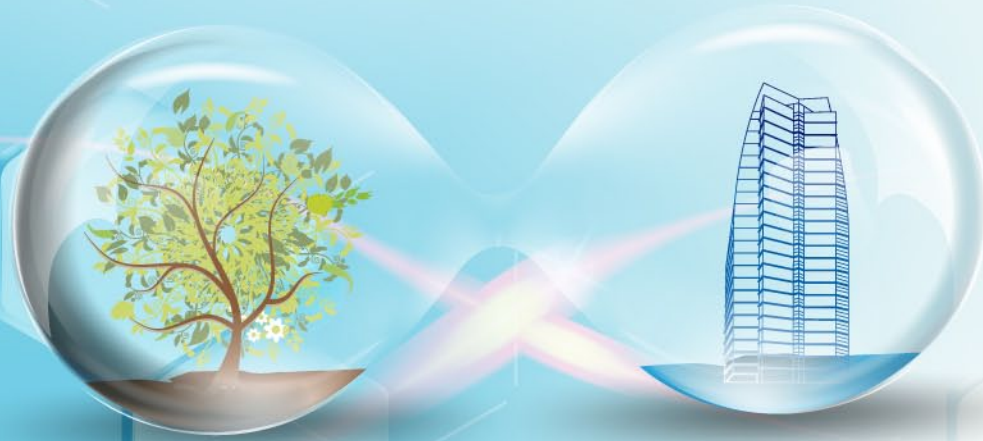


2011 Lite-On CSR Report



About Lite-On CSR Report



This is the sixth 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 1st 2011 to December 31st 2011; 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. If any correction, a footnote will be indicated in the relevant text.

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 G3.1, and it discloses the Company's main sustainability issues, strategies, objectives, and measures. The process of content discussion

and scope setting of the report are in line with requirements AA1000 (2008) standard. This report complies with the applications level standard of GRI G3.1A+.

Report Verification

In order to boost information transparency and reliability, the third party, SGS Taiwan Ltd., was engaged to perform verification in accordance with AA1000 Assurance Standard (2008) type 1, moderate level and GRI G3.1 framework, and SGS' statement is included in the appendices to this report.



Date of Issuance

Lite-On Technology issues an annual corporate social responsibility report regularly, and the report is also posted on Lite-On Technology's corporate website.

Current edition: Issued in July 2012

Next edition: Expected to be issued in July 2013

(Previous edition: July 2011)

Contact Information

Please contact us if you have any questions or suggestions concerning this report.

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2011 Highlights



Implementation of Corporate Social Responsibility

1. Selected as a 2011 / 2012 member of Dow Jones Sustainability Indexes (DJSI), listed under the Electronic Component & Equipment (ELQ) sector.



2. Recipient of Common Wealth Magazine's Corporate Citizen Award for five consecutive years; in 2011 Lite-On received the second place commendation among large scale enterprises in Common Wealth Magazine's Corporate Citizen Awards.
3. Received the HP SER Performance Improvement Award in recognition of driving conformance to the EICC code of conduct.
4. Won Silver at the 2011 Taiwan Corporate Sustainability Report Awards.
5. Winner of the TWSE Publicly Traded Companies CSR Report Disclosure Award.



Environmental Protection

1. Completed the Photo-coupler Optoelectronic Semiconductor Product Carbon Footprint Declaration and the Product Environmental Declaration Type III.
2. The six members of the Taiwan Corporate International Sustainability Coalition completed the coaching of 50 suppliers, compiling a total CO₂e inventory of 2.02 million tons.
3. Led industry peers to complete the world's first Printed Circuit Board Assembly Product Category Rule and Desktop Computer Product Category Rule.
4. Received an appreciation letter issued by the National Taiwan University Experimental Forest Management Office.
5. Received the highest rating for the Carbon Disclosure Project (CDP).





Corporate Governance



Agrade

1. Lite-On was given a grade of A in the 8th Information Disclosure Assessment by the Securities and Futures Institute.
2. The Power-SBG Chang-An plant received 11 certifications via ACE Group's Product Liability Insurance AAA Certification.

Corporate Management

1. Revenues for 2011 were NT\$118.88 billion with an after-tax Net profit ratio of NT\$7.22 billion. Earnings per share reached NT\$3.22.
2. For the period 2009-2011, Common Wealth Magazine ranked Lite-On first in the electronics industry in its survey of 1000 manufacturers. For 2011, the overall ranking of Lite-On was 18th, and we were ranked 24th in the manufacturing category for "Most Profitable Corporations."
3. The Lite-On Taiwan Train Quality System (TTQS) received a silver medal from the Taiwan Bureau for Employment and Vocational Training.

