in question may not be paid to any government officials or personnel of the country. Legitimate payments given to government officials must comply with all procedures specifically required by the Company.

2.3 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.

2.4 Payments to customers: Payments may not be directly or

indirectly given to the employees of the Company's customers or future customers with the intent of inducing them to take improper actions.

2.5 Payments to other persons: Payments may be made to persons who are not civil servants or customers in accordance with the procedures prescribed by the Company if the payments are not for ordinary commercial purposes as defined by the laws of the country where the payments take place.

2.6 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 be referred to as "distributed expenses"), doing so is acceptable as long as this does not violate relevant laws, and the entire transaction does not violate the Company's ethical standards.

2.7 Forged record-keeping: When part of a payment is intentionally or knowingly used for some purpose not stated on the transaction certificate, the payment may not be approved, processed or accepted. When there is no disbursement explanation in the Company's account books, all "kickback funds" or similar funds or account transfers are strictly forbidden.



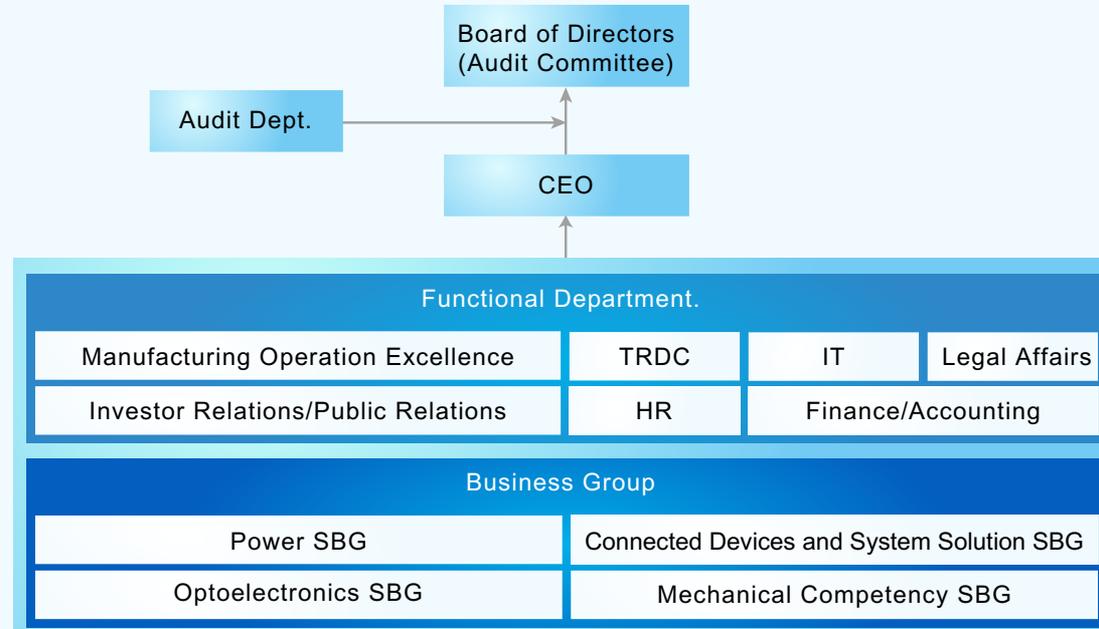
2.2

2.2.6 Corporate Risk Management

Lite-On continuously strives to create economic, social and environmental sustainability values for the customers, shareholders, employees and the community. In the process of achieving this goal, Lite-On Technology has implemented the well established risk management framework, promoting it actively at each level. Therefore we continue trying our best to effectively minimize the risks through the management of risk transfer, risk avoidance and risk reduction. Therefore, this is one of the main reasons that Lite-On is able to continue growing stably and achieving outstanding business performance.

Risk Management Organizational Framework

Lite-On follows the existing organizational management system and internal control cycle and uses the most cost-effective methods to actively control and deal with the considerable risks in the process of operations.



2.2

Risk Management Cycle

Lite-On developed a clear and comprehensive framework for categories of risk to ensure that the risk identification process may cover different categories of risk. There're three major categories, namely, "external risk", "operational risk" and "information disclosure risk". "External risk" means that the risk resulting from external factors, such as low sales of products, competitiveness of enterprises, shrinking market demand, change of consumers' preference, revolution of technology, new superior product, international incidents, economic recession, illegal merger and acquisition, changes in foreign exchange laws and regulations, party alternation in power, blackmail, noise, pollution and natural calamity, et al.. "Operational risk" means that the risks are related to operations of functional organizations, such as failure to deliver goods timely, defects in products, insolvable technical issues, overestimated procurement costs, excess inventories, defective production and design, failure in factory premises, employees' discipline, labor accidents, fire, labor-management dispute, damage or loss of data, incorrect electronic information and error in financial information, et al.. "Information disclosure risk" means the risk resulting from the disclosure required by the corporate operation, such as improper pricing, media exposure of confidential information, inaccurate financial forecast, multiple adjustments on financial forecast, failure to provide quarterly/annual report as scheduled, failure to disclose information, and correction of errors etc...

By setting key performance indices (KPI) to the organization, Lite-On evaluates critical major risks to decide whether appropriate actions need to be taken as transfer, acceptance, reduction and avoidance. Meanwhile, in order to reduce the possibility and severity of loss, we also adopted the risk management mechanism

more prepared than insurance programs. Lite-On introduced the "AAA Product Liability Loss Control Program" in 2008 to enhance the risk management mechanism for production and sales. With the efforts and improvement over these years, in January 2011, Lite-On Chang-An Plant won "AAA Casualty Risk Management Award" from ACE Group with 11 certificated categories and, therefore, founded the safety management culture exclusively vested in Lite-On folks.





Chapter 3 Lite-On and Environment

3.1

Lite-On's Green Commitment

Lite-On realizes that every enterprise shall be responsible for environment protection. We has set up the environmental code of conduct designing and manufacturing environmentally friendly products through the environmental management system of product design, production process, supply chain management and after-sale services to minimize impacts on the environment.

Lite-On Environmental Protection Code of Conduct

Lite-On is committed to designing and manufacturing the products that will protect the Earth, while educating our employees on 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. Additionally, Lite-On is also committed to establish, maintain, and continue to improve the environmental management system to clearly define the various SOPs for environmental control and monitor the execution status.

Specifically, Lite-On is committed to:

- Improving energy saving and environmental protection throughout all sites;
- Reducing paper, water and all natural resources consumption at the office operations and factory premises;
- Defining, maintaining and improving the SOPs based on

ISO14001 to execute the control over air pollution, hazardous waste and noise pollution;

- Reducing air pollution, hazardous waste and noise pollution at all operations centers;
- Compling with all applicable environmental protection laws and regulations, and customers' and others' requirements;
- Communicating with employees, suppliers and customers to enable them to comprehend Lite-On's environmental policy and efforts more.

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

- Supply Chain Management: Lite-On continually encourages suppliers to develop innovative business models that help reduce environmental impacts.
- Product Design: Lite-On applies the principles design for the environment (DfE) for all of its products and services to minimize environmental impacts.
- Manufacturing Processes and Site Management: Lite-On will continually improve environmental management system at both manufacturing and non-manufacturing sites.
- After-sale Services: Lite-On strives to minimize environmental impacts imposed by product packaging and operating activities (such as distribution and sales), and will also try its best to provide customers with environmental information.



3.1

3.1.1 Energy Saving Goals and Results

Lite-On defined clear energy saving and environmental protection goals, and are striving to achieve the following energy saving, CO₂ emission reduction and environmental protection goals through systematic management of energy and resources, and continuous monitoring and improvement:

(1) CO₂ emission reduction goal:

In keeping with global environmental trends, Lite-On are responding to calls for reduction of greenhouse gas emissions and upholding the emissions reduction goals set for advanced countries in Kyoto Protocol by adopting target management and holding ourselves to this high standard. Taking 2008 as the base year, Lite-On will continue saving energy until it achieves the goal of reducing energy consumption and CO₂ emission per revenue by 10% in 2011.

(2) Power saving goal:

According to the Company's operation model, most of its CO₂ emissions result from power use. Therefore, it will actively promote various energy saving and power saving programs. Taking three years as one program period (2008 as the base year), it schedules to reduce its power consumption per revenue by 10% in 2011.

(3) Water saving goal:

Taking 2008 as the base year, Lite-On is on track to reduce water consumption by 10% per unit product in 2011.

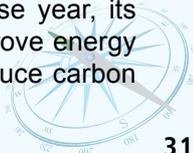
To deal with the global environmental changes, water shortage is becoming another critical issue that people will face in addition to energy saving and CO₂ emission reduction. In consideration

of the need to protect water resources and maintain sustainable operations, Lite-On already began planning various water saving programs. By improving production process, saving water and recycling water, Lite-On is dedicated to reducing wastewater generated from the production process. Taking three years as one program period (2008 as the base year), it schedules to reduce its water consumption by 10% per unit product at least in 2011.

(4) Improvement of product energy-saving efficiency:

Taking 2009 as the base year, Lite-On expected that the energy efficiency of its power supplies for such electronic products as servers, desktops and laptops by 2% respectively in 2010.

In addition to promoting the energy saving and CO₂ emission reduction programs actively in the process of production, Lite-On also looked at the carbon footprint of its electronic products through their entire life cycle. As a result, it's found that the major carbon dioxide emissions of its products occur during the use stage. Therefore, it concluded that the most effective way of reducing carbon dioxide emissions is to design energy-conserving products. Lite-On is actively developing energy-saving products, and carefully setting the product energy saving targets every year. In the case of power supplies, which account for a large share of its sales, in addition to the highest USEPA Energy Star standards, it is also striving to ensure that its primary power supplies achieve even greater energy efficiency and lower energy consumption. Taking 2009 as the base year, its new products designed and developed in 2010 improve energy efficiency by at least 2%, and will consequently reduce carbon dioxide emissions greatly.



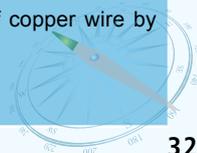
3.2

Green Production Design

Lite-On has explicitly declared that green design will be a core part of product R&D. The green-design thought has covered the entire life cycle of a product at all stages, including selection of raw material, supplier production process, Lite-On in-house production process, product packaging, transportation, global consumers' utilization, end of life, disassembly and recycling. The various business departments have been able to control various factors that help reduce the impact on the environment when designing products, including resources (materials) saving, upgrading of energy efficiency, less impact and toxicity caused to ecological environment, and easy disassembly and recycling. Even a minor improvement and breakthrough in design of any single product may make an important contribution to environmental protection and energy saving and CO₂ emission reduction.

The product-related green design results in 2010 are summarized as follows:

Product Category		Features of Green Design	Economic and Environmental Efficiency
Desktop Desktop Power Supply (Desktop Power Supply)		<ol style="list-style-type: none"> 1. Increase standby power efficiency 2. Increase power efficiency 	<ol style="list-style-type: none"> 1. Standby energy efficiency increasing from 50% To 65%; Save by additional 1.3 degree per unit for consumers annually; 2. The power adapters have an average electrical conversion efficiency of as high as 92%, which far exceeds existing regulatory requirements. The average electrical conversion efficiency increases by 7.02% per unit, and each of the power adapters can save consumers roughly 108 degrees each year.
Notebook Power Adapter (Notebook Power Adapter)		<ol style="list-style-type: none"> 1. Use halogen-free material to reduce halogen-containing materials (PVC and bromide) 2. Reduce consumption of copper in electrical wires 3. Increase power efficiency 	<ol style="list-style-type: none"> 1-1 90% of the wires applied in the adapter have been changed to those made of halogen-free materials. 5% of external wires have applied halogen-free materials, and utilization of halogen-containing materials (PVC) is scheduled to be reduced year by year. 1-2 80% of insulated materials have applied halogen-free materials (excluding bromide), and application of halogen-free materials in whole is scheduled within two years. 2. Decrease the diameter of copper wires, and reduce the weight of copper wire by 20%. 3. The average electrical conversion efficiency increases by 2.27%.



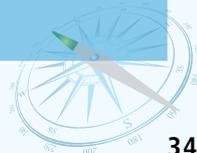
3.2

Product Category		Features of Green Design	Economic and Environmental Efficiency
Multifunction Peripherals and Scanner for OA products		<ol style="list-style-type: none"> 1. Reduce materials types and consumption 2. Optimize packaging design 3. Increase power efficiency 4. Removal of hazardous materials 	<ol style="list-style-type: none"> 1. Reduction of parts types and consumption by 10% to facilitate product disassembly and recycling. 2. Reduction of package 10% volume to increase the shipping capacity of containers, and enhance shipping performance to reduce carbon dioxide emissions during the shipping process. 3. Reduction of product standby power consumption, e.g. the product, which was planned to be put into mass production in 2012, has a power consumption of less than 1.5W while in hibernation, which is far less than Energy Star V1.1 requirement of 4.3W. 4. Continue selecting raw materials that meet RoHS.
PC-related products		<ol style="list-style-type: none"> 1. Introduction of halogen-free materials 2. Recycling design 3. Increase energy conversion 4. Lightweight 5. Improvement of production process 	<ol style="list-style-type: none"> 1. Reduction of hazardous substances by 826,080 kg each year. 2. Recycled metal products estimated to be increased by 5,933 tons each year, and by 544 tons each year for recycled plastic products. 3. Taking the life cycle (three years) as the base period, the total energy consumption of product is estimated to be reduced by 33,726,000 kWh and by 21,517,188 tons for CO₂ emissions. 4. Reduction of plastic consumption by 6 tons each year. 5. Upgrading of substrate utilization rate (25%), and reduction of production cost.



3.2

Product Category		Features of Green Design	Economic and Environmental Efficiency
Computer Keyboards		<ol style="list-style-type: none"> 1. Reduce energy consumption 2. Optimize packaging design 3. Reduce plastic raw materials 4. Reduce quantity of screws 5. Reduce consumption of resonator parts (2011) 	<ol style="list-style-type: none"> 1. Keyboards are basically low power consumption products. We use even lower energy consumption keyboard ICs to increase energy efficiency and reduce carbon dioxide emissions. For example, the model SK-8115 keyboard can reduce power consumption by 0.05W per keyboard, and approximately 780,000 kWh for global users each year in terms of shipping quantity and scenario of consumption. 2. Employ clever design to reduce paper consumption in packaging cartons. For example, the model SK-2880/2885 keyboard may reduce paper consumption by 27.58% and lessen potential impact on environment arising in the carbon materials production process, through the packaging design. 3. With the gas-assisted molding technology, SK-2805 may save the plastic materials by 15.1g, and plastic raw materials by 31.71 tons each year. 4. Clever layout of screws leads to reduction of quantity of screws. SK-2023 may reduce the quantity of screws by 11 pcs, and by 13,200,000 pcs each year. 5. Use resonator build-in chip solution to reduce consumption of parts and welding, and reduce resonator by 2,700,000 pcs each year.
LED light source used in thin type backlight for LCD TVs		Develop 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 high-brightness and high-efficiency packaged LED products, which may be applied to desktop monitor backlights and all sizes of LED TV backlight modules. For example, our 5630 package LED products increased the efficiency by 17% in 2010 more than 2009 and reduced the power consumption, with longer life cycle of LED and effects of energy saving, carbon dioxide emissions and low-usage cost.

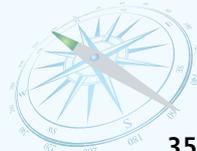


3.2

Product Category		Features of Green Design	Economic and Environmental Efficiency
USB web cam embedded in laptop VGA/1M/1.3M/2M/3M		<ol style="list-style-type: none"> Develop 3.3V USB web cam to replace 5.0V USB web cam Develop new power-saving SENSOR USB web cam to replace the old SENSOR USB web cam more power consuming 	<ol style="list-style-type: none"> 70%-80% of the developed projects in 2010 covered 3.3V USB web cam.(50% of the developed projects in 2009 covered the design of 3.3V web cam.) Comparison of power consumption between old design and new design: <ul style="list-style-type: none"> OV9665 46mA vs. OV9726 40mA S5K6AA 100mA vs. S5K6A1 68mA MI-SOC1330 222mW vs. MI-SOC1040 142mW. OV7670 115mW vs. OV7675 98mW.



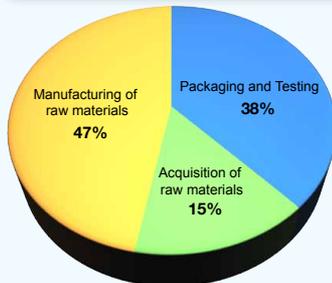
In addition to the green product design, Lite-On also engages in manufacturing products free from environmental safety and health hazardous substances. All of the factories of our business units have received IECQ QC080000 international certification. This certification indicates that our “hazardous substance free process management system” dedicated to ensuring the production procedures “do not design, do not purchase”, “do not accept, do not manufacture” and “do not emit” materials and products containing hazardous substances. All of the product series meet customers’ needs and specifications, comply with the local product marks as required, for example, by CE, UL, SA and CCC, et al., and also strictly adhere to the international environmental protection laws and regulations.



3.2

Adoption of Environmental Product Declaration and Carbon Footprint Declaration for Lite-On LED Products

Lite-On led the same trade to complete the first Optoelectronic Semiconductor Product Category Rule applicable globally in October 2010, and posted the Rule on EPD/PCR (<http://www.eup.org.tw/eup/draft/PCRDraftDownloadList.jsp>). The Rule is defined upon integration of opinions from the same trade on the optoelectronic semiconductor production process in accordance with ISO14025 international standards. The Rule covers energy utilization, water resource utilization and pollution, waste and air pollution, as well as carbon footprint and will serve as the basis for the global optoelectronic semiconductor assembly and testing industry to implement the Product Carbon Footprint Declaration” and “Environmental Product Declarations Type III”.



CO₂ Emissions in Life Cycle of PLCC SMD LED

In November 11 of the same year, Lite-On completed the first “Optoelectronic Semiconductor Product Carbon Footprint Declaration and Environmental Product Declaration Type III” applicable globally based on the PCR, ISO 14025, ISO 14040 and PAS 2050, which was also reviewed and approved by the third party, Environment and Development Foundation. The Environmental Product Declaration and Carbon Footprint Declaration for Lite-On LED Products are prepared primarily to deal with the impact on environment and energy/resource consumption arising in the process of upstream suppliers’ acquisition of raw materials, chips and production of main raw materials for optoelectronic semiconductor products and during the life cycle of LED products assembly and testing, covering carbon footprint, raw material utilization, energy utilization, water resources utilization and pollutions, wastes and air pollutions, making them be comprehensive environmental product declarations. Additionally, according to the carbon footprint data for LED products, the carbon dioxide emissions during production of raw material accounted for 47%, the highest, and then 38% during packaging and testing of LED product per se, and 15% during acquisition of raw materials, the lowest. According to these results, Lite-On may provide customers with applications in an early response to consumers’ needs for the establishment of product eco-label and carbon footprint disclosure as well as use as an effective basis showing the continuous improvement of environmental impact by Lite-On’s LED production process.