EPS 3.22

Giving Back to Society

1. The March 11 tsunami which struck Japan was a catastrophic disaster. Lite-On showed its compassion. We put ourselves in their shoes and donated ¥20 million yen for the relief effort, providing a substantial contribution to assist disaster victims and help disaster stricken areas return to normal as soon as possible.
2. The Lite-On Cultural Foundation volunteers recorded their moving stories of helping and accompanying the troubled kids, which are collected over many years of volunteer work, as well as their personal growth. The collection, which has been published as a new book by Living Psychology Publishers, is called "Not Just Child's Play—Stories of Protecting Troubled Children."
3. The Xinyi Community College volunteer corps received the Golden Excellence Award for Volunteer Groups, issued by the Taipei City Office of Social Welfare.
4. The Lite-On Cultural Foundation received the 2011 award for excellence in the Taipei City Social Welfare Volunteer Service Organization Operations Evaluation.
5. The Lite-On Cultural Foundation was ranked first in the B Group for the 2011 Taoyuan County Kindness Plan Social Welfare Category Volunteer Service Organization Operations Evaluation.
6. The Lite-On Cultural Foundation invited about 100 elementary and junior high school students from disadvantaged households to watch a performance of Cirque du Soleil's Varekai. Students were encouraged to take inspiration from the creative spirit of the Cirque du Soleil and learn from the character and professionalism of the performers. Having dreams in life, and taking steps to turn those dreams into reality, can make one's life a wonderful journey.





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Letter from the Chairman and Group CEO



Dear Stakeholders:

Lite-On, the global leader in optoelectronic components has been established for over 36 years. We are profoundly aware that a sustainable enterprise does not depend solely on its operational acumen, but also upon the resources and support provided by the community, which are of no less importance. Lite-On holds to the conviction that we must "remember where we came from." Long before corporate social responsibility (CSR) entered the mainstream, we had already made it a part of how we do business by creating the Lite-On Cultural Foundation to actively commit to social and public welfare, and by creating the Lite-On Award as a voluntary investment in increasing the cultivation of talent in the industry domestically. Today, the practice of corporate responsibility has become a basic requirement for enterprises across the globe. And, the conviction that has driven Lite-On to lead industry peers in implementing the responsibilities that come with corporate citizenship has not changed with the passing decades.

In 2011, Lite-On has taken in NT\$118.88 billion in revenue, with an impressive earnings per share of NT\$3.22. At the same time, we have been ranked first in the electronics industry in Common Wealth Magazine's survey of 1000 large manufacturers—a ranking we have maintained for three consecutive years.

Despite facing constant challenges in the global market, Lite-On has not only shown its brightness on the operations front, but has also made deep commitments to CSR by establishing an unending stream of related initiatives.

Lite-On holds to the ideals of learning and growing, and in recent years has actively given impetus to a series of promotion plans for improvement of CSR competitiveness among Taiwanese enterprises. These include being principle founder of the Taiwan Corporate International Sustainability Coalition and advising domestic enterprises on becoming listed on the Dow Jones Sustainability Indexes (DJSI). These efforts have already yielded initial results; the participating companies have increased in number from three to five. Furthermore, Lite-On plans to introduce Taiwan to international funds engaging in socially responsible investing (SRI), as well as to leverage the establishment of an allied benchmark learning platform to improve the international CSR competitiveness of Taiwanese enterprises as a whole through mutual exchange and learning. To date the scale of production value of large-scale enterprise members has exceeded NT\$3 trillion. This not only has influence on the industry as a whole, but at the same time drives the competitiveness of the country to greater heights. Allying and advising suppliers on completing greenhouse gas verifications cultivate the carbon asset management capabilities of the Taiwanese electronics supply chain, and assists the Taiwanese government and enterprises in creating a carbon database to get on board the international carbon emissions management bandwagon.

For a long time enterprises have seen tasks related to CSR as principally being public service marketing and publicity for green initiatives. As a consistent leader



in CSR implementation, Lite-On has already taken steps toward a new domain and is driving a new trend. Lite-On has taken a liberal attitude rarely seen in the corporate world, and has assembled the strength and resources of like-minded partners to expand the influence of the enterprise CSR implementation program via the establishment of a learning platform. It is also hoped that this initiative will bring greater and more positive benefits to society as a whole.