3.3

Development of Green Innovative Applications

Lite-On emphasizes the development of green energy products and applications, establishes subsidiaries dedicated to participating in renewable energy applications projects, and develops new energy and new illuminant technologies that are friendly to the environment, such as solar power generation system, solar greenhouse, electric vehicle power systems & storage, and energy saving LED lighting, et al.

3.3.1 Power System for Commercial Sightseeing Solar Electric Boats

Lite-On has built a successful power system for the Love River Sightseeing Solar Electric Boats for Kaohsiung City Government. Unlike older electric vehicle power systems used in boats, which are generally low-power, Lite-On Clean Energy's system represents a breakthrough, as the first high-power commercial sightseeing solar-electric boat in Asia, incorporating solar panels, lithium-ion battery packs, dual motors, battery management systems, charger, DC/DC converter, computerized central control panel and LED Lighting.

The brand-new Love River Sightseeing Solar Electric Boat is 13 meters long and carries 36 passengers. It features a catamaran design, with 54KWH battery pack and dual 20KW motors, producing an output of 53 horsepower, reaching a maximum speed of 9 knots (16.7km/h) and it can continuously cruise for 9 hours at a speed of 3 knots (5.6km/h). Unlike conventional petrol engine boats, this boat generates no pollution and low noise. Moreover its energy consumption is only one-fourth to one-third what would be required by the same size petrol engine boats and its solar power can contribute an additional 25% energy savings on an average sunny day.

In 2010, a total of 5 solar electric boats were enrolled, and the boisterous noise generated by engines and the uncomfortable diesel stink were gone completely, and the peaceful and fresh waterfront resort was reverted, upgrading the tourism quality of Love River Sightseeing

drastically. Meanwhile, the boats also serve to be one of the factors critical to promotion of the local ecological tourism and green sightseeing, in order to work with Kaohsiung City to promote a low-carbon dioxide emission city and combine tourism and environmental protection.



3.3

3.3.2 Lite-On successfully completed the Fritz Walter World Cup Football Stadium Roof-Top Solar Generation Project.

Lite-On successfully completed the Fritz Walter World Cup Football Stadium Roof-Top Solar Generation Project of 1.35 MWp. It is the world's largest football stadium roof-top solar generation project, and also the first power plant owned by Lite-On Green Energy and an important milestone for Lite-On Green Energy to launch into the solar power industry, which may produce the power of 115.6 kWh annually. Given this, it might reduce CO₂ emissions by 856 tons, or compared with conventional thermal power plants, it might reduce coal consumption by about 408 tons per year.



3.4

Major Raw Material Use and Energy/Resource Flow

In order to achieve Lite-On's energy saving objectives, Lite-On has set out internal management policies and plans, and is relying on systematic management tools and energy-saving equipment improvement to collect and analyze environmental protection and energy saving management performance and to continue improving raw material and energy/resource utilization efficiency.

3.4.1 Adoption and Deployment of Management Tools

(1) Environmental Accounting

Lite-On began implementation of Environmental Accounting Program in 2009, and began planning and adopting an environmental accounting system in 2010 to enhance promotion of environmental accounting titles and ensure that all departments use correct accounting titles when stating or reporting environmental protection spending, for the sake of efficiency and correctness of the statistics in the future. The environmental accounting system enables us to convert environmental activities (including environmental protection, labor safety and health) into financial or accounting information which serves to be the basis for analysis, use and connection of financial and non-financial information. The environmental accounting system connects our environmental management and economic policies to achieve our goal of sustainable development. The system has been established on the basis of Taiwan Environmental Protection Administration's environment cost table (2008 version), which forms a part of the EPA's environmental accounting framework. We expect to complete the system at the end of 2011 and have it go live in 2012.

(2) GMS (Green Management System)

Lite-On began planning and installing the Green Management System (GMS) as an automatic hazardous substance management system in 2009, enabling suppliers to upload test data according to individual customer's green requirement. After review by dedicated function, the data will be used to automatically establish an in-house green parts database. In

addition to providing information to the R&D engineers for use in design work, this system also allows systematic real-time replies to customers' green requirement, ensuring customers' confidence in Lite-On's management. This system has officially operated as of October 2010. Power SBG, Connected Devices & System Solutions SBG, Enclosure SBU and HIS(Human Input Solutions) SBU have successfully adopted the GMS to execute the hazardous substance management by the end of 2010, and the other business units will adopt the same in 2011.

(3) CSER (Corporate Social and Environmental Responsibility) System

Lite-On has begun planning and installing the automatic CSER Information Management System since 2010, and also defined various CSER management performance indicators and management reporting including quantitative and qualitative information. The system will automatically collect the initial data, environmental, social and economic, of the factory premises at various operations centers and convert the same into the information and reporting to be managed routinely through operation and value-added function of the system, enabling managers to control various important indicators in a timely manner. The primary scope covers energy utilization, greenhouse gas management, EICC management and various important resources utilization management. The system is expected to shorten the time and HR required by the various collection mechanisms of non-automatic and dispersed systems. The system has officially operated as of December 2010. Meanwhile, the implementation thereof will be promoted at each factory premises as of 2011.

3.4

3.4.2 Energy Saving Measures

1. Lite-On holds employee training programs and promotes the corporate energy saving and carbon dioxide emissions reduction policy

Lite-On includes the CSR program into the orientation training programs as a required course, and employs both training classes (CSER Awareness Training) on the e-Learning platform to enhance the training programs. Meanwhile, we organize CSER activities to promote and enhance employees' environmental protection energy saving concept and awareness. Lite-On's concrete measures on energy saving and environmental protection are specified as follows:

- Air conditioning temperature set at 27-28°C
- Turn off lights when you leave a room
- Conserve water consumption
- Bring your own handkerchief
- Bring your own chopsticks and tea cup
- Don't use hard copy
- Don't wear a tie
- Turn off and unplug your computer when you leave work; some elevators may not be available during off-peak hours



2. Switch to energy-saving equipment at plants and offices
 - Lighting
 1. Replace lamp tubes at various plants and switch T8 to T5 lamp;
 2. Add switches for energy-saving lamp tubes, perform zoning control, and reduce power consumption for lighting;
 3. Re-plan the lighting at workshops, and reduce unnecessary lamp tubes for sources of light;
 4. Use infrared detectors and timers to control the lighting in such areas as toilets, paths, lounges and meeting rooms, et al.;
 5. Adjust the quantity of backup lamp tubes in offices and reduce unnecessary sources of light, insofar as the relevant laws and regulations are met, and comfortable environment is maintained;
 6. Enhance the power for lighting used during security guards' patrol, and have the security guards monitor the fixed time for light off at the dormitory premises.



3.4

- Air conditioning
 1. When outdoor temperature is less than 20°C, introduce fresh wind from outdoor to the air-handle unit room for filtering and then distributed to workshops and offices
 2. Increase the water temperature of cooling tower and reduce compression air outlet;
 3. Install variable-frequency control for central air-conditioning system;
 4. Enhance ventilation at offices, and reduce running hours for the air conditioning system;
 5. Employ variable-frequency control for the chilling water air conditioning system, and reduce the pump output HP;
 6. Set the temperature and unlock time of the air conditioning system at offices, and reduce running hours to achieve energy saving;
 7. Install timers on the air conditioning system to control and adjust running hours.
- Compressor equipment
 1. Install variable-frequency air compressors;
 2. Add air compressors smart control systems;
 3. Check the status of puncture in workshops on a daily basis, and fix it in a timely manner, and check and repair high-pressure hoses and quick couplings periodically.
- Power system
 1. Control and adjust the exhaust blower system in the glue cleaning zone in laboratory areas;
 2. Adjust the operating hours reasonably, and reduce running hours of air compressors to achieve power saving;
 3. Add magnetic valve on each wire, and turn it off during the break hours of production line, lunch break and holidays.



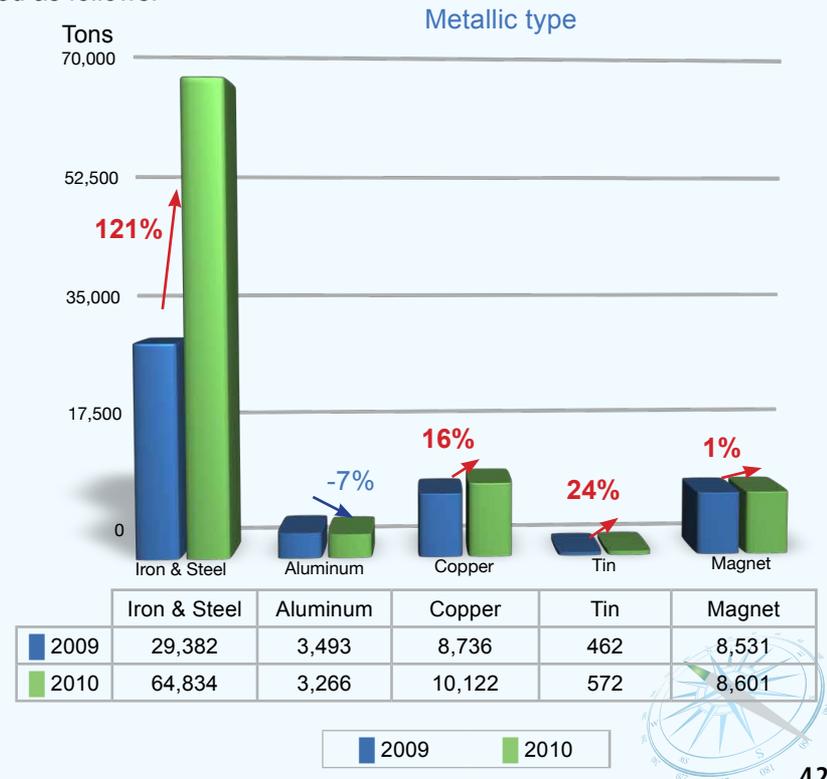
3.4

3.4.3 Major Raw Material Types and Usage

Resource consumption statistics help Lite-On assesses the efficiency of use of raw materials. In keeping with our focus on environmental protection and green design, we are striving to improve the efficiency of raw material use and reduce the consumption of materials required by packaging and shipment. Lite-On uses three main types of materials in the production, namely, metallic, non-metallic and packaging materials. The purchase of raw materials in 2010 is specified as follows:

1. Metallic materials

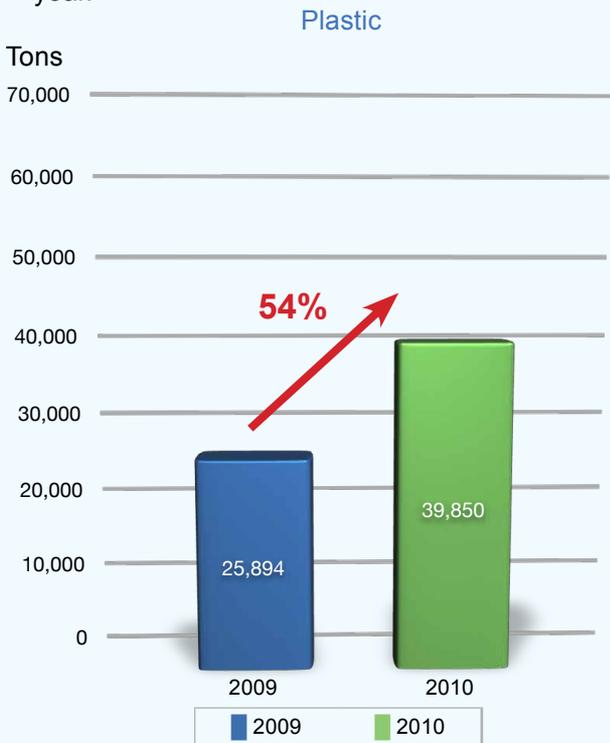
- **Iron & Steel:** Chiefly used in cases, screws, transformers and fan blades; Due to the product portfolio adjustment and drastic output volume growth of the Mechanical Competence SBG and Power SBG, the amount purchased in 2010 was approximately 64,834 tons, an increase by 121% compared with last year;
- **Aluminum:** chiefly used in heat sinks; the amount purchased in 2010 was approximately 3,266 tons, a decrease by 7% compared with last year;
- **Copper:** Chiefly used in PCBs and wires/cables; Due to the shipment growth of Power SBG, the amount purchased in 2010 was approximately 10,122 tons, an increase by 16% compared with last year;
- **Tin:** Chiefly used in solder wire, solder rods, and solder pastes; Due to the shipment growth of Mechanical Competence SBG, the amount purchased in 2010 was approximately 572 tons, an increase of 24% compared with last year;
- **Magnet:** Chiefly used in transformers; the amount purchased in 2010 was approximately 8,601 tons, an increase of 1% compared with last year.



3.4

2. Non-metallic materials

- Plastic: Chiefly used in cases, insulators, and sockets, et al., and in all product lines. Due to the entire shipment growth, the amount purchased in 2010 was approximately 39,850 tons, an increase of 54% compared with last year.



3.4.4 Packaging or Shipping Materials

- After changing the consumable packaging materials for “local shipment” to recycling materials, the consumption of paper (paper/cardboard/carton) and filter materials by Lite-On in 2010 was 80,664 tons and 1,447 tons, respectively, decreased by 65% and 69%.
- The consumption of wood in 2010 was 4,698 tons, an increase of 68% compared with 2009. Due to the export growth in 2010, the pallets for packaging increased accordingly.



3.4

3.4.5 Waste Management and Recycling

Lite-On's operation centers all follow the environmental management system and establish the dedicated management units to manage and continue achieving the objective of waste reduction effectively while complying with the basic requirements defined under laws and regulations

Management of Waste Source

Lite-On's waste reduction operation emphasizes the management of waste sources. The source is categorized into employees' daily waste and production process waste. The employees' daily waste is managed through employee training and code of conduct for effective promotion of reduction and classification management and upgrading of resource utilization and value. The production process waste is managed through optimization of packaging materials and reduction of proportion of hazardous waste for promotion of reduction management. Both of their purposes are intended to achieve reduction through effective source management.

Centralized Storage Management

The centralized waste disposal is intended to optimize classification and upgrade safety. The various operations centers centralize the waste and then have the dedicated units dispose of the waste to control the source and output of waste. Meanwhile, Lite-On also works with recycling providers to increase the resource recycling value and achieve the ultimate objective of zero waste.

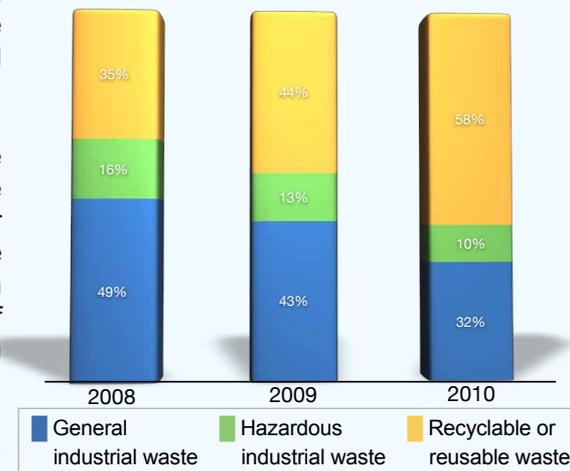
Effective Disposal and Follow-up

If it is necessary for Lite-On to outsource the waste, Lite-On will select the supplier who is most competent to dispose of the waste in accordance with the laws and regulations, and in terms of the optimal technology for the waste. Meanwhile, Lite-on will follow up and check the disposal of waste, irregularly or without prior notice, pursuant to the contract.

Waste Management Result

Lite-On has achieved remarkable results towards reduction and improvement of waste by reducing output of waste and upgrading waste recycling. Lite-On's waste output was 12,113 tons in 2010, including the general industrial waste, 3,911 tons, i.e. 32%, hazardous industrial waste, 1,190 tons, i.e. 10%, and recyclable or reusable waste, 7,032 tons, i.e. 58%.

Lite-On Waste Comparison



2010 Lite-On Waste Output (Ton)

General industrial waste	3,911
Hazardous industrial waste	1,190
Recyclable or reusable waste	7,032

Note : Subject to the nature of solder splash output, the output is included in the total volume of recyclable or reusable waste and hazardous industrial waste, respectively.

3.4

3.4.6 Direct Energy and Indirect Energy Consumption

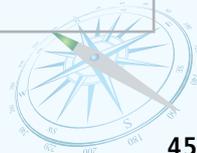
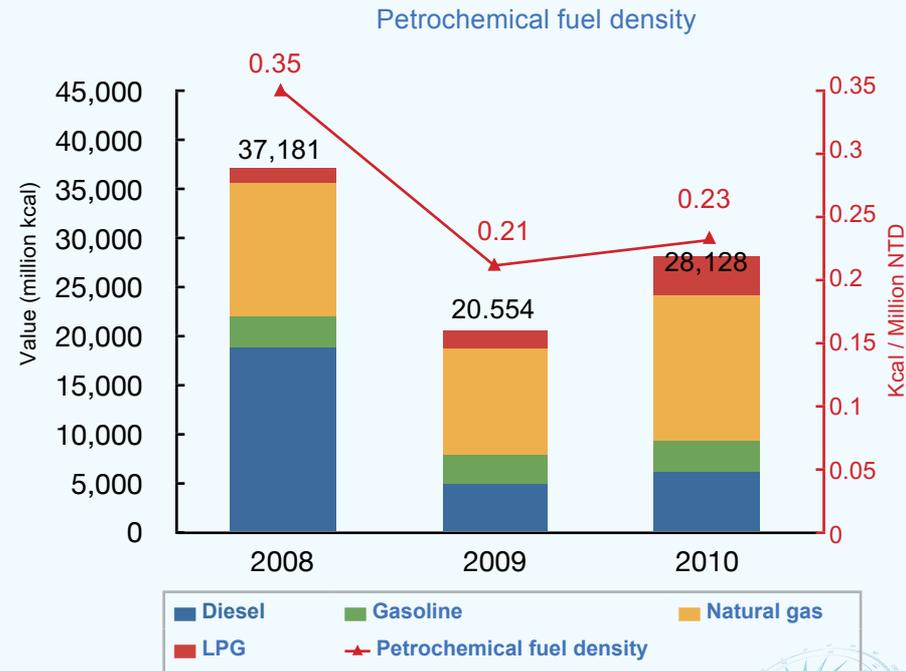
Lite-on designs new plants in accordance with green building standards, ensures that the new manufacturing procedures meet green and environmental protection regulations, and strives to improve factory and office energy efficiency. Meanwhile, Lite-On employs energy-conserving lighting, compressors, air-conditioning equipment and power equipment to achieve lower operating costs.

1. Direct Energy

In 2010, the petrochemical fuel consumption density was 0.23 million kcal/million (NTD), an increase of 7.8% compared with 2009. Meanwhile, the density decreased by 35.4% compared with 2008 (the base year). Consumption of petrochemical fuels is specified as follows:

- In 2010, the diesel consumption was 602 kiloliters, an increase by 26% compared with 2009.
- In 2010, the diesel consumption was 321 kiloliters, an increase by 7 % compared with 2009.
- In 2010, the natural gas consumption was 1584 K-m³, an increase by 36% compared with 2009.
- In 2010, the LPG consumption was 336 tons, an increase of 118% compared with 2009.

Natural gas and LPG were primarily used in the coating process. Due to the drastic output of coated products of the Mechanical Competence SBG in 2010, the consumption of natural gas and LPG increased more than the previous year.

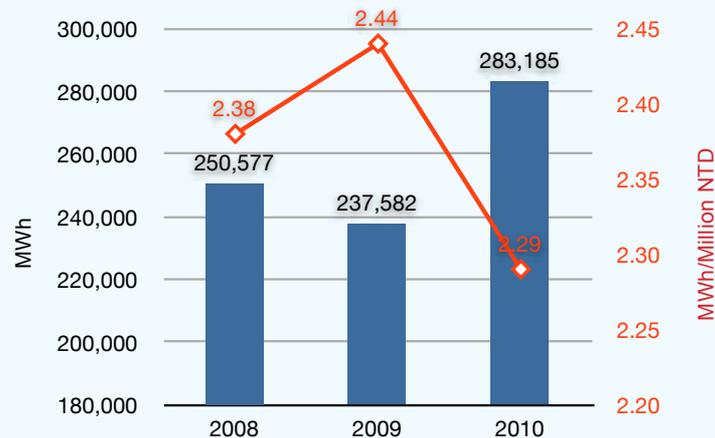


3.4

2. Indirect Energy Consumption

In 2010, Lite-On's indirect energy consumption (power consumption) totaled 283,185 MWh, an increase of 19% compared with 2009. Due to the drastic growth of entire output and operating revenue in 2010, the total power consumption increased accordingly. Notwithstanding, we continually strive to upgrade the power utilization efficiency to enable the power consumption density in 2010 decreased from 2.44 MWh/million NTD in 2009 to 2.29 MWh/million NTD, a decrease of 6.1%. Compared with the power consumption density in 2008 (the base year), 2.38 MWh/million NTD, it resulted in a decrease of 3.5%.

Power consumption density



3.4

3.4.7 Greenhouse Gas Inventory

Declaration of Greenhouse Gas Policy:

We understand that the climate and environment on Earth are worsening due to the impact of greenhouse gases, and the environmental toleration on Earth is limited. Now, we are moving toward a critical situation. As a citizen of the global village, and in order to fulfill the corporate responsibility, Lite-On is dedicated to the greenhouse gas inventory to control the greenhouse gas emissions and execute feasible programs for greenhouse gas reduction precisely.

Following the Kyoto Protocol in 1997, many of the world's leading countries have defined and drafted the orientation and measures to deal with greenhouse gas reduction. Out of the concern for global climate change and the need to protect the resources on Earth, and in keeping with Lite-On's vision 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 establishing internal documentation and verification the operational procedures that will enable us to implement effective GHG reduction programs in the future.

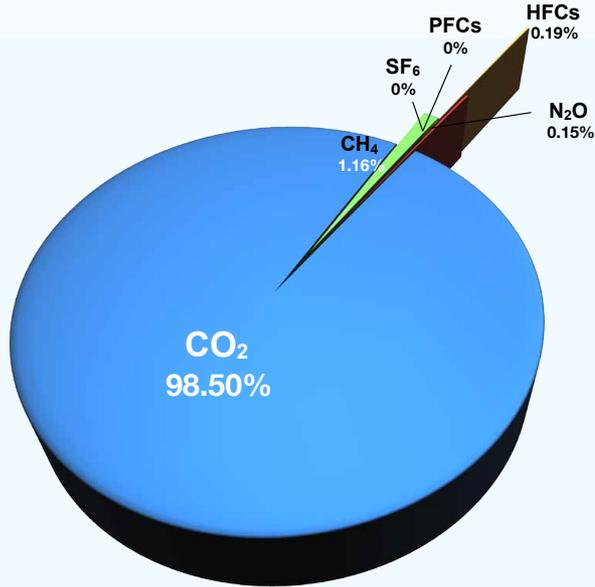
In compliance with ISO-14064 standard, Lite-On performs regularly annual greenhouse gas emission inventories, and initiate greenhouse gas reports to disclose the summaries of

greenhouse gas emissions for the previous year. In 2007, Lite-On issued the first "Greenhouse Gas Report 2006". The latest report covered the period of 2010 containing inventories of 18 operating sites or factories. Our greenhouse gas emissions for 2010 totally had emitted in 272,178 tons which represented an increase of 38,188 tons (or 16%) of greenhouse gas emissions compared with the 233,990 tons emitted from same boundary in 2009. Meanwhile, we passed SGS Taiwan ISO14064-1 on-site assessment in June 2011, and received a validation statement with a reasonable grade. The inventory results are posted on our company website and the Industrial Development Bureau's greenhouse gas information center website. In the meantime, since 2008 we have participated in the Carbon Disclosure Project by submitting a questionnaire response with carbon disclosure. Our stakeholders may access the information of carbon emission at this CDP website.

The following table shows our greenhouse gas emission statistics for 2010:

GHG Emission Accounting Summary in 2010 (in Tons)						Scope 1	Scope 2
CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Direct Emission	Indirect Emission
268,108	3,150	413	506	0	0	11,426	260,752
98.50%	1.16%	0.15%	0.19%	0.0%	0.0%	4.2%	95.8%
272,178							

3.4

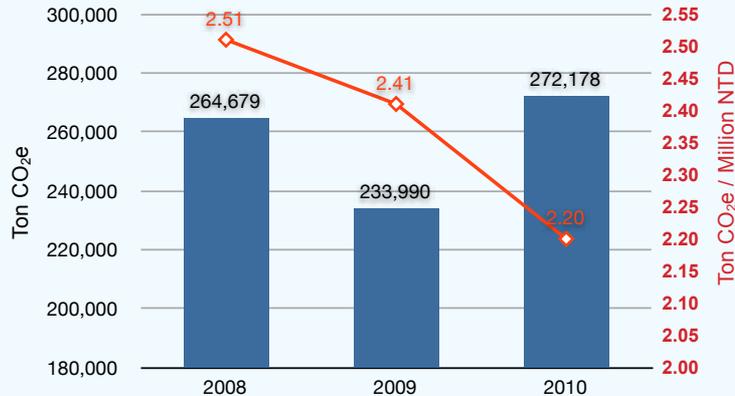


Note 1: Direct greenhouse emissions (scope 1 emission): Including emissions from fuel combustion in fixed equipment, process emissions, mobile combustion sources in transportation vehicles, and escaping emission sources (such as fire safety facilities and escaping refrigerant emissions, etc.). Direct emissions totaled 11,426 tons CO₂e per year, which accounted for approximately 4.2% of the total emissions.

Note 2: Greenhouse gas emissions from indirect energy sources (scope 2 emissions): Primary emission sources consist of purchased power and steam; indirect emissions due to energy consumption totaled 260,752 tons CO₂e per year, which accounted for 95.8% of the total emissions.

Note 3: In 2010, indirect greenhouse gas emissions from other forms of energy (scope 3 emissions) were defined to identify emission sources, and no actual emissions data have been collected for individual emission sources.

Greenhouse Gas Density



Lite-On's overall production lines' output volume posted remarkable growth in 2010, but we were also dedicated to improve the energy efficiency for reduction of greenhouse gas emissions while expanding business. The greenhouse gas emissions density was 2.20 tons CO₂e/Million NTD in 2010, down by 8.4% compared with the 2.41 tons CO₂e/Million NTD in 2009, and dropped by 12.2% compared with 2.51 tons CO₂e/Million NTD in 2008 (the base year).



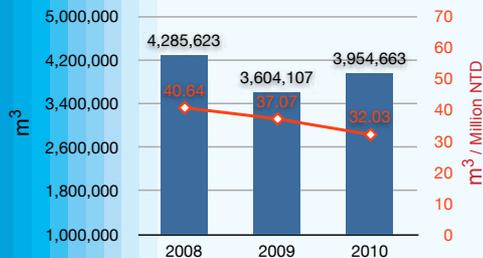
3.4

3.4.8 Water Resource Saving

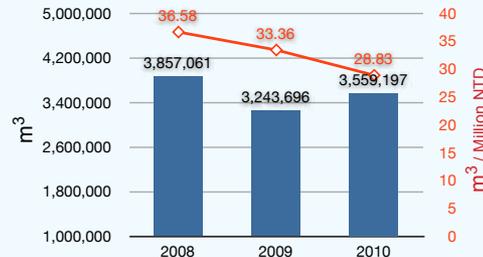
Lite-On spares no effort to keep implementing various water saving measures. In addition to improving the relevant facilities and equipment, we also propagated to employees that water saving efficiency may be improved by change of their water consumption behavior. The various water saving measures are specified as follows:

- Installation of faucet flow reducers
- Use of medication to reduce water consumed by air-conditioning system
- Improvement of cooling tower water distributor to reduce waste of water
- Adjustment of stool valves in toilets and check leakage on a daily basis
- Adjustment of urinal flush volume in the Gents
- Replacement of flushing floor with mopping floor in the kitchen each day to save water, using recycled water from washing vegetables to mop the floor
- Recycling and reuse of water to flush the toilets
- Use of stored water and closed valves at nighttime
- Check water faucets and water consumption each day

Water Consumption Density



Water Output Density



Due to the drastic growth of production and operating revenue in 2010, the number of employees also apparently increased in 2010, resulting in total water consumption of 3,954,663m³, an increase by 350,556m³ compared to 2009, but the water consumption density in 2010 was continually reduced to 32.03 m³ /Million NTD, falling by 13.6% compared with the 37.07 m³ /Million NTD in 2009, and falling by 21.2% compared with 40.64 m³ /Million NTD in 2008 (the base year). Due to the industrial characteristics, Lite-On does not need to consume massive water resources. Besides, the water used by us all comes from public municipal water and, therefore, the water sources would remain unaffected.

Water consumed at Lite-On factory premises is primarily used for livelihood, which is uniformly treated in appropriate wastewater treatment facilities, or discharged to the wastewater treatment plant within the exclusive sewage zone in accordance with laws. The quality of discharged wastewater meets the requirements of the competent authorities within the jurisdictions where our factory premises are situated, and produces no significant impact to the ecological environment.

The total wastewater output (note) in 2010 was 3,559,197m³, more than 3,243,696m³ in 2009. Notwithstanding, the wastewater output density dropped from 33.36m³ /Million NTD in 2009 to 28.83m³ /Million NTD in 2010.

Note : Because the factory premises do not require water exclusive for production process, wastewater was calculated on the basis of 90% of total tap water consumption.



3.4

3.4.9 Air Pollution Prevention

Different from the other electronic industries, Lite-On is primarily engaged in product assembly, which is identified as a production process of low-air pollution loads instead of the stationary pollution source subject to application, periodic inspection or reporting of emission volume defined by the regulations. Lite-On's primary emission source refers to emergency power generators and cooking in the kitchen. Notwithstanding, Lite-On still installed the pollution controller in the units that might discharge air pollutants in the production process. As far as the control measures are concerned, we categorized air pollution controlled areas into indoor air quality management and ambient air pollution emission control, in order to enhance the operational environmental quality for workers and meet the minimum requirements defined in standards, and implement the pollution prevention management as the first priority and take the air pollution control actions at the end of pipes.

	Prevention Management	Pollution Control
Indoor Air Quality Management	<p>Reduce and replace the high-toxic or high-volatile raw materials in the production process area (e.g. replace IPA with ethanol)</p> <p>Avoid using solvent-type consumable products in offices</p>	<p>Monitor the air quality (CO₂) in the production area, and sufficiently ventilate in this area</p> <p>Monitor and periodically replace/clean the air filters for air conditioning to maintain the indoor air quality</p> <p>Implant green plants in offices to upgrade the air quality</p>
Ambient Air Pollution Emission Control	<p>Reduce or stop combustion</p> <p>Reduce or stop production process emitting pollutants</p> <p>Use low-sulfur fuels</p>	<p>Categorized into the inorganic gas and volatile organic compounds (VOCs) control systems</p> <p>Adopted carbon absorption systems for VOCs control.</p> <p>Installed wet scrubbing systems for inorganic gas (acid/soda) control..</p> <p>Built new wet desulfurization of flue gas technology for diesel generator production process (in the case of emergency)..</p>

Lite-On follows the ISO 14001 management system and implements the operating regulations governing air pollution prevention with respect to various sources of pollutants (equipments/facilities), and performs maintenance work depending on the characteristics of equipment. The responsible departments will conduct inspection periodically and test the emissions as required, and will execute the emergent response action, verify the root cause and take corrective actions in the case of any extraordinary circumstances in control or emission, in the hopes of reducing the pollution load caused by production activities.

3.4

3.4.10 Green Logistics

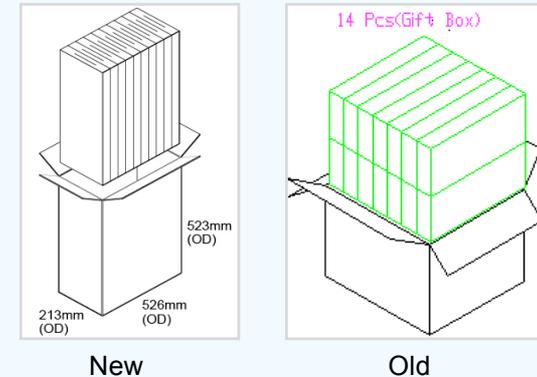
Green delivery and distribution constitute one of Lite-On's important green environmental protection and energy saving policies. Lite-On takes the following primary actions:

1. Increase loading quantity

The highly-efficient packaging design helps reduce the emission of greenhouse gas. Namely, it may minimize the utilization of ships and aircrafts, further decreasing CO₂ emissions. For example, our keyboard model SK2880/85, by redesigning of package and container loading, may achieve the goal of increasing the load volume in each container.

- I. Increasing load quantities of boxes in each container and loading quantity of container by green package designing. We increase the loading quantities of boxes in each container by redesigning package and minimize the packing dimension. For example, SK2880/85 pcs/box remains 14 pcs/box. However, for a 40-foot container, the loading quantities increased from 12,320 pcs/container to 13,440 pcs/container. In 2010, the loading quantities of each 40-foot container increased by 9% approximately.

	Q'ty/40ftHC
New(14pcs)	13,440pcs
Old(14pcs)	12,320pcs



2. Sea transportation instead of air delivery

In 2010, the sea transportation ratio was 98.8%.

3. Employee business trips

Out of Lite-On's care for Earth and desire to mitigate global warming, Lite-On encourages its employees to take direct flights to overseas destinations for business trips to reduce carbon dioxide emissions. The total mileages for business trips in 2010 were 10,787,546 KM.



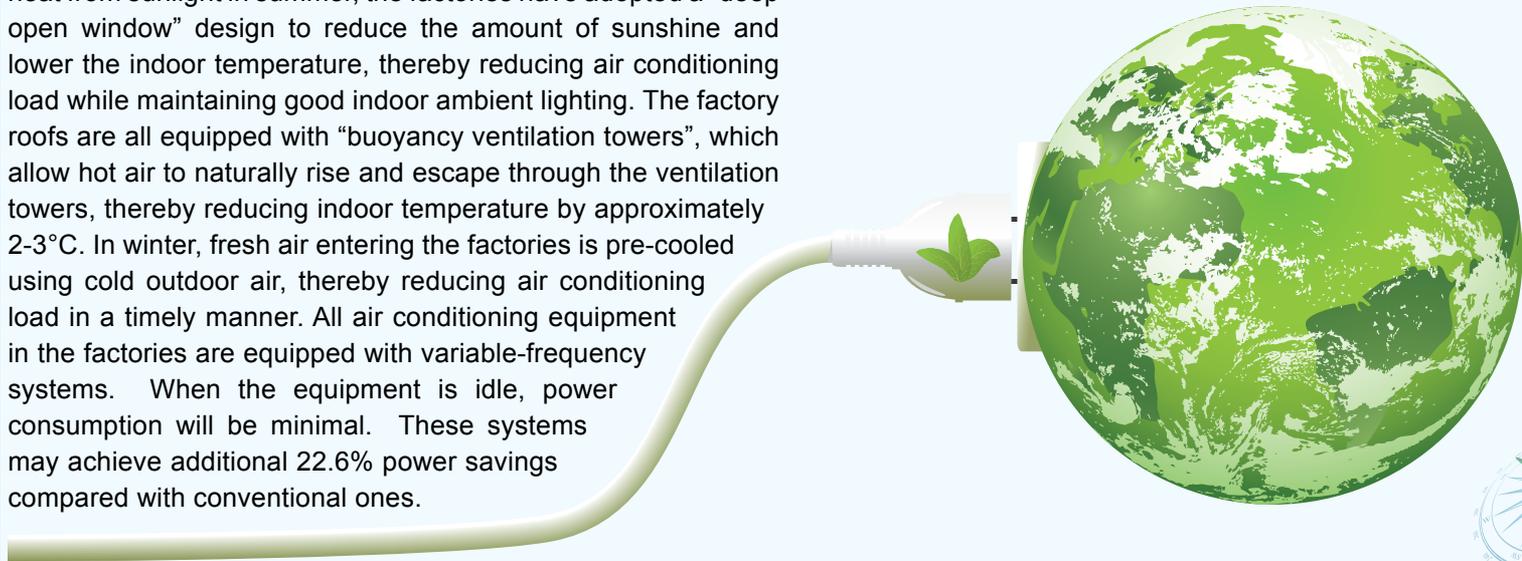
3.5

Green Factory

Green Factory Premises

Following the new power supplier factory operating in 2009, Lite-On's eastern China operations center in Wujin District of Changzhou, Jiangsu started operating the new factory for LED and HIS(keyboard and mouse) in June 2010, and the new factory for network access products in September 2010. All factories of the eastern China operations center meet Chinese green architectural standards, use recyclable construction materials, and are adapted to the local climate and natural environment. The environmentally-friendly designs of these factories enable them to achieve a natural energy saving effect. In order to prevent heat from sunlight in summer, the factories have adopted a "deep open window" design to reduce the amount of sunshine and lower the indoor temperature, thereby reducing air conditioning load while maintaining good indoor ambient lighting. The factory roofs are all equipped with "buoyancy ventilation towers", which allow hot air to naturally rise and escape through the ventilation towers, thereby reducing indoor temperature by approximately 2-3°C. In winter, fresh air entering the factories is pre-cooled using cold outdoor air, thereby reducing air conditioning load in a timely manner. All air conditioning equipment in the factories are equipped with variable-frequency systems. When the equipment is idle, power consumption will be minimal. These systems may achieve additional 22.6% power savings compared with conventional ones.