This year, Lite-On's CSR practices have garnered affirmation from all circles. Among these, we participated for the first time in the "Olympics of CSR"—the Dow Jones Sustainability Indexes. Becoming listed as members on both the DJSI World Index and the DJSI Asia Pacific Index, Lite-On was ranked as the number one leading enterprise under the electrical components & equipment sector, and was the only Taiwanese company to be listed in this sector. In the DJSIs' 18 assessment areas for the electrical components and equipment sector, Lite-On received the highest possible score in 13 areas. Included were economic, environmental, community and other areas, indicating that Lite-On has already achieved the standards set by international benchmarks.

In addition, Lite-On received the special honor of being named number two among large-scale enterprises in Common Wealth Magazine's Corporate Citizen Awards. This being the fifth year the honor has been bestowed, it represents the best performance in the history of the ranking. Beyond garnering the praise of the finance and economics media, Lite-On also received HP's award for social and environmental responsibility (SER). Furthermore, the Lite-On CSR report, written

in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, not only passed the SGS Taiwan GRI G3 Application Level A+ certification, coming into line with global CSR standards, but was also recipient of two prizes from government and other third party bodies: the 2011 Silver Prize for Taiwan Corporate Sustainability Reports issued by the Taiwan Institute for Sustainable Energy, and the Publicly Traded Companies CSR Report Disclosure Award presented by the Taiwan Stock Exchange. Lite-On also received the affirmation of an A grade in the 8th Information Disclosure Assessment by the Securities and Futures Institute. Each third party affirmation, while serving to demonstrate Lite-On's pursuit of corporate business performance and growth, also makes clear the determination and effectiveness of efforts toward transparency in corporate governance and active implementation of CSR.

The severe disasters caused by extreme weather around the globe in 2011, including the March 11 earthquake and aftermath in Japan early in the year, and the flooding in Thailand later in the year, remind people and governments everywhere of the importance of environmental discourse and policies for slowing climate change. To a corporation that spares no effort for CSR, creating opportunities where both environmental protection and economic growth can succeed not only represents a promise by the corporation on the subject of global warming, but is also a new direction for strengthening economic competitiveness. Lite-On's direction for the environment includes completing the Photo-coupler Optoelectronic Semiconductor Product Carbon Footprint



Declaration and the Product Environmental Type III Declaration; completion of coaching of 50 suppliers by the six members of the Taiwan Corporate International Sustainability Coalition, and inventorying a total of 2,016,162 tons of CO₂; and leading industry peers to complete the world's first Printed Circuit Board Assembly and Desktop Computer Product Category Rules. At the same time, an internal plan has already been formulated. Using 2011 as a standard, targets for power saving, water saving, waste reduction and other reductions have been set for 2014, with reduction goals of 6%, 10%, and 10%, respectively.

Lite-On has been giving back to society for many years, with cultivation of talent, assistance for the disadvantaged, and community care being our three major focus areas. Soon after the earthquake in Japan early in the year, Lite-On displayed its compassion by donating ¥20 million to the relief effort, thus providing a substantial contribution to assist disaster victims in the hope that disaster stricken areas might return to normal as soon as possible. When the world-renowned Cirque du Soleil visited Taiwan early in the year, the Lite-On Cultural Foundation volunteers who help troubled children invited 100 elementary and junior high school students from disadvantaged households to come and appreciate the highly imaginative and inspirational performance. In addition, the group also compiled genuine and moving stories from their years of experience, personal development and camaraderie, and with the good graces of Living Psychology Publishers, issued the collection in the form of a new book titled, "Not Just Child's Play—Stories of Protecting Troubled Children." It is hoped that through this book,

even more people will be encouraged to participate in efforts to help troubled children in the community, and give them the strength to get back on track.

We sincerely believe that corporations must give importance to environmental protection and sustainable operations. While putting CSR into practice, the core long-term competitiveness of the company can also be built. Years ago, Lite-On defined its concept of corporate social responsibility as CSER. The added "E" represents a promise to ourselves to internalize environmentalism as part of our competitive value and corporate culture. In the future, Lite-On will be consistent in maintaining this conviction. By taking to heart every affirmation of Lite-On from all circles and the general public, and maintaining the humble attitude that has characterized our company over decades from the beginning, we see fulfilling social responsibility as our duty. To be sustainable in the environment we must work on the economic front, the educational front, and all other fronts. We must combine the resources of society and all our global partners so that, by doing what we can with the influence we have, we may inspire others to even greater achievements, and create a better, brighter future for the generations to come!

Chairman of Lite-On Group

CEO of Lite-On Group

Chapter 1 Corporate Commitment and Stakeholders Engagement





Customer satisfaction, excellence in execution, innovation, and integrity are the pillars of Lite-On corporate value system and the fundamentals with which we create a sustainable enterprise. In the pursuit of revenue and profit, we also insist on taking the role of a leading global corporate citizen. Giving impetus to corporate social responsibility in turn creates sustainable business drive and competitive value.

Through the long-term personal leadership of Lite-On Chairman Mr. Raymond Soong and Lite-On senior management, the Corporate Social and Environmental Responsibility Committee (CSER Committee) was founded. Dedicated staff was hired and a team of CSER experts was organized to turn CSER into an integral part of Lite-On's competitive value and corporate culture.

In order to create international linkages and become a global leading enterprise, Lite-On adopted the criteria specified in the Dow Jones Sustainability Indexes (DJSI) as a basis for performing benchmarking of international enterprises. Besides introducing international socially responsible investment (SRI) opportunities, this also serves to actively

increase Lite-On's competitiveness to sustainability. In 2011, Lite-On engaged with DJSI assessment and achieved as the leading company in the electric components and equipment (ELQ) sector of DJSI member list. Lite-On impressively garnered the best practice in 13 out of 18 aspects in this sector. In addition, we achieved the highest recognition of Gold Class and as the most improver.

As an ethical and responsible enterprise, Lite-On is striving to be a company of world class excellence. We believe that doing good by taking care of our stakeholders and environment will finally contribute back to our long term growth and profitability. With company growth and profitability achieved, Lite-On holds to the spirit of giving back to the society that sustains it and is committed to implementing CSER for sustainable operations.

In order to allow the company's operations and all staff members to actively implement environmental protection policies and fulfill our CSR goals, we have adopted the SA8000 (Social Accountability 8000) and EICC (Electronic Industry Code of Conduct) as a basis of our CSER code



of conduct. Included are subsidiaries within the Lite-On group companies (the entities that Lite-On is major shareholder and have solid operations). All areas are comprised under the CSER code of conduct, including trade, investment, subcontracting, supply, marketing development, and all other aspects of the business and employment relationship. The content of the CSER code of conduct outlines Lite-On's promises in every aspect of its CSER policy, including business ethics, labor relations, environmental protection, safety and health, management systems, corporate governance, community involvement, and so on. Our performance in these aspects is monitored by our customers and customer-appointed third parties. For details on the contents of our CSER Code of Conduct please visit the Lite-On official website.