The factories' outer walls are made of hollow bricks, the hollow section inside which is able to keep warmth in and thus enable the buildings to stay warm naturally in winter and cool in summer. The factory and office partition walls are all made of recyclable and easy-to-assemble panels, achieving a waste reduction effect. In order to save water resource, toilets are equipped with sensor-type water inlets. The men's toilets are also equipped with waterless urinals which make the toilets odor-free and conserve approximately 1.44 million liters of water annually for a factory accommodated with 800 male employees.



3.5

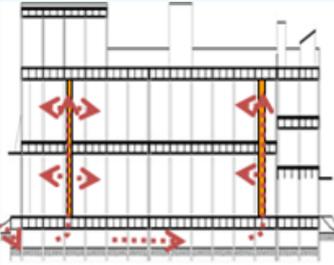
Energy-saving Design in Green Building System



Buoyancy ventilation towers

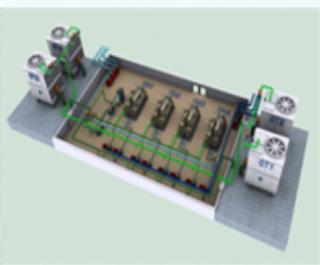
Design explanation

- 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



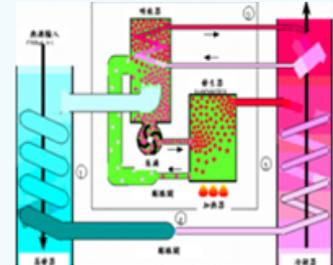
Air conditioning load reduction

- 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

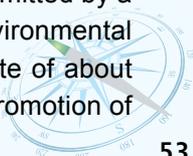
- Uses the system to convert the frequency and amplitude of AC drives. The change in flow reduces the load on equipment.
- Saves 22.6% of energy



Air conditioning heat recovery

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

Lite-On will keep sparing no efforts to boost environmental protection and energy saving and CO₂ emissions reduction. Now, we are planning the SC construction for new generation factories. A RC factory would emit CO₂ approximately 1.4 times of that omitted by a SC factory, and would also generate massive wastes that are unrecyclable, thereby causing considerable harm to the environmental protection on Earth. The steel construction materials source from the green construction materials with the recycling rate of about 80%, which benefit the reduction of construction wastes and greenhouse gas and, therefore, achieve the best effect for promotion of green buildings.



3.5

Green Operation

Lite-On's factories all adopt the Continue Improvement Program to strictly implement the Green Operation, in an attempt to reduce resources (materials), upgrade energy efficiency, mitigate the impact caused by toxicity to the ecological environment and ease workers' burdens, and also install IPT (Improvement Project Tracking) in IE systems as the platform for following up and rating the improvement performance of relevant business units' factories. Meanwhile, the various business units will release the programs rated excellent on the B.P (Best Practice) platform for the other business units' reference, and share and exchange the continue improvement programs through various business units.

Case (1): Optimizing computer case production process, and saving consumption of baking paint powder and adhesive tape

Assess the parameters for optimization of production process based on the characteristics of the production process, and improve the tooling to reduce consumption of baking paint powder and adhesive tapes Improvement under the Program:

Category	Saved Consumption	Upgrade Efficiency
1. Top plate paint powder	10.05gm/pcs	25.5%
2. Bottom plate paint powder	11.00gm/pcs	30.0%
1. Top plate adhesive tape	2mm/pcs	20.0%
2. Bottom plate adhesive tape	4mm/pcs	20.0%



Case (2): Improvement of wireless LAN card route machine's light power consumption

In order to save energy consumption, upon assessment and verification, Lite-On replaced the lamp tubes of lighting on 12 wireless LAN card route machines from normal type to energy save type. After that, the annual power consumption fell to 3,500KWh from 5,836KWh, an improvement of the energy efficiency by 40%.

Biodiversity

All of Lite-On's factories have passed environmental impact assessment before they were developed. Therefore, the factory development had no significant impact on biodiversity. We are still striving to create ecological industrial parks characterized by the three attributes of production, ecology and life.



3.6

Customer Service and Customer Satisfaction

3.6.1 Customer Service

Lite-On is a leading international manufacturer of electronic products and optoelectronic parts and components, with clientele covering global leading brands in the communications, computers and consumer electronics industries. Customer satisfaction is one of Lite-On's core values. Lite-On is dedicated to meeting high quality standards and provide environmental protection service in order to satisfy customers' needs.

Lite-On's business units have installed cross CFT (Cross Function Team) dedicated to providing targeted services to individual customers and taking orders, performing product R&D and manufacturing, and ensuring quality, delivery, cost and after-sale services. The CFTs can quickly and correctly propose response actions and overall solutions based on customers' problems and feedback.

In addition to continuing strengthening the technology team for product design services, we also formulate comprehensive design SOPs for individual products and strictly implement the same to ensure that customers' special requirements and views are incorporated into the design process.

In order to satisfy customers' needs for immediate delivery, we have completed the e-procedures for purchasing, planning, logistics and cash flows, and use online information as the basis for operations. We integrate data from external suppliers, customers and banks, et al. to ensure that management information is correct and up-to-date, and the delivery is made successfully. Additionally, in order to expedite technical support, shipping, delivery and after-sale services, we have established factory premises, subsidiaries and distribution warehouses close to our customers worldwide.

3.6.2 Quality Commitment

Our quality commitment consists of listening to customers, understanding customers' real needs, transforming the needs to CTQ (Critical To Quality), and strengthening QC, in order to achieve the maximum customer satisfaction. At Lite-On, 6 Sigma implementation has become an important quality management strategy. 6 Sigma improvements have been incorporated among our business units' operation targets, and constituted Lite-On's corporate culture for quality improvement.

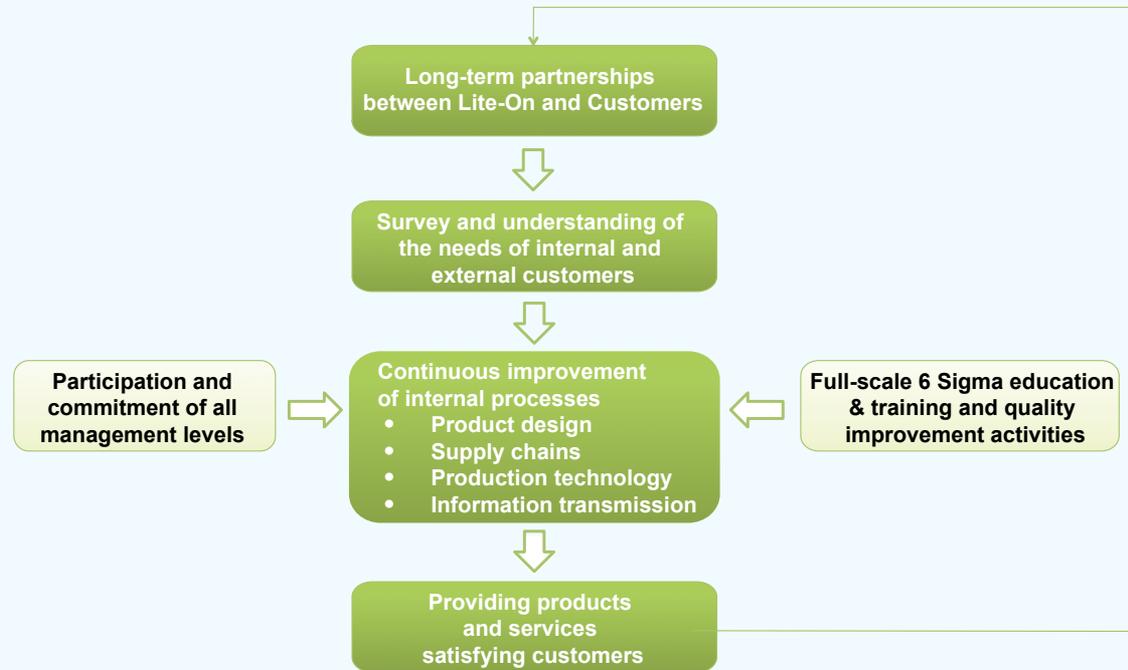
Our quality improvement motivation is derived from the following actions and efforts:

- High-ranking management's commitment, support and leadership
- Customer-oriented management and customer relationship management
- Continuous improvement
- Process 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 corporate quality culture

3.6

Meanwhile, these improvement activities shall also be propagated to our suppliers to keep the upper-stream and down-stream supply chains in line with each other in the quality improvement activities and generate the maximum quality improvement results.

In order to strengthen organizational learning and statistical analysis, while boosting quality awareness, we implement 6 Sigma activities and quality management training courses, including GB (Green Belt) and BB (Black Belt) training, to ensure that our employees understand how to use tools and actively take part in improvement programs. Employees may upgrade their competence only through continuous learning and then the continuous improvement of quality may be fulfilled. From 2005 to 2010, we have trained a total of 2,092 green belt and 83 black belt employees, and completed 1,794 green belt improvement programs and 106 black belt improvement programs. Meanwhile, we use the Best Practice benchmark platform, presentations and competitions to ensure that employees from various factories may quickly replicate best practices through sharing and learning.



3.6

In addition to promoting 6 Sigma activities, Lite-On Group's business units have passed ISO9001 and ISO14001 certification, and applied PDCA cycle management in the routine management activities, to simplify and rationalize processes and operations. The designs of all systems, strategies and methods seek to achieve three major customer-oriented ideals, namely-- Perfect, Free and Now. This also summarizes Lite-On's quality improvement mission and commitment to its customers.

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 Determination of project scope and management Flowchart Minitab	Basic statistics Cpk MSA Cause and effect diagram Cause and effect matrix	1 st of seven chief QA methods (root cause analysis) Process analysis Hypothesis testing	Implementation of improvement plan	Control plan SPC 2 nd of seven chief QA methods (control chart)
				Correlation and regression analysis Multivariate analysis FMEA	DOE (Design of Experiment)	RSM (Response Surface Methodology)



3.6

3.6.3 Customer Satisfaction

“Customer satisfaction” has always been one of the principles followed by Lite-On and derived core values from the customer-orientation. The assessment of customer satisfaction and feedback has become an important basis for our continuous improvement.

To monitor customer satisfaction, all of our business units collect the assessment scorecards sent by main customers to suppliers periodically (quarterly, semiannually or annually). The scorecards contain technical capability, delivery lead time, price, quality and information feedback. All business units shall draft improvement plans based on the assessment results, and include customers’ assessment scores among their unit performance indicators.

We send customer satisfaction survey forms to main customers on a yearly basis to obtain information that can guide our annual improvement plans. Meanwhile, our factories will also collect “lesson learn” and customer feedback at the same time.

Our customers will also perform regular or occasional audits at our factory premises, which also provide another important basis for improvement of customer satisfaction.

3.6.4 Customer Privacy

While striving to improve customer service, we also emphasize respect for customers’ privacy and intellectual property rights. To protect their confidential information, we enter into NDA (non-

disclosure agreement) with customers, and make sure that all employees maintain customer confidentiality when performing their duties. In 2010, none of our activities violated customer privacy or injured customers’ interests and rights due to loss of customers’ data.

3.6.5 Legal Compliance

We spare no efforts to comply with all applicable national and international laws and regulations, and ethical codes and generally accepted practices, including promotion of fair competition, provision of safe products and services, compliance with labor laws and practices, human rights declarations, international standards, copyright protection, and company assets and intellectual property rights in any forms. We also respect local conventions and values in all the areas where we operate.



3.7

Leading The Establishment Of "Taiwan Corporate International Sustainability Coalition"

Lite-On is dedicated to promoting DJSI engagement and supply chain green house gas management to help more Taiwanese enterprises participating in international sustainability ranking.

As driven by the awareness of Corporate Social Responsibility (CSR), the development of Socially Responsible Investment (SRI) is becoming an emerging trend and focus. More international organizations of SRI funds or indexes are engaged in selecting enterprises with sustainable performance and include the enterprises into their investment objects. Given this, enterprises tend to increasingly strengthen the socially responsible performance, expect to be identified as a constituent stock by international investment organizations, and enhance the transparency of investment in them and finally build their sustainable brand value.

It's a new challenge for Taiwanese enterprises to participate in the international SRI ratings since most of them did not experience in the past. Upon participation in the ratings, it is necessary for them to compete with other similar industries, thereby creating the chance to adopt international responsible investments and also to compete with benchmark enterprises, learn from them and achieve the substantial purpose of improving the entire corporate sustainable performance. If Taiwanese enterprises integrate CSR into their internal operation, they may



receive distinctive strength, create competitiveness, and also upgrade the entire value of Taiwan's industries and enhance the national competitiveness.

Therefore, Lite-On hoped to establish domestic enterprises' awareness about sustainably responsible investment solidly. In October 2010, Lite-On was granted the budget provided by the government- DoIT of MOEA (ministry of economic affair) and was supported by TCSF (Taiwan Corporate Sustainability Forum). In December 2010, under the organizational framework of TCSF, In the coalition, Lite-On established two working group- "DJSI Workgroup" and "Supply Chain Greenhouse Gas Management Workgroup", and expected leading Taiwanese industries becoming sustainable enterprises through sharing and learning across various industries and integration with the specific action plans in the same trade, and also driving the industrial supply chains' sustainable value through the coalition to strive for upgrading Taiwan's competitiveness.



3.7



- DJSI Workgroup

The “DJSI Workgroup” is the first taskforce dedicated to boosting DJSI in Taiwan. It was primarily dedicated to enrolling the enterprises which were included in the DJSI invitation list and decided to participating in the rating of DJSI as the first priority at the very beginning. DJSI rating of sustainable performance covers the three major portions, namely economic, environmental and social dimensions. In order to enhance the core competence of this work group, we involve three professional resources, including domestic “academic resources” engaged in thorough study on the sustainability issues, the experienced “business administration advisors” in corporate governance, business performance and public interest strategic value activities, and the “information and validation” resources achieving substantial performance in information function application and validation will serve as consultation platform.



- Supply Chain Greenhouse Gas Management Workgroup

Carbon disclosure in a corporate supply chain is covered in the scope of procurement assessment by international buyers. We strongly believe that it will be a significant plus to coalition companies if domestic enterprises worked together to guide the multi-industrial supply chain greenhouse gas inventory, integrate the co-inventory procedure, form, tools and coefficient management, and performed training and inventory guidance on supply chains uniformly. It can perform to avoid repeated resources waste, and to enhance Taiwan’s entire industrial competitiveness by integrating operating procedures and reducing the entire industrial costs.

3.8

Supply Chain Management

In an effort to fulfill the corporate social responsibility and commitments to customers, Lite-On adhered to the quality policy and also adopted numerous measures to help suppliers improve their management capability with respect to environmental protection, safety and health risk control requirements, in the hopes of minimizing the operational risk and cost caused to us and our suppliers due to environmental protection, safety and health issues.

We standardized our suppliers to comply with all local laws and regulations when in business operations.

We also defined a basic guideline applicable to suppliers in accordance with the EICC Code of Conduct and asked suppliers to sign the written management undertaking guaranteeing that they would strictly comply and take social responsibilities. We also stipulated the EICC audit regulations for suppliers. The essential elements of evaluation include: no child labor, protection of human rights, no discrimination, equality of treatment, legal working hours and pay, and environment management, et al.

Supplier Training

- Presentation on “Supplier Fulfillment of Corporate Social Responsibilities”
In 2010, we held several presentations or workshops on “supplier fulfillment of corporate social responsibilities” to explain the scope of corporate social responsibilities to be fulfilled, and also asked suppliers’ management or supreme executive officers to sign the “written management undertaking” guaranteeing the compliance with the relevant CSR requirements and EICC standards.

- Promoting Carbon Footprint Concept in Supply Chains
In 2010, we continued to promote the carbon footprint concept throughout our supply chain. The promotional activities include:
 - Monitoring the current state of greenhouse gas inventory
 - Holding presentations and workshops to explain the carbon footprint concept (including presentation of process surveys, inventory methods and survey forms)
 - Assisting supply chains to perform greenhouse gas inventory realization
 - Assisting supply chains to complete greenhouse gas inventory forms
 - Assisting supply chains to complete carbon footprint forms
 - Collecting suppliers’ greenhouse gas emission data

Selection of Suppliers and Contractors

We adopt the green supply chain-based procurement management, and 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 they can meet Lite-On’s “Concentration Limits for Hazardous Substances in Materials” (LS-301) standards.



Green Procurement

We have incorporated environmental protection principles into our supplier management mechanism, and strictly asked suppliers to comply with the standards on raw materials, packaging and emission of pollutants. Suppliers shall commit and guarantee that their products “do not contain prohibited substances”, and also provide the following information:

- Test inspectionss and reports for environmentally-controlled substances in products
- Knowledge and collection of compositions of the materials and parts
- Collection of information about toxicity and restriction of relevant chemical substances (materials safety data sheet)
- Demonstration of supplier management system review results

Conflict mineral (metal)-free procurement policy

According to EICC, certain minerals have become the main financing source of armed insurgent groups in the Democratic Republic of the Congo for exchanging munitions, continuing the blood conflict between them and the government, devastating the locals, and arising the international crisis. As a corporate citizen in the world, we declared and undertook that we will never receive or use the metals sourcing from the conflict mineral areas, and will also ask our suppliers to fulfill their corporate social responsibilities and to ensure that their products will not adopt the metal materials sourcing from such conflict areas.

Since 2010, we had strictly banned the products from adopting any mineral materials sourcing from the conflict areas in Africa.

Note : Conflict minerals mean the minerals composed of columbite-tantalite, cassiterite, wolframite and gold from the fighting region of Democratic Republic of the Congo (DRC). These minerals are refined into tantalum (Ta), tin (Sn), tungsten (W) (referred to as the 3 T's), cobalt (Co) and gold (Au), respectively, and are used in electronics and other products.

Control of Volatile Organic Compounds (VOCs)

Volatile organic compounds have an extremely negative and long-term effect on human health and environment, Lite-On not only demands its suppliers to install treatment facilities conforming to the local government's requirements but also encourages them to actively adopt effective treatment technology to treat various dispersed sources and to reduce the emissions of VOCs.

The available technologies include the following:

- Catalytic destruction
- Absorption
- Condensation
- Adsorption
- Biological process
- Plasma-chemical process



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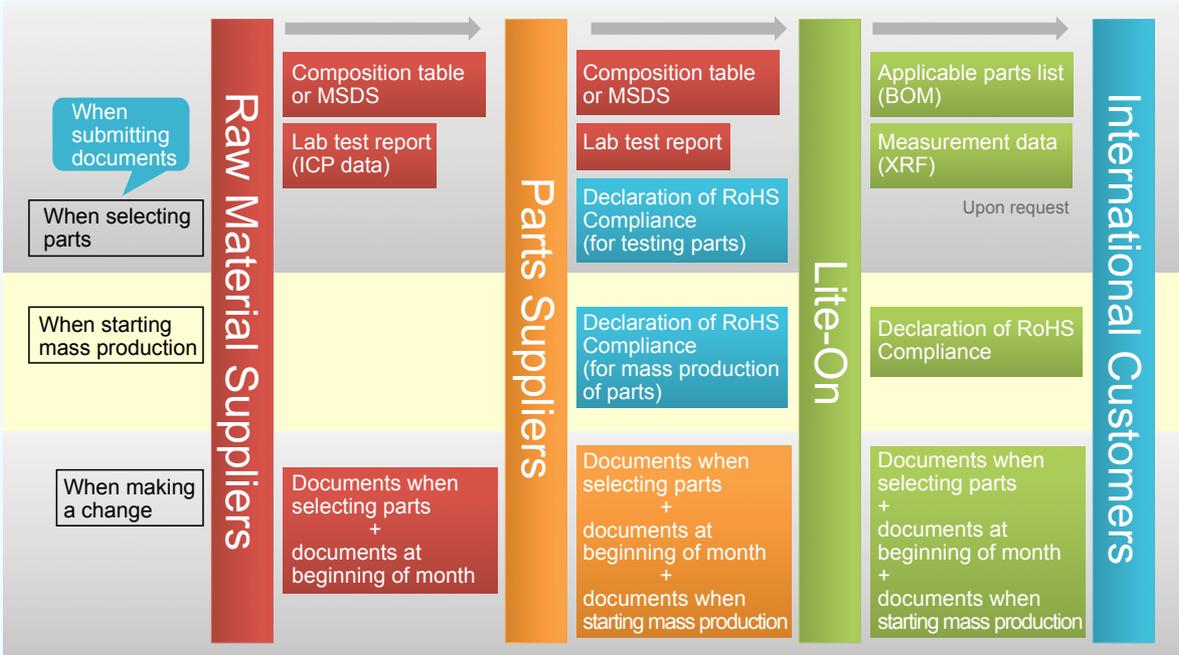
Audit and Guidance on Suppliers' Human Rights, Environment, Safety and Health

Regular audit on suppliers' human rights, environment, safety and health management help us understand suppliers' environment, health and safety management and state of implementation thereof.

We have established the supply chain management procedure in 2009 and begun implementation of EICC into the supply chains and performed the relevant "human rights, environment, safety and health" guidance and audit on important suppliers. Until 2010, our major suppliers who have received guidance and passed the audit have accounted for 10.5%. Especially, the 65 important suppliers that were added in 2010 have already passed the guidance and audit assessment.

We have adopted the following "Hazardous Substance Control Procedures" to maintain the green supply chains:

Green supply chains-Hazardous Substance Control Procedures





Chapter 4 Lite-On and Society

4.1

Care of Employees

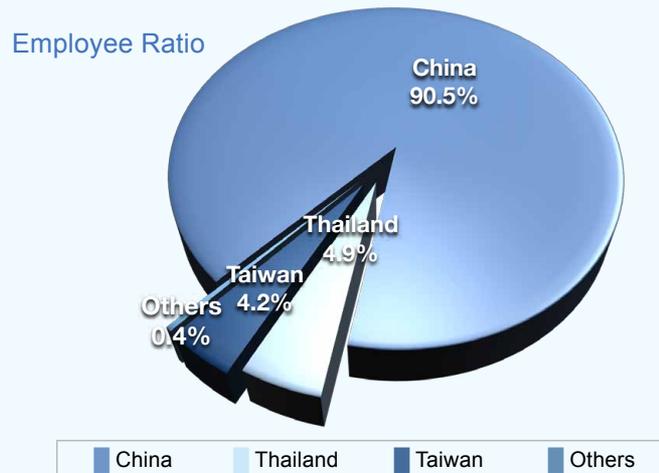
Employees are our most important asset. We place great emphasis on employees' work environment, career development and care. We have established diversified communication channels internally, and continue implementing various employee relations programs. We hope that we can create a working environment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

Meanwhile, we strictly comply with various labor laws and regulations. We have also established the EICC (Electronic Industry Citizenship Coalition) management system in accordance with the Electronic Industry Code of Conduct, dedicated to attending our employees.

We are also dedicated to training executive officers' leadership and enhancing the competence development of employees at all levels to ensure our sustainable corporate development.

4.1.1 Employee Profile

Until the end of 2010, we had a total of 42,468 employees worldwide, including 1,794 employees working in Taiwan and the remaining 40,674 employees working in China and at the other overseas plants, 99.8% of whom were located in Asia. As a



rule, we are used to hiring local employees as the first priority at our plants in various overseas territories. In Taiwan, employees at the level of assistant manager and above accounted for 46% of the total employees, and 99% of them were local individuals. In China, employees at the level of assistant manager and above accounted for 1% of the total employees, and 93% of them were local individuals. In Thailand, employees at the level of assistant manager and above accounted for 3% of the total employees, and 100% of them were local individuals.

State of Local Employees in Various Regions in 2010

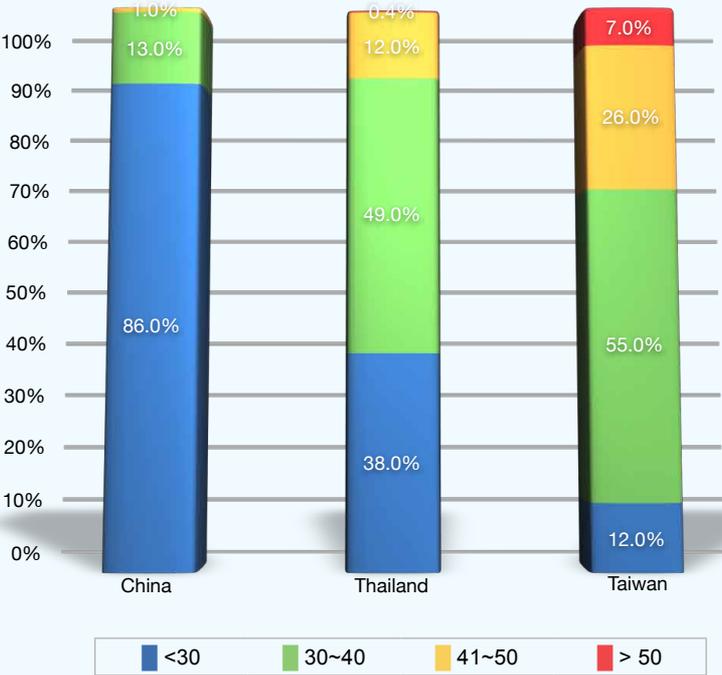
	Taiwan	China	Thailand
Employees at the level of assistant manager and above	46%	1%	3%
Percentage of assistant managers and above of total local employees	99%	93%	100%



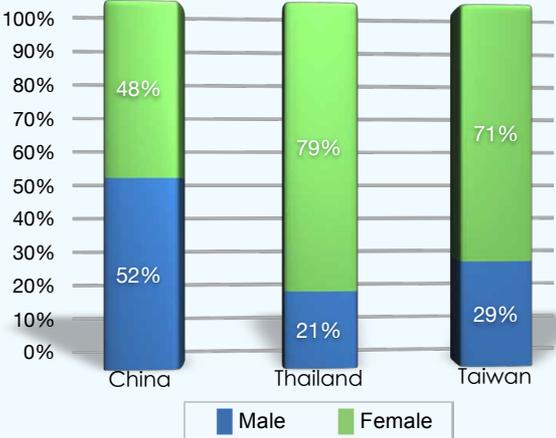
4.1

Workforce Structure

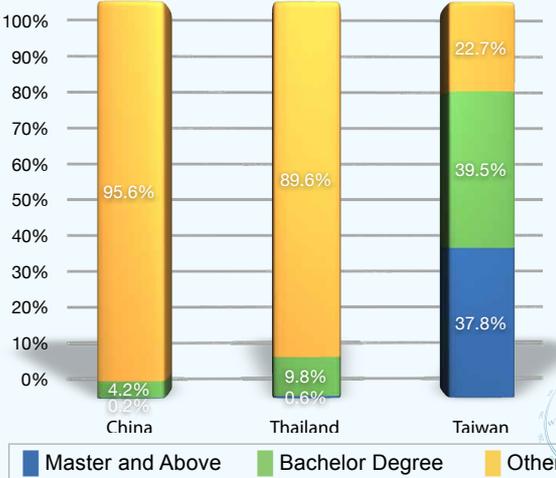
Employee by Age



Employee by Gender



Employee by Educational Diploma



4.1

Employee Retention

We are used to believing that employees are our most important asset. Therefore, we have well-founded promotion management courses and employee benefit system to encourage employees to upgrade themselves on an on-going basis to achieve their individual career development. If any employee wishes to resign, our HR unit will, if necessary, immediately arrange an interview with him/her to verify the cause of resignation and make every endeavor to retain and assist him/her.

The following refers to our annual turnover rates, which was based on the accumulated number of employees actively submitting their resignation each month, i.e. annual turnover rate=(total of hired persons who actively resigned from January to December)/(total of in-service employees at the end of each month from January to December/12)*100%.

Accumulated turnover rate in 2010 – by age

	Indirect Labor					Direct Labor				
	<30	30~40	41~50	>50	Average	<30	30~40	41~50	>50	Average
China	41.6%	23.1%	9.9%	--	34.6%	142.6%	73.8%	38.1%	86.7%	135.9%
Thailand	18.8%	11.2%	3.7%	--	10.7%	46.9%	15.9%	10.5%	--	29.5%
Taiwan	16.6%	17.2%	15.1%	3.6%	15.7%	--	--	--	--	--

Accumulated turnover rate in 2010 – by gender

	Indirect Labor			Direct Labor		
	Male	Female	Average	Male	Female	Average
China	33.6%	36.6%	34.6%	146.2%	126.1%	135.9%
Thailand	9.2%	12.7%	10.7%	30.4%	29.3%	29.5%
Taiwan	16.9%	12.8%	15.7%	--	--	--



4.1

Personnel Recruitment (including “non-child labor” policy)

In accordance with our business strategy and emphasis on employee career development, we employ various channels to recruit talents, including the collaborative programs with prominent university departments, sponsorship to work-study internships during summer vacation in Taiwan, and cooperation with the government in employment promotion program. Our personnel recruitment complies with local laws and regulations, and upholds the EICC. We refuse to hire child labor and strictly forbid forced labor and underage employees' performance of hazardous work. Meanwhile, we have established the IT system to manage employees' working hours and leave days to ensure that employees may balance work and leisure.



Fair Performance Management System

Our performance management and development system is designed to boost individual and organizational performance. We have instituted two-way communication and implemented the employee development plan. We make every endeavor to make our performance assessment so fair and reasonable that such assessment results may serve to be the basis for promotions, raises, bonuses, and employment development and training measures. If any employee is competent to perform his/her work, we will consider any appropriate guidance plan as the first priority, or assist the employee to transfer to a suitable position or affiliated company. If the employee still fails to satisfy the company-employee cooperative relationship then, we will dismiss the employee with appropriate severance pay in accordance with the relevant laws and regulations to ensure his/her interests and rights.

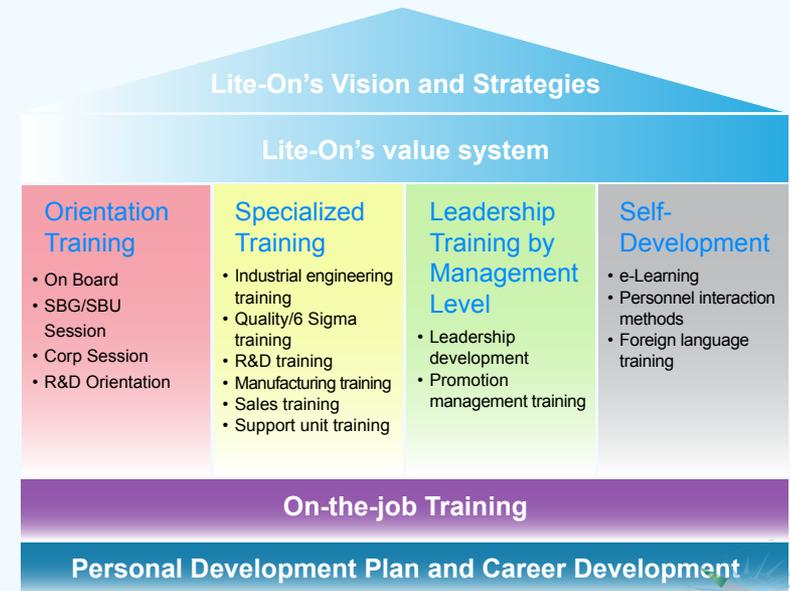
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4.1.2 Training and Human Resources Development

Employees are our most important asset, and education and training are important means to ensure that the value of our human resource 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 result, 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 plans, covering the four major parts including orientation training, specialized training, leadership training by management level, and self-development. The training is intended to help employees identify with Lite-On's core value and realize the Company's vision and strategies.



Lite-On Learning and Development System Chart

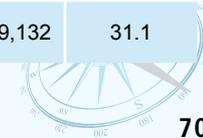
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Lite-On Learning and Development by Management Blueprint

Level	OJT	Off-JT					Self-development system (SD)	
		Orientation Training	Trainer Training	CSEER Training	Leadership Training by Management Level	Functional Training		
Executive management level	OJT development organization	On board orientation SBG/SBU session training Corp session R&D orientation	Training for certification trainer Training for DDI SEW certification trainer Training for advanced trainer	e-Learning Key promotions & enhanced training	Executive management development training	R&D training Sales training Manufacturing training Engineering training Quality/6 Sigma training Supporting training	e-Learning Foreign language training Employees' continued education program	
High management level	Learning development roadmaps				High management training			
Middle management level	Teaching plan and knowledge management				Middle management training			
Primary management level	Primary management				Primary management training			
Operating level	Mentoring system				Professional certification system			Shift supervisor training

Overview of Training in 2010:

Level	Total Number of Trainees	Total Training Hours	Average Training Hours per Person
Executive management level	108	514	17
High management level	388	1,971	18.5
Middle management level	3,616	18,686	25.7
Primary management level	12,352	56,753	36.2
Indirect labor	24,909	86,564	34.0
Direct labor	195,667	924,644	54
Total	237,040	1,089,132	31.1



4.1

We are dedicated to improving our learning development infrastructure and management system in order to provide an excellent and well-rounded HR development environment and platform. The following refers to some of our efforts and achievements in the recent years:

- Strengthening our learning development infrastructure:

We began implementing an e-Learning system in 2008, and provided various on-line courses and information on the learning platform. Employees may arrange their own courses and learning schedules to their sole discretion and also can view the instructor-lead-training material saved in the system from time to time. The e-Learning system ensures that employees may have access to a learning environment without restrictions of time or space, while also saving vast amount of paper that would be used to print lecture notes. We are doing our part to protect the environment and to help organization and preservation of trainees' learning information.

- Raising Lite-On's training development quality:

In order to improve and upgrade the training development quality, we follow the principles and requirements of TTQS, continue enhancing connection between the organizational needs/strategies and the training, and consistently spare no efforts towards trainees' learning result follow-up and transfer. In 2010, we won the TTQS Bronze Medal Price awarded by Bureau of Employment and Vocational Training of Council of Labor Affairs.

- High-tech Supply Chain Talents Training Program:

In order to boost the quality and competitiveness of Lite-On Group's Human Capital and to achieve greater added value in the same trade, in 2010 we continued participating in the Joint Corporate Human Resources Investment Program sponsored by Bureau of Employment and Vocational Training of Council of Labor Affairs. This program helped us integrate our resources with our suppliers' and jointly offer the courses in environmental protection and energy saving, specialty and management, enabling the employees of us and our suppliers to keep improving their professional competence and entire competitiveness to keep in line with the global development of green technology. This program has been well received and attended by the employees in the duration of implementation (2010/03/26~2010/11/15). The total number of trainees was 965 person-times, and the average training hours per trainee were 5.2 hours. This program also received the maximum subsidy awarded by the Bureau of Employment and Vocational Training.

- CSER-related Training Programs:

CSER incorporated into orientation training: To establish the new employees' correct awareness about CSER and enable



4.1

them to comprehend the efforts we have spent in boosting CSER, we will continue incorporating CSER into the required courses of orientation training.

- Electronic Industry Code of Conduct (EICC) training:
 - Organize instructor-lead-training courses: We incorporated EICC into the orientation training program, and also organized EICC-related key promotional activities or enhancement training irregularly at the factory premises in China. In 2010, a total of 16,665 person-times have attended the irregular training programs at the factory premises in China.
 - On-line classes: To ensure that all employees understand the contents of EICC and comply with the relevant requirements, we will continue providing EICC on-line courses in the e-Learning system to enable all employees to review EICC standards and regulations.
- Enhancement of Leadership and Competence of Primary Management Level in China:

In order to enhance the leadership and competence of primary management level in China, we introduced the internal trainer training for management and promotion of primary management level at various factory premises in China in 2010, in order to enhance the leadership and competence of primary management level through establishment of an internal-trainer group and consistent teaching material.

- Continuous Building of a Robust and Complete Leadership Cadre:

In order to enhance the leadership of high management level and meet the company's future development needs, we continued working with the American consulting company, DDI to boost the Leadership Development Program for high management level in 2010, and also researched the strategic plan for 2011 with McKinsey & Company. We look forward to gradually realizing our leadership human resource development strategies and plans among all management levels in next few years, in order to build a robust and complete leadership cadre that we need for our future development and sustainable operation.

4.1.3 Protection of Rights and Interests

I. Protection of Rights and Interests in Work and Employment

Employees are our most important assets. We establish all systems in accordance with laws and regulations:

- Legal employment

We strictly comply with various labor laws and regulations, refuse to hire child labor less than 15 years old, and prohibit any employee less than 18 years old from engaging in hazardous work. We also make the notification of any changes in labor terms and conditions in the manners as required by laws and regulations.



4.1

- No sexual harassment or discrimination
We strictly prohibit tangible or intangible sexual harassment. In addition to the relevant requirements, we also installed the sexual harassment prevention hotline and E-mail address available to employees for reporting and complaining. Our employees are free from discrimination in race, religion, color of skin, nationality and gender. We have never encountered any dispute arising from discrimination against identity in the past.
- Fair Performance Assessment System
Our performance management and development system is designed to integrate and boost individual and organizational performance. We have instituted two-way communication and implemented the employee development plan. We make every endeavor to make our performance assessment so fair and reasonable that such assessment results may serve to be the basis for promotions, raises, bonuses, and employment development and training measures. If any employee is competent to perform his/her work, we will consider any appropriate guidance plan as the first priority, or assist the employee to transfer to a suitable position or affiliated company. If the employee still fails to satisfy the company-employee cooperative relationship then, we will dismiss the employee with appropriate severance pay in accordance with the relevant laws and regulations to ensure his/her interests and rights.

II. Compensation Guarantee

We place considerable emphasis on employee protection of rights and interests, and adopt a highly competitive salary and benefits policy. Employee salaries are set on the basis of academic attainment, professional knowledge and skill, past work experience and individual performance, instead of the employee's gender. New employees' basic pay will not vary depending on race, religion, political views, gender, marital status or union membership. Our compensation policy has been drafted based on 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 law and thereby promote more sustainable operation.
- In order to maintain our competitiveness in the employment market, the pay is set and adjusted in reflection of HR supply and demand, and 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 contribution of employees' roles, and the results of our performance management system.



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- In order to motivate our employees, we grant the performance bonus in accordance with our overview of operation and individual performance as reward for employees' contribution, and also encourage employees to keep working hard. The bonus to be earned by each employee varies depending on functions, contribution and performance assessment.

According to Taiwan's laws and regulations, we will enroll employees into the labor/health insurance program on the same day when the employees are hired, and contribute to the pension fund pursuant to laws. Additionally, we also provide employees with the group insurance programs, including life insurance, accident insurance, medical insurance for hospitalization, cancer insurance and medical insurance for accidents. Meanwhile, we also provide expatriated colleagues with the group insurance of higher insured value to ensure that the expatriated colleagues may have no fear of disturbances when working overseas. The compensation of overseas employees adopts the reasonable and competitive compensation policy defined in accordance with the local labor market conditions. Meanwhile, we also grant long-term and short-term incentive rewards in accordance with local laws, policies adopted in other industries, and the business performance, in order to encourage employees to make contributions permanently and grow with the company.

Further, the number of employees in China has reached 90.5% of our total employees in 2010. In order to deal with the industrial policy adjustment and HR structure change in China in 2009, we have adjusted the salary structure and benefit measures in accordance with local laws and market levels to maintain our competitiveness in the HR market.

Our pension benefit system is defined in accordance with the local laws and regulations. For example, according to the pension system defined under Taiwan's Labor Standard Law, we contribute pension funds into a statutory account periodically for our employees in Taiwan.



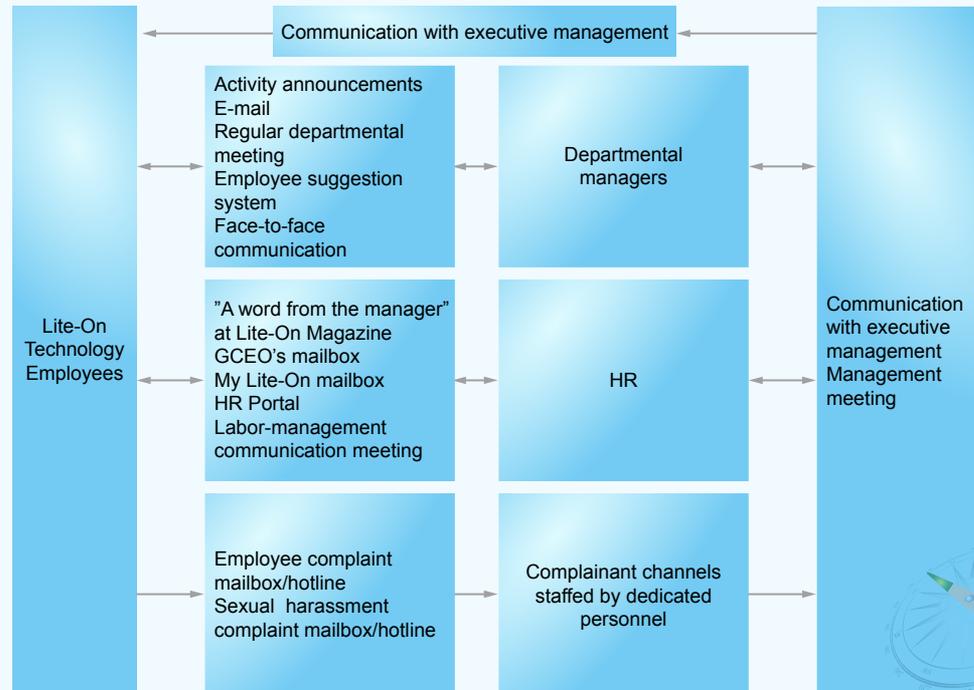
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4.1.4 Employees Relations

We have established diversified communication channels internally, and continued to implement various employee relation programs. We hope that we can create a working environment of “happiness, growth, health and balance” for our employees.

Our internal communication channels include the GCEO’s “Call Me David” mailbox, and employee complaint and sexual harassment hotlines and mailboxes. All employees may use said channels to voice their comments or suggestions at any time, and may receive feedback immediately. If any major changes in the company’s operation are likely to affect employees’ interests and rights, we will immediately communicate and coordinate with the employees through the formal communication channels.

We publicize information concerning activities and announcements through “My Lite-On” e-mail box and the “HR Portal” intranet. To ensure that employees follow the company’s business policy, each business unit would hold a management conference on a monthly basis to enable employees to communicate with the management face-to-face. Meanwhile, the company’s internal “Lite-On Magazine” published periodically will provide the information concerning the company’s activities, enabling employees in Taiwan and overseas to be aware of the company’s latest development.



4.1

Hold at least two labor-management communication meetings each year

We establish labor-management consulting mechanisms in accordance with local laws and regulations, and the whole employees' rights to consultation are protected under laws. We hold at least two labor-management meetings during the middle of year and at the end of year, and the company's management, such as the Chairman, GCEO, and CEO will attend the meetings personally to discuss the motions about management and labor-management matters and provide the opportunity for exchange of views. Our Chungho Office in Taiwan will hold at least two "directors'/supervisors' meetings" for the industrial union's work.

- No sexual harassment or discrimination

We strictly prohibit tangible or intangible sexual harassment. In addition to the relevant requirements, we also installed the sexual harassment prevention hotline and E-mail address available to employees for reporting and complaining. Our employees shall be free from discrimination in race, religion, color of skin, nationality and gender. We have never encountered any dispute arising from discrimination against identity in the past.



4.1

4.1.5 Lohas At Lite-On

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

4.1.5.1 Diversified Benefit Measure

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

4.1.5.2 Varied Employee Leisure Activities

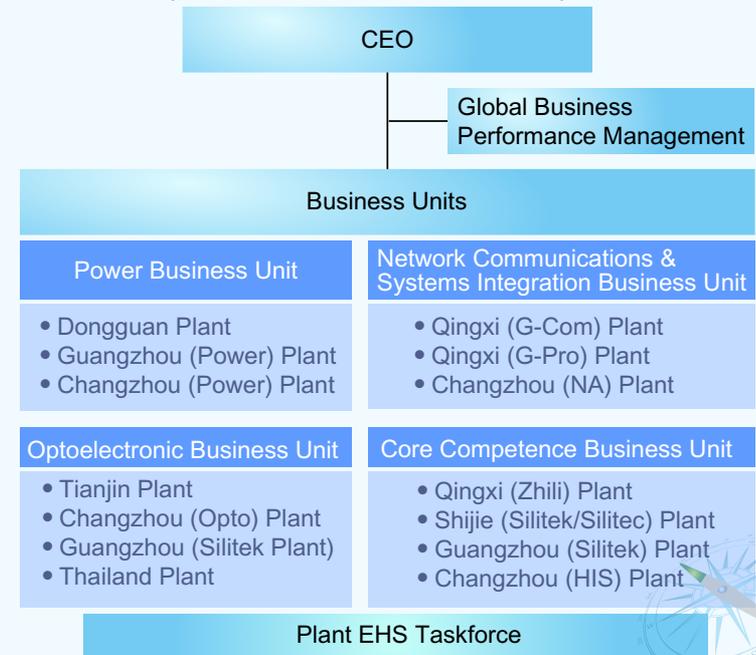
We plan various themed "Family Day" on an annual basis, encouraging employees to participate in the activity with their family members to increase interaction among the employees' families. We hold quarterly "Happiness Lectures" on a wide range of topics, including spiritual and personal development. We hold various ball games irregularly, encouraging employees to take part in the healthy activities during their spare time. We sponsor two group trips for employees annually, and also provide domestic and foreign travel subsidies. We sponsor approximately 36 employee clubs appealing to a wide range of interests in Taiwan, allowing employees to associate, interact and share their insights.



4.1

4.1.5.3 Environment, Safety and Health

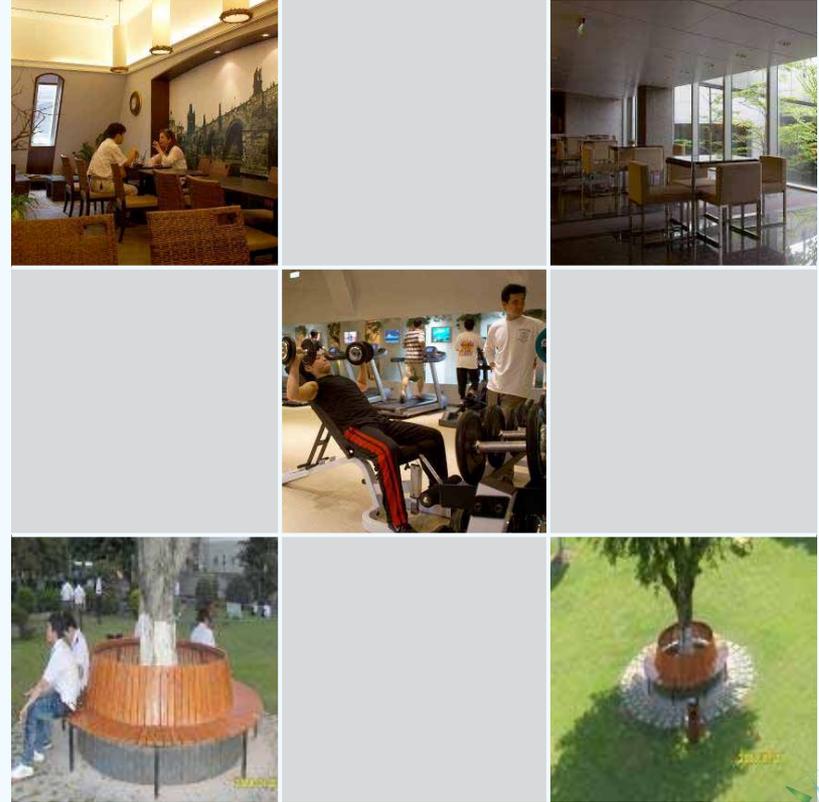
Lite-On concerns about ESH management performance and is dedicated to providing our stakeholders, such as customers, communities and partners...etc with the safest, lowest environmental-loading and most effective operations centers. We recognize the ESH management as one of the competitive advantages and implemented into our operation systems. We established the Global Business Performance Management Department subordinated to CEO, dedicated to researching and drafting the strategic ESH policies and objectives, integrating resources, and guiding, assisting and identifying the achievement rates and implementation of objectives at the various operations centers. We also value the continuous improvement of ESH, and have the supreme executive officers of various plants establish the EHS organizations and committees required under laws at various operations center, dedicated to implementing and seeking certification under ISO 14001 and OHSAS 18001 international standards, in the hopes of helping fulfill various programs by means of PDCA management cycles for continuous improvement. Further, as far as the energy management issue is concerned, ISO 50001 may be extensively applied to worldwide economic activities, able to affect 60% of the companies requiring energy in the world. Our customers and supply chain systems are expected to apply such management systems. In order to reduce the facilities energy intensity and application tools for greenhouse gas emissions, we will introduce the ISO 50001 energy management system as of 2011, with the intension of enhancing the enterprise business performance and value. ESH management has constituted one part of our corporate value system highlighting “customer satisfaction”, “excellence in execution”, “innovation” and “integrity”. We attend to the stakeholders’ claims and care about the stakeholders’ recognition about us. Through promotion of the ESH management, we will become a competitive but mild corporate citizen.



4.1

- A comfortable working environment

We have established fitness centers and well-stocked libraries exclusive for employees, in order to help employees relax and stay in shape. We offer a wide range of cultural amenities. We have established an internal “Cultural Gallery” to encourage employees’ artistic and cultural learning. Our spacious and comfortable employee cafeterias let employees dine with peace of mind. We also provide various convenient in-plant services, including travel agencies, coffee shops, and commissaries.



4.1



- Health promotion and workplace safety

We actively comply with the requirements under Labor Safety and Health Law and the enforcement rules thereof, Labor and Safety Facilities Regulations, Labor Inspection Law and the enforcement rules thereof, Hazardous Work Place Review and Inspection Rules, Strengthened Labor Health and Safety Management Guidelines, Labor Standards Law and the enforcement rules thereof, and Health and Safety Facilities Standards. We also provide pre-service health checkups and health and safety training to new employees, and provide regular health checkups for in-service employees who may perform particularly hazardous work, who must also use appropriate safety gear. We also implement health examinations focusing on specific items, perform health management, and regularly organize 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 2010, more than 37,232 of our employees took part in the company-sponsored annual physical examinations, and 4616 individuals joined in the occupational disease examinations. Moreover, there were about 57,817 employees who participated in the fire protection program and ESH promotions.

In order to prevent occupational diseases and occupation accidents, all our plants have established healthy working environments and health and safety promotion taskforces, which work in conjunction with internal audits and headquarters audits (consisting of annual environment safety, work safety, health safety and fire safety activities). These taskforces 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 follow up the data about occupational injuries (including during the hours of transportation): In 2010, our Taiwan employees had an average FR (disabling frequency rate) of 0.7 per million working hours and an SR (disabling severity rate) of 20.8 per million working hours; our employees in China had an average FR (disabling frequency rate) disabling average rate of 1.43 per million working hours and an SR (disabling severity rate) of 19.91 per million working hours; and our employees in Thailand had an average FR (disabling frequency rate) of 1.78 per million working hours and an SR (disabling severity rate) of 5.35 per million working hours; during the year we also had a global average of FR (disabling frequency rate) 1.42 per million hours and an SR (disabling severity rate) of 19.3 per million working hours. We continue to take corrective and preventive actions to stop the recurrence of accidental injuries.

4.1

Cooperate with Customers and NGO to Promote Employees' Health

We are working with our customer, HP and NGO-BSR, to promote the HER project for concerns about female employees' physiology.

Given that gynecological diseases have become more common as colds and the AIDS patients are increasing, the awareness and prevention of gynecological diseases and AIDS constitute an important part of the employees' health promotion. In late 2010 (July-November), we worked with our customer, HP and NGO-BSR, to entrust the person-in-charge of the labor training project of Guangdong Women Vocational Technological Institute, Graduate Institute of Women and Social Development, Professor Ning Qu to instruct a series of physiological health (known as reproductive health in China) knowledge training program with respect to female employees of Dongguan Shijie Plant (HIS). The program was named "A Better Tomorrow".

In order to upgrade effects of the Program, we collected data through questionnaires and interviews conducted at the dormitory areas at first with a view to verifying employees' knowledge about physiological health (known as reproductive health in China), and drafted the training key points and defined the training plan and courses. Thereafter, Professor Qu was responsible for teaching the professional knowledge to train the seed trainers and promoters (key members) totaling 29 persons for the company.

Objective: To upgrade the health awareness, mutual care and life sharing through training and activities

Courses: Definitions of reproductive health, five-stage health care for female (woman's period, pregnancy, puerperium, lactation and climacteric), contraception knowledge, safe sexual behavior, routes of infection and prevention of AIDS

The "A Better Tomorrow" taskforce consisted of 6 seed trainers and 4 promoters (key members), which would define the detailed training plan subject to the state of the company's production lines. The taskforce promoted the Program by printing the "health manual", producing posters to be posted in the bulletin of life area, and posting slogans for common sense about health in toilets, et la. It also arranged some games and quizzes in the relevant classes to impress trainees in the form of quizzes. All of the female employees throughout the plant were enrolled into the training program. The total trainees were 1,365 persons, including the class trainees totaling 697 persons and one-by-one trainees totaling 668 persons.



4.1

After the classes, the taskforce performed after-class questionnaire and compared it with the before-class questionnaire for analysis. The analysis results are specified as follows:

Scope of Survey	Before Training	After Training
Attitude toward cleaning genitals (clean every day?)	77.32%	92.39%
No sex life during woman's period	92.78%	97.70%
Use a condom in the case of intercourse with a non-regular sex partner	79.38%	91.52%
Share and exchange the reproductive health knowledge with family members and friends	62.89%	90.22%
Number of employees never seeking medical advice on reproductive health in the past six months	81.44%	50.00%
Believe that kissing leads to infection of AIDS?	35.05%	4.35%
Reluctant to work with AIDS patients	65.9%	16.30%
Believe that high-rank management care employees' health	51.76%	89.13%

Further, on December 8, 2010, Professor Chu performed the interview and program result assessment. As a result, the arrangement of courses, training and activities, promotion and training effects were recognized in all respects, and awarded the Certificate of Completion by HP and BSR jointly. Though the Program has been completed successfully, we will still continue promoting employees' health. HR Dept. also incorporated the relevant courses into the health education about new employees, and planned to conduct recurrent training on an annual basis. Due to the successful experience in the "A Better Tomorrow" Program, we have introduced the training program for female physiological health into the other plants of Lite-On in China in 2011 successively.



4.1

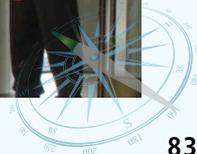
A Vigorous Day Starts From “Lite-On Vigorous Exercise”

Called on by the Chairman of Lite-On Group, Raymond Soong, our employees have been accustomed to taking “Lite-On Vigorous Exercise” twice a day since May 2010 (at 8:55am and 1:05pm). The “Lite-On Vigorous Exercise” was the healthy exercise planned by the fitness center and designed by the team led by Professor Peng Shu-Mei of Chinese Culture University. Professor Peng has continuously studied the chronic occupational injuries suffered by labor due to bad postures or defective work environment at the various workplaces, and has already designed multiple series of health exercises against aging and body stiffness for all trades and professions. The vigorous exercise exclusive for Lite-On employees was designed by her.

The vigorous exercise consists of: (1) shoulder neck pain prevention gymnastics, (2) shoulder back stiffness free gymnastics, (2) belly waist fat burning gymnastics, (3) wrist relaxing gymnastics, and (5) cardio pulmonary strengthening gymnastics, all of which are intended exclusively for workers accustomed to using computers in offices for long periods of time and suffering from shoulder neck pain for lack of muscular softness and elasticity due to few physical activities and stiffness of joints and muscles, excess fat around the belly and waist generated from sitting too long, and potential carpal tunnel syndrome for long-term use of mouse. The exercise is intended to relieve our employees’ pressure and fatigue, prevent muscular and bone injuries, upgrade productivity, mitigate occupational injuries and diseases, and advance the employees’ own health level.

The vigorous exercise will be demonstrated and promoted by seed trainers. Each department will delegate 1-2 seed trainers to learn the exercise at Lite-On fitness center, and the trainers may lead the other colleagues to do exercise beside their seats. The seed

trainers will lead the other colleagues to do exercise beside their seats. The seed



4.1



trainers' training will last for three days. Fitness center's coach will take one hour a day to teach various seed trainers the essence of exercise, enabling the seed trainers to do the exercise correctly and activate the muscle effectively.

In order to make our employees comprehend the meaning and correct postures of Lite-On Vigorous Exercise, our HR Dept., General Affairs Dept. and Fitness Center particularly organized the "Lite-On Vigorous Exercise Mobilization" Presentation and also invited the exercise creator, Professor Peng Shu-Mei, demonstrated and interpreted the exercise in person. At 8:45am on May 10 when the vigorous exercise was officially released at the Head Office in Neihu, Chairman Raymond Soong also took part in the exercise with everyone. Chairman Raymond Soong, having done exercise together with Professor Peng Shu-Mei for a long time, truly believed in the advantages resulting from exercise and, therefore, initiated and promoted the "Lite-On Vigorous Exercise", in the hopes of enabling all our employees to work more healthily and vigorously through the daily exercise. All employees are our most important assets. Chairman showed his sympathy for employees' hardwork, hoping that the vigorous exercise may not only strengthen employees' health and upgrade work performance, but also enable employees to feel the positive changes and advantages brought about by the exercise to our life.

The promotional activity was initiated at our factory premises in Taiwan from May 10 to May 14. The various factory premises management led all employees to follow the demonstration of Fitness Center's coach and learn how to do vigorous exercise. After the successful promotion of the vigorous exercise at the various factory premises in Taiwan, we gradually spread it to the factory premises in China.

At 8:55am and 1:05pm every day, Lite-On Vigorous Exercise musical will be played at the various factory premises. All of the employees may feel good about stretching by shaking their heads and hands and pursue a vigorous day accordingly.



4.2

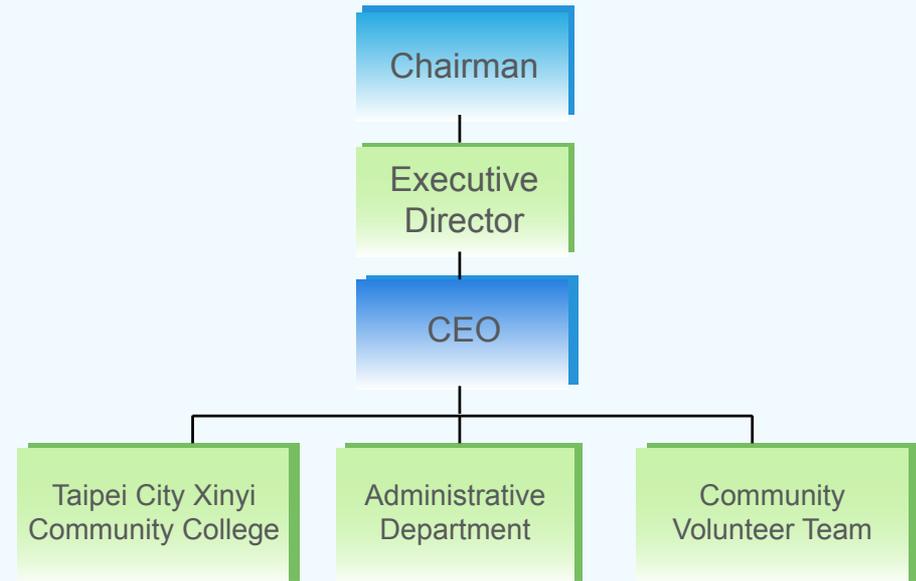
Social Involvement

Lite-On's Social Involvement Vision

We hope to create a sustainable society with diversified cultures, 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 talents.

4.2.1 Lite-On Cultural Foundation

The Lite-On Cultural Foundation was established in 1993 with donations from the three founders of Lite-On Group's affiliated companies. Lite-On Group's affiliated companies will contribute NT\$10 million from their profits to the Foundation each year to pay for the Foundation's operating expenses of that year. The Foundation was established primarily for the purpose of fostering humane qualities, encouraging children's healthy growth, promoting a corporate culture of concern, supporting public interest activities and nurturing innovative talents. The Foundation is dedicated to nurturing arts and humanities, the public interest, education and culture.



Organizational Chart of Lite-On Cultural Foundation



4.2

4.2.1.1 Community Volunteer Team "Light Up Underprivileged Children's Hope With Love"

(1) Training volunteers; aiding underprivileged groups

We take part in assisting underprivileged groups actively, establish community volunteer teams, provide systematic volunteer training, and serve underprivileged children and juveniles in conjunction with government resources. For example, with respect to the school system, Lite-on Cultural Foundation has provided training in family education, psychological counseling and other specialized training courses to community women or parents so that they can serve in the elementary and junior high schools in the community. The volunteers are serving at schools throughout Taipei City, New Taiwan City and Taoyuan County. About 4,500 volunteers have received training in the most recent three years, and trainees have accumulated to over 70,000 persons.

Meanwhile, the Foundation is also working with school counseling offices to provide concern, assistance and guidance for schoolchildren or juveniles facing trouble, including children from single-parent families, dysfunctional families, aboriginal families, new-resident families, and families with disabled children. Approximately 4,970 children and juveniles have received the assistance in the most recent years. For instance, a total of 1,644 children and juveniles have received the assistance, and assistance has been provided to a cumulative total of 20,000 persons, thereby fulfilling our commitment to be a caring neighbor.

Number of trainees for volunteers in recent years



Statistics of volunteer training and service hours in recent years



4.2



(2) Operation model for strategic alliance of holistic education and service:

The Foundation introduced the enterprise's management competence into the Foundation's management system and allied with government authorities and NPOs strategically to initiate the action strategies out of the intent to share resources and cooperate to create mutual interests and upgrade each other's strength in development, in the hopes of maintaining the ongoing reciprocal and cooperative relationship and create the maximum interest with limited resources.

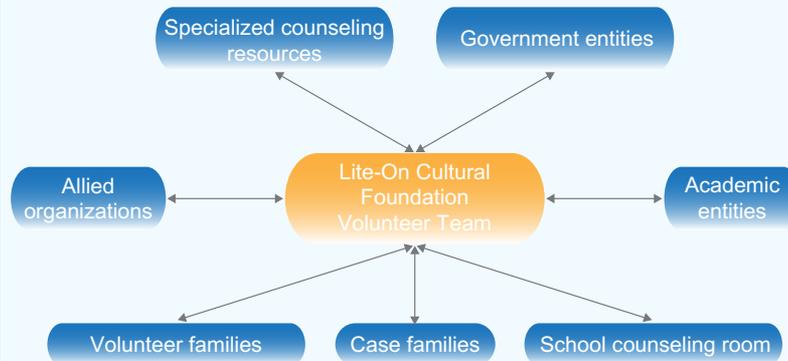
(3) Chart of operation model for strategic alliance of holistic education and service:

The beneficial results generated from strategic alliance may support an organization's objective and further help the organization link with other organizations (e.g. communities, schools, foundations and government sectors, et al.). The alliance is intended to enable both parties engaged in cooperation to achieve the "one plus one more than two" result.



4.2

The intangible social influence and beneficial result derived therefrom are specified as follows: (1) Upgrade social value: Highlight the social value of community volunteer service through the partnership and win recognition from more people accordingly. (2) Coordinate beneficial results of objective: It is very important for the strategic alliance to quantify and digitize the beneficial results of objective to form a solid base for any project co-managed by both parties. (3) Level of resource sharing: The more complete the resources controlled by both parties is, the more beneficial results the integrated project may arouse, thereby saving the maximum cost for both parties. (4) Sharing of cost: It is necessary to consume considerable resources in various cycles in the process of implementing a project, including preparation of budget, provision of HR and venue, planning and execution, and such other resources as media. Sharing costs may upgrade the organization's operating power and also create the strength in cooperation.



1. The Foundation was contracted by the relevant government entity to train the volunteers dedicated to serve new-resident families which greatly require concern. The Foundation was responsible for recruiting volunteers and establishing and operating the volunteers' organization, designing diversified cultural teaching materials, arranging training workshops and systematically providing the guidance to the following services, and also assisting schools and education bureaus to act as the link to sustainable development of volunteer service. That is, the Foundation introduced the enterprise's management philosophy and approach into the management of a non-profit-making organization, in order to create valuable services and serve the Client in the society under the "CORPS" model in conjunction with "Participants" and "Resources" in "Operations". This is highlighted as the win-win strategy for mutual trust, reciprocity and mutual benefit of the strategic alliance between the Foundation and government entities. About a total of 7,600 persons were involved in the activity.



4.2

2. To meet the needs of volunteer training for additional courses, Teacher Chang Foundation provided and retained experts from social work, psychological counseling, family education and life aesthetics, and arranged the experts to give speech in various community schools to promote the theory and practicing of “Learning by Doing” and reading campaign, upgrade servicing capacity and quality, and fulfill the philosophy and vision of holistic service. The speech was given in a total of 11 rounds in 2010, involving about 1,200 participants.
3. The Foundation also took part in the community underprivileged children summer and winter camps organized by Wan Long Christian Church of Taipei City. Children and juveniles are lying in an important period critical to shape of personality and behavior. They have to deal with the physical transformation and are easily affected by external factors in emotions, thinking and behavior. In order to help the care for community children effectively, the Foundation called on the seed trainers for community volunteer services in winter vacation (January) and summer vacation (July and August) in 2010 to take part in the small group's activity. The activity lasted for a total of six weeks, dedicated to providing courses covering life aesthetics, five-sense development free creation, life education and environmental education, and enhancing the community interdependent supporting system in the spirit of volunteer service, and enabling the underprivileged groups to receive holistic concern and heartwarming attention in the community in conjunction with



the local church's resources to create a brand new volunteer service model of gathering the love of everyone to help the people. About a total of 400 persons were involved in the activity.

4. The Foundation made the quota of five practice students available to Department of Human Development and Family Studies, NTNU and Department of Adult and Continuing Education, NTNU for practicing at the Foundation in summer vacation. The Foundation made the request for practicing plan in then year, and proceeded to recruit interesting students to provide service for the Foundation via the school's summertime practicing presentation, in order to fulfill the objective of industry-academy cooperation.

(4) Actively boosting volunteers' dedication to recurrent education

The Foundation not only provided the specialized training courses for volunteers but also encouraged the volunteers to take part in recurrent education to play a role model for children and create the atmosphere of a learning family. In 2010, a total of 3 volunteers have achieved master's degrees, and 8 seed trainers were taking the master's degree program of Department of Adult & Continuing Education, NTNU.

4.2

(5) Boosting life aesthetics and spiritual education for developing the mind and creating good human beings

With the experience in community volunteer services gathered in the past 13 years, the Foundation has developed 50 courses covering psychology, social work, diversified cultures, five-sense development, life aesthetics (environment), life education (personality) and life narration (story, narration and writing). The courses led volunteers to visit mother nature, play games, draft, paint, and learn life aesthetics and writing, and proceed with group discussions. All of us know that “aesthetics is the best family education” and also the best life gift for our children, while “outstanding perception ability” will be the direct access to developing the mind and creating good human beings.

Life aesthetics means that “the public learn to find aesthetic satisfaction in daily life”. Aesthetic feeling is identified as a spiritual quality. Whenever men are aware of aesthetic existence and touched by beautiful things, thereby feeling spiritually satisfied, the way they conduct themselves and attending to business will be affected positively accordingly, and the aesthetic feeling may become the indicator for kindhearted behavior. In the 21st Century, Ministry of Education renamed the social education workstation into the life aesthetics center and thereby further highlighted that aesthetic feelings and creative ideas, love and care were identified as Taiwan’s most important soft strength. How to pay attention to the changes in four seasons and value festivals and ceremonies at the place where one is growing and knowledge about esteem and preservation are all the critical elements to be integrated into the volunteer training programs

by the Foundation. In the process of globalization and localization, life is the essence. All creative ideas should originate from life and aesthetics starts from the recovery of life.

The community volunteer services training commenced from 2007, which is dedicated to boosting diversified culture and life aesthetics volunteer training, and urging the community volunteer teams to take the initiative to include seminars, photography, painting and narration about the topic “five-sense development and discovery of beauty of season” in addition to the training courses and extra courses, boosting the steady life attitude, relaxing life tempo, enjoyment of simplicity, parent-child living in the aesthetic space leisurely and discovery of emotions in life.

With said philosophy, the Foundation has successively organized the relevant events. For example, from January 28-29, 2010, the Foundation organized the overnight “Hualien Humane Qualities Tour”. On February 25, 2010, the Foundation organized the “Lungshan Temple and Bo-Pi Liao Old Street Humane Qualities Tour”. On March 4, 2010, the Foundation organized the “Spring Tea Culture Tour – Find Tea in Pinglin”. On July 9, 2010, the Foundation organized the summertime Grass Hill Mountain Humane Qualities Event for “Life Aesthetics Five-Sense Experience Tour”. On November 23, 2010, the Foundation organized the “Golden Mountain-World Legacy in Taiwan” Tour. On November 5, 2010, the Foundation presented the life aesthetics course in the “2010 Social Education and Cultural Organization Innovative Management Workshop” to enhance learning about community comprehensive construction, life aesthetics and local humane qualities.



4.2

(6) Feedback and share

1. Lite-On community volunteer service seed trainer, Lee Ru-Mei (volunteer serving throughout Fuxin Elementary School of Zhongho District, New Taipei City, seniority: 7 years)

Develop different learning vision through Lite-On volunteer services

The intensified technological development and rapid transformation in society make it impossible for adults to resolve any needs in life only with the knowledge learned already. Therefore, the lifetime learning philosophy highlighting learning at any time and anywhere has prevailed in the world and became a universe and a national social movement. In the years when I took part in the academic services, I felt that a lot of women were eager to learn enthusiastically. I greatly appreciate the Foundation's volunteer service training courses provided in these years. Because of the Foundation's efforts in boosting the community volunteer training work, children had a heartwarming and stable growing environment and gained correct values and ethical judgment, knowledge, intelligence and interpersonal relationship, expression



of feelings and emotional management and creative and learning competence. The community women may receive the inner world education omitted in regular school education

through the guidance and care of “volunteer service”. As a result, kindhearted human nature may be exerted accordingly.

After taking part in the volunteer services in campus permanently, I found that most of the school children involved therein were used to developing in the following manners: no interest→attracted and curious→interact with others gradually→make friends with team members→relieved and start sharing personal languages→adoption among the same generation became the force of support among the same→willing to share and discuss the difficulty in personal life or study→find experience and methods through sharing with team members→Develop the learning force and support network resources in the group.

I also have some feelings and thoughts gathered from the activities or courses:

When “being listened to”, I feel the existence of life.

Listening drives assistance and treatment. One will feel more and more confident and find the meaning of existence when he feels that he is understood, valued, supported, identified and recognized in a group through sharing with others. The partnership support and power built in the group will make every one accumulate energy through encouragement among members, and being adopted and supported will make him feel happy and exciting.



4.2



“Open mind” practice needs courage

It is a challenge for a person to disclose his own feelings or secrets in a group. However, through constant sharing and expression, learners are also developing their “public self” in mind. Meanwhile, they may adjust themselves, organize their thoughts, and verify and analyze issues in the process of disclosure and sharing. Sometimes, they may adjust their thoughts from a more objective point of view therefor.

“Being embraced” feels heartwarming.

“One will learn what love is and how to love others when he is beloved.” It is very important to hold others’ love and care. When you are embraced, you will feel that you are beloved and adopted. Such a heartwarming feeling will make you feel happy as if you were embraced by the whole world, and will inspire you to convey and share the same with any others in need of the same feeling. From the past experience, I realized that everyone is eager to be listened to and embraced in his mind, and needs to open his own mind to find true self and deal with problems.

The volunteer service system not only re-creates a different point of view for children but also opens a window for the soul as a channel for children to unleash their feelings and increase their willingness to communicate. The volunteers are used to arousing children’s enthusiasm and comforting children’s soul through the activities designed for encouragement, recognition and identification, ensuring that children may practice self-confidence and learn to unleash feelings positively in a safe environment and in homogenous and heterologous groups. I hope to re-create a different point of view and open a window for soul for me, my children, and all of the lives to be concerned through the volunteer service at campus, ensuring that the volunteer service becomes a channel available for us to unleash our feelings and be the chicken soup in the knowledge system, and utilizing the diversified creative ideas invoked by the volunteer service to boost the learning via media and to make life more full of human nature and feelings.



4.2

2. Lite-On community volunteer service seed trainer, Chen Yun (volunteer serving throughout Taipei Municipal Zhishan Elementary School, seniority: 10 years)

Volunteer organization management: Love in Zhishan

Like all the other Lite-on partners, Zhishan volunteer team members are heartwarming and enthusiastic, and have developed themselves and learned growth in the volunteer service courses, dedicated to helping others and completing themselves. In nine years, all of us brainstormed new programs exclusively for 4th grade students, including self-knowledge, emotional management, interpersonal relationship and troubleshooting, which received fair results. The team members were highly recognized, and the team was united further. We are used to requiring professional leadership and record-taking, and keep practicing more structural observation and record-taking. In addition to the growth courses, we also study the books related to psychological counseling together irregularly, e.g. focused therapy and play therapy, et al., to enhance our competence in providing counseling services and provide children with the optimal assistance. All of us know that involvement in a child's life is a happy and pleasant but serious work. We strictly adhere to all of the training courses arranged by Lite-On and well prepare for the courses, implementing what we learnt in managing our own families and performing the volunteer services.

All remember such good friends and that everyone is used to helping each other all the time. In addition to the class hours, all of us also gather frequently to share thoughts about the servicing. If there is any problem, all of us will brainstorm for the best countermeasure. At the gathering at the end of the session, a thank you note was circulating among all members, which said that "I was supposed to help others here (here means where the volunteer team was located), but I received the heartwarming

concern from so many people". Because this member's family suffered radical change, the other members immediately cared and stayed with the member voluntarily and took care of the member's children to console the member with our support. Another member was scared about being alone at home. Therefore, we voluntarily stayed with him, listened to him and consoled him, and also tried very hard to make him feel happy again.



A senior volunteer member has attended to a child case for about two years. As a result, he found that the child's trouble sourced from parents, and he voluntarily made a request to the counseling room stating that the child's mother also needed concern. He spent a lot of time in opening the mother's mind, and also prayed for them and led them to seek the spiritual support at the church. Further, another enthusiastic member engaged in instructing the counseling class in the neighboring school, after learning that some classmates were from children's homes, he immediately extended his concern and encouragement to these classmates, and also taught them the small group counseling course to make them know themselves better, learn the social skills, and increase their self-confidence. During the summer vacation, he also picked up them free to the church for attending the summer camp, as he would feel happier as long as children were joyful. Our team is the best team. Actually, there are still many touching stories like those I just said. Since I took part in the volunteer team, I have made many good friends who would care and cooperate with each other, and learn and act together to help people, know the orientation which we should move toward, find the objective to be pursued, and feel the pleasure in helping people. I believe that all of the Lite-On volunteer members definitely understand what I experienced. 93

4.2

Xinyi Community College “Building Local Diversified New Learning Platform”

Relying on its long-term community development experience, the Foundation began striving for founding the community college in 2000 as a lifetime model of learning. The incorporation of the college was approved in 2001 and the college began enrolling students formally since then. Xinyi Community College provides an average of 120 courses each semester in 2010, and 2,300 students are enrolled each year. Xinyi Community College is the only one of Taipei City’s 12 community colleges which is supported by the enterprise permanently.

The highlights of Xinyi Community College and results achieved by it in 2010:

(1) Based on the holistic development strategy, the College sought to meet the needs of 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 platform as its main trust, the College worked with the Xinyi District Office and Health Service Center to apply for a WTO safe community certification in 2010. The application was approved this year. In the process of applying for the certification, the College worked with the relevant agencies, schools, and community offices in Xinyi District to boost the relevant community safety programs and also employed the radio program “Community College Easy Go” to promote on line, and also conducted relevant courses and activities to greatly upgrade the life quality and safety in the community.

(2) The College continued to offer online classes aimed at underprivileged groups in the community and focusing on important concerned issues

The College’s classes for underprivileged groups in the community and aiming at important concerned issues yielded excellent results, and the families that benefiting therefrom unanimously expressed their support and gratitude.

- The College worked with the First Children’s Development Center Foundation to hold the “Fun Health Camp” for the disabled. In order to better serve underprivileged groups in the community, the College has worked with the First Children’s Development Center Foundation since 2008 to offer the specialized courses of “Fun Health Camp” for the disabled, including rhythmic dancing to music, basketball limb coordination classes and clay molding art classes. Meanwhile, the College received the specialized subsidy from Family Education Center, Taipei City and recruited trainees from underprivileged groups directly, thereby making positive and effective contributions to the underprivileged families. A total of 88 persons took part in the six classes in 2010.
- To serve new immigrants, the College worked with Rotary Club of Taipei Metro East to offer ten classes for immigrants, including information, practical living skills, and health care. The 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 living skills, establish effective social networks, and acquire good learning habits.



4.2



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

Apart from giving lecturers opportunities to share practical experience with their peers, the six sessions of “Xinyi Community College Instructor Information Skills Enhancement Training Class” also perfected lecturers’ professional teaching skills, and provided the strongest lecturers’ group for students with omnibus community college philosophy, class management, community construction, adult psychology and fine-quality curriculum.

(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. In 2010, the College worked with the faculty and students to hold community art exhibitions and sketching competitions, and also did the colorful painting on the topics “ecology” and “social practice” on the walls at the College’s green building roof, and received recognition from the community residents.

Additionally, the College also held multiple artistic exhibits and shows, including the exhibition of calligraphy of the instructor Tsai Ming-tzan and his students, the exhibition of oil paintings of the instructor Pan Peng-pin and his students, the exhibition of 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.

4.2

(5) Native plant volunteer guides training

Xinyi Community College is committed to protecting the ecological environment. The College 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 integrated Hsi Liu Environmental Greening Foundation and the instructional team to plan an aerial garden and green roof energy conservation project. Students and teachers from the College also joined forces with Xinyi Junior High School to create an aerial garden more than 500 pings 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 created new opportunities for ecological education at the community college. Further, the structure of ecological artistic painting wall was also completed this year.



(7) The College offers classes on community culture, history and environment, dedicated to realizing community development projects

- Work with Taipei Department of Urban Development to offer special project courses, green roof training courses and native plant conservation workshops
- Establish Taipei Tree Frog Ecological Education Center & Vision Workshop to execute the lifetime learning platform for the ecological conservation task in the local community.
- Promote the Houshan cultural and historical guide class, and teach the class outdoors at actual cultural and historical sites to trace the history of settlement in the Taipei area and associate with historical incidents that took place in Taipei's Xinyi, Wenshan, Da-an and Nankang districts.



(8) Work with the city government to open special project courses

The College has trained “honest administration volunteers” and broadcasting personnel in conjunction with Taipei City Government's Anti-corruption Department. The practical results of this training were displaced 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

4.2.2 Promoting green and innovation HR training – The Lite-On Award

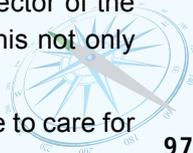


It has been one decade since Lite-On organized the “Lite-On Awards” in 2001 first among the others in the same trade. After more than one decade of pioneering efforts, the Lite-On Awards are constantly dedicated to boosting the global Chinese design creative industry. The number of countries and territories taking part in the competition is increasing and so is the number of entries. A cumulative total of more than 10,000 works have been entered in the competition in the past decade. The “Lite-On Awards” have become the largest industrial design competition in the Chinese-speaking world in terms of the number of entries, completeness of the prizes and quota of the prizes, which not only trained numerous domestic and foreign Chinese industrial designers and trainees but also successfully established an international exchange platform for HR creativity.

The 10th term of “Lite-On Awards” in 2010 made the all-time record, including the number of entries and works totaling 2,538 pieces, the unprecedented record. President Ma Ying-Jeou, who has spared no effort to boost the cultural and creative industries since his inauguration, also attended the awarding ceremony personally to deliver a speech and to take the initiative to honor the Lite-On Awards and the Company’s on-going devotion and contribution to the Chinese industrial design sector over the past decade.

Further, we adhere to the code of conduct and philosophy for environmental protection to be observed by enterprises. In 2010, the Lite-On Awards adopted the topic “Green Evolution” as the topic of competition, in the hopes of encouraging and calling on designers and enterprises to work out the way to treat Earth right at the end of design, learn how to care for the living environment given by mother nature and integrate technology into ideas about environmental protection, through competition. Meanwhile, when planning the examination team, we also invited multiple prestigious masters in the industrial design sector, including the CEO of Lenovo Taiwan, Yao Ying-Chia, and the founder of the innovative design lab of Samsung, Gordon Bruce, and the green environmental protection experts and green designers, such as General Secretary of BSCD-Taiwan, ROC, Huang Chung-Chen, and Executive Director of the Centre for Sustainable Design at the University for the Creative Arts, to attend the activity together. This not only attracted entries but also won positive comments from the media and experts.

Meanwhile, in order to keep in line with the topic for green environmental protection, we took the initiative to care for



4.2



the Earth and environmental protection by reforming the mode of application for entry to 10th Term of Lite-On Awards, cancelling the traditional mounting examination procedure, employing the company's existing E-ability and building the brand-new e-application and examination platform, in order to reduce paper, ink, and resources consumed for air mail effectively.

In other words, despite the multiple and diversified design competitions held locally, few can compete with such historical and constant competition as Lite-on Awards. This reflects our commitment and determination to give back to society. The enterprise's fulfillment of its social liability and commitment to environmental protection also demands immediate attention. The 10th Term of Lite-On Awards sourced from thought and ideas, encouraging designers to adhere to the good philosophy about green environmental protection when designing any product. Such action initiative from "Heart" reflects a good start for an enterprise to internalize the environmental protection to fulfillment of the social responsibility. In the future, we will adhere to the constant corporate commitments and keep conferring the Lite-On Awards for our sustainable operation and continuous feedback to society.



4.2

4.2.3 Public Interest and Sponsorship

- Build the “Harvard Lecture-Room” to connect with the international trend and train high-rank elites under academic and industrial cooperation

Chairman of Lite-On Group, Raymond Soong, donated funds to build the “NCTU Lite-On Hall”, in the hopes of training high-rank elites under academic and industrial cooperation and upgrading the management decision makers’ global vision and management knowledge. The “NCTU Lite-On Hall” is located at 1F of Building 1 of College of Management, NCTU, which was built upon donations of more than NT\$10,000,000 by Chairman of Lite-On Group, Raymond Soong. The Harvard Lecture-Room, the most fine-quality lecture-room in Taiwan, was built in accordance with the international specifications, available to the EMBA class and case teaching by the College of Management, where the training programs related to management will be organized irregularly. It not only provides an academic and industrial exchange platform but also expects to upgrade the high-rank elites’ in-depth global management knowledge and research vision.

The “NCTU Lite-On Hall” is situated alongside NCTU Bamboo Lake, occupying an area of 125 pings and designed based on the idea about “environmental protection, health, and co-existence with Earth”. The construction adopted green construction materials and LED dedicated to environmental protection and energy conservation, and also employed the one-piece glass for natural lighting, integration of surrounding natural scenic views indoors, expansion of extensity, and reduction of lamps. All of the construction and decoration designs take the care for environment as the first priority. The “NCTU Lite-On Hall” is equipped with two “Harvard Forums” that were built according to the specifications for the case teaching classroom of Harvard Business School and may accommodate more than 120 students and teachers at the same time. The “Harvard Lecture-Room” adopts the arc theater-style structure and most advanced digital interactive and audio/video equipment. The Forum is equipped with a touch and interactive screen. The real-time response system, horseshoe-type desk and chair arrangement, and the blackboard adjustable from six sides installed in the Forum enable students and teachers to engage in diversified and real-time interaction, so as to better the learning results. The “NCTU Lite-On Hall” is also equipped with a lounge available to students and teachers for exchange of experience and sharing of knowledge.



4.2

- 2010 Urban Education Camp for Indigenous Youths

To enable indigenous students from rural areas to gain knowledge about the urban workplace, increase their knowledge and encourage them to prepare for the future career planning, Taiwan Rainbow Indigenous Caring Association holds the “Urban Education Camp for Indigenous Youths” annually to enable indigenous youths used to living in remote towns to have the chance to touch urban cities through the activity, and experience different life styles and work models to develop their visions and further inspire them to seriously consider their career, habit, specialty and work. We allowed the indigenous students to visit Lite-On headquarters for three consecutive years as of 2008. The students had very positive responses, and expressed in the questionnaire that they learned a lot about the various energy-saving LED products and technologies introduced in their visit tour. Meanwhile, even some of them showed that the tour aroused their passion for “Love the Earth”.

A total of 32 indigenous students and teachers visited the Lite-On Building in 2010, including the 1st grade junior high school students and teachers primarily from Puli Township and Renai Township in Nantou County and Zhudong indigenous junior high schools. Most of them were members of the Bunnun, Atayal and Seediq tribes. Since they had few opportunities to visit Taipei and the environments and occupations they were involved in were mostly limited to vegetable planting, tea planting, hunting, part-time job (cement panel, road renovation and plumber, et al.), and



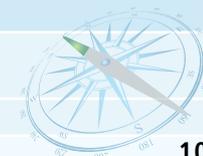
grocery stores’ jobs, they were full of curiosity when they could visit and experience the high-tech industry.

The tour itinerary consisted of a basic introduction to the company and the product showroom in order to give the students an understanding of Lite-On’s high-tech products and advanced information industry. Meanwhile, they were offered a tour of our Neihu headquarters to take the chance to appreciate the humane nature building designed by a renowned architect and the pleasant view alongside the river bank and further to experience the corporate spirit integrating environmental protection with energy-saving technology.

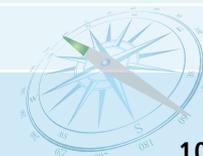
After completing the tour of our Neihu headquarters, more than 80% of the students reflected that they received a very helpful experience and wrote down their thoughts about the tour, including their impression about the energy-saving and electricity-saving effect of LED lamps, the life application of various technological products, and the contribution made by the electronics industry to Taiwan. After having the chance to entertain the passionate and innocent indigenous youths for three consecutive years, we look forward to continue arranging for such tour annually in the future, ensuring that the indigenous youths may gain more knowledge about Lite-On and even the entire technological and information industry and also may develop their visions and inspire them to work at their utmost continuously.

GRI G3 Content Index

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
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	3.7	Limitations on the scope or boundary of the report.	About This Report	1	
	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 17	
	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	
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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
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	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	23	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1.2.1 Identification of Stakeholders 1.2.2 Communication Mechanism 2.2 Corporate Governance 4.1.4 Employees Relations	11 13 22 75	
	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	23	
	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	24 24	
	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	22	
	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 2.2.5 Anti-corruption 2.2.6 Corporate Risk Management 3.1 Lite-On's Green Commitment 4.1 Care of Employees	9 21 25 27 30 65	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Governance, Commitments, and Engagement	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	10	
	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	10	
			2.2.2 Audit committee Responsibilities	24	
			2.2.3 Compensation Committee Responsibilities	24	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	2.2.4 Growth Strategy Committee Responsibilities	25	
			2.2 Corporate Governance	22	
	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	20	
3.7 Leading the establishment of "Taiwan Corporate International Sustainability Coalition"			59		
4.14	List of stakeholder groups engaged by the organization.	1.2.1 Materiality Analysis Process	11		
		1.2.2 Communication Mechanism	13		
4.15	Basis for identification and selection of stakeholders with whom to engage.	1.2.1 Materiality Analysis Process	11		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.2.1 Materiality Analysis Process	11		
		1.2.2 Communication Mechanism	13		



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Governance, Commitments, and Engagement	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 Materiality Analysis Process	11	
Economic Performance Indicators	Management Approach	Management Approach	2.1 Company Overview 2.2 Corporate Governance	17 22	
	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	19	
	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 Protection of Rights and Interests 4.1.5 Lohas at Lite-On	72 77	
	EC4	Significant financial assistance received from government.			In 2010, Lite-On Technology received from the government NT\$1,389,330 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 39 of 2010 Financial Report which can be found at company website: http://www.liteon.com



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Economic Performance Indicators	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	4.1.3 Protection of Rights and Interests	72	
	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	65	
	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	85	
Environment Performance Indicators	Management Approach	Management Approach	3.1 Lite-On's Green Commitment	30	
	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	



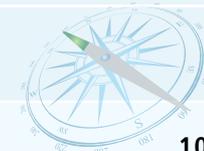
	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN5	Energy saved due to conservation and efficiency improvements.	3.4.2 Energy Saving Measures	40	
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	3.2 Green Product Design 3.3 Development of Green Innovative Applications	32 37	
	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	31 45	
	EN8	Total water withdrawal by source.	3.4.8 Water Resource Saving	49	
	EN9	Water sources significantly affected by withdrawal of water.	3.4.8 Water Resource Saving	49	
	EN10	Percentage and total volume of water recycled and reused.	3.4.8 Water Resource Saving	49	
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.			Lite-On's operation centers are not set at protected areas.
	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	52	
	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		



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	3.1.1 Energy Saving Goals and Results 3.4.7 Greenhouse Gas Inventory	31 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.	3.4.9 Air Pollution Prevention	50	
	EN21	Total water discharge by quality and destination.	3.4.8 Water Resource Saving	49	
	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.	3.4.8 Water Resource Saving	49	
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	3.2 Green Product Design 3.3 Development of Green Innovative Applications	32 37	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.			As an ODM supplier, Lite-On's reclaim of product packaging materials are arranged according to customer's request.



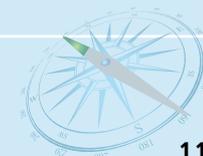
	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.			In 2010, the company did not suffer any penalties due 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.	3.4.10 Green Logistics	51	
	EN30	Total environmental protection expenditures and investments by type.	3.4.1 Adoption and Deployment of Management Tools	39	
Labor Practices and Decent Work	Management Approach	Management Approach	4.1 Care of Employees	65	
			4.1.2 Training and Human Resources Development	69	
			4.1.3 Protection of Rights and Interests	72	
			4.1.4 Employees Relations	75	
			4.1.5 Lohas at Lite-On	77	
	LA1	Total workforce by employment type, employment contract, and region.	4.1.1 Employee Profile	65	
	LA2	Total number and rate of employee turnover by age group, gender, and region.	4.1.1 Employee Profile	65	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	4.1.3 Protection of Rights and Interests 4.1.5 Lohas at Lite-On	72 77		
LA4	Percentage of employees covered by collective bargaining agreements.	4.1.4 Employees Relations	75		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	4.1.3 Protection of Rights and Interests	72		



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	4.1.5.3 Environment, Safety and Health	78	
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	4.1.5.3 Environment, Safety and Health	78	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	4.1.5.3 Environment, Safety and Health Appendix: Cooperate with Customers and NGO to Promote Employees' Health A Vigorous Day Starts From "Lite-On Vigorous Exercise"	78 81 83	
	LA9	Health and safety topics covered in formal agreements with trade unions. Health and safety topics covered in formal agreements with trade unions.	4.1.5.3 Environment, Safety and Health	78	
	LA10	Average hours of training per year per employee by employee category.	4.1.2 Training and Human Resources Development	69	
	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	69	
	LA12	Percentage of employees receiving regular performance and career development reviews.	4.1.2 Training and Human Resources Development	69	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	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	65	
	LA14	Ratio of basic salary of men to women by employee category.	4.1.3 Protection of Rights and Interests	72	
Human Rights	Management Approach	Management Approach	4.1 Care of Employees	65	
	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.			Lite-On strictly complies with various labor laws and regulations including 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 2010.
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	3.7 Leading the establishment of “Taiwan Corporate International Sustainability Coalition”	59	
			3.8 Supply Chain Management	61	
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	69		



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Human Rights	HR4	Total number of incidents of discrimination and actions taken.	4.1.4 Employees Relations	75	
			Appendix: Cooperate with Customers and NGO to Promote Employees' Health	81	
	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	77	
	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	65	
	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	65	
	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	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.			Apart 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 2010
Society	Management Approach	Society Performance	4.2 Lite-On's Social Involvement 2.2.5 Anti-Corruption	85 25	
	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.	4.2 Lite-On's Social Involvement 3.3 Development of Green Innovative Applications	85 37	
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	2.2.5 Anti-Corruption	25	
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	2.2.5 Anti-Corruption	25	
	SO4	Actions taken in response to incidents of corruption.	2.2.5 Anti-Corruption	25	
	SO5	Public policy positions and participation in public policy development and lobbying.			



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Society	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 2010, 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 2010 we did not suffer any fines due to violation of laws or regulations.
Product Responsibility	Management Approach	Management Approach	3.6 Customer Service and Satisfaction	55	
	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.	3.2 Green Product Design	32	
	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 2010, 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.	3.2 Green Product Design	32	
	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 2010, we did not violate any product or service information- or marking-related laws or regulations.



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Product Responsibility	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	3.6 Customer Service and Satisfaction	55	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	3.6 Customer Service and Satisfaction	55	
	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 2010, 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.	3.6 Customer Service and Satisfaction	55	
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			In 2010, 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 2010

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 2010. 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 2010 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 2010.

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 affirm 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, EnMS, 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 2010 verified is accurate, reliable and provides a fair and balanced representation of LITE-ON TECHNOLOGY CORP. sustainability activities in 01/01/2010 to 12/31/2010. 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 second 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 2010, 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, sustainability context may be further enhanced in future reporting. Long-term goals of some aspects for management approach as well as the disclosure of some performance indicators may be further enhanced in next report.



Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
July 12, 2011

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