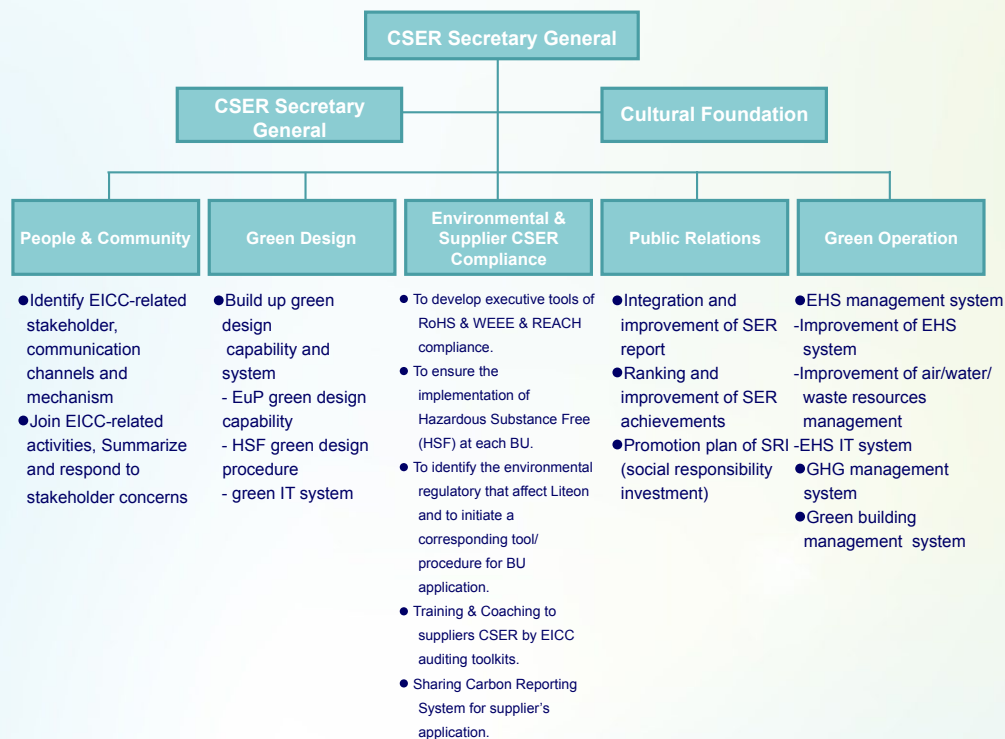




1.1.1. Lite-On Corporate Social and Environmental Responsibility Committee

The Lite-On Corporate Social and Environmental Responsibility Committee (CSER Committee) was formed with the aim of ensuring effective implementation of every aspect of Lite-On's CSER commitments, including labor relations, employee care, corporate governance, environmental protection, and social welfare...etc. Particular emphasis is placed on compliance with government regulation, right to work protections, enhancements to workplace health and safety, reduction of environmental impact, taking on social and environmental responsibilities, as well as meeting customer demands and a host of other norms.

The Lite-On Management Committee of the CSER committee is the highest component in the corporate leadership structure. Mr. Raymond Soong is the chairman of this CSER committee, and Lite-On's highest senior management comprise the members of this committee. They are responsible for formulating annual plan and regularly monitoring the strategy and the direction for the company's CSER policies in terms of economics, the environment, employment, community involvement, and so on. In this way, they lead Lite-On through implementation of its short, medium, and long term CSER goals and vision.



1.2 Identification of Stakeholders



1.2.1 Materiality Analysis Process

Since 2010, Lite-On worked with the academy to develop a materiality analysis to the corporate sustainability report in the hopes that by using a systematic analysis model, it would be possible to identify the sustainability issues of importance and interest to stakeholders. This was used as the basis of reference for information disclosure in the report in order to improve the effectiveness of communication with different stakeholders.

Step 1: Establishment of communications goals

Lite-On regards the CSER report as a kind of sustainability management strategy. As such, seven communications goals have been formulated in the hopes that by disclosing information within the CSR report, these strategic communications goals can be met.

- Reducing Lite-On's consumption of resources. Improving effectiveness and results of environmental protections.
- Improving Lite-On's risk management capabilities.
- Improving customer identification and satisfaction with regard to implementation of Lite-On CSER and EICC plans.
- Improving enthusiasm for CSR among Lite-On employees such that it becomes part of the corporate culture DNA.
- Improving the degree to which employees identify with the company and cohesiveness among staff.
- Strengthening interaction and communication with media and investment organizations.
- Strengthening communication and interaction with non-profit organizations.

Step 2: Identification of stakeholders

According to our communication goals, Lite-On identified nine types of stakeholders, including employee (labor union), customer, community, investor (shareholder), supplier, government, academia and researcher, non-profit organizations (including NGO), and media.

Step 3: Compile sustainability issues

In order to collect a package of issues, Lite-On entered discussions with stakeholders and identified most sources. Sources for these topics came from two major levels—external and internal—and can be categorized as follows:

- External factors: The Global Reporting Initiative (GRI) G3.1 guidelines for sustainability reports; The Electronic Industry Code of Conduct (EICC); The Dow Jones Sustainability Index (DJSI) questionnaire;
- Internal factors: Corporate vision; Lite-On CSER Code of Conduct; Content of previous sustainability reports.



Step 4: Analysis of materiality issues

In order to identify the materiality issues of interest to stakeholders, a risk-oriented materiality analysis model was adopted. This is because any information disclosed via the CSR report that does not conform to the demands of stakeholders will be seen as evidence of a failure in communication. For this reason, analysis of materiality issues will be performed using a Failure Mode & Effect Analysis (FMEA) method. Occurrence, Detection, and Severity are the three major assessment criteria by which evaluation is categorized: Demographic scope of stakeholders wishing to resolve issue at hand; Stakeholders' degree of interest in the issue; Degree of influence of the issue on achievement of strategic communications goals.

Now, Lite-On conducted surveys with different stakeholders, and after analysis of the results, Analytic Network Process (ANP) has been used to establish weighted values

for the assessment criteria. Lastly, considering the scores and weightings for each issue under the different assessment criteria, the Risk Priority Numbers (RPN) for each issue have been calculated in order to sort issues according to disclosure priority.

Stakeholder	Order of related issues				
	1	2	3	4	5
Employee (Labor Union)	Work Safety and Hygiene	Hazardous Substances	Recruitment and Retention	Labor Index	Environmental Performance
Investor(Shareholder)	Corporate Governance	Financial Performance	Innovation Management	Work Safety and Hygiene	Hazardous Substances
Customer	Innovation Management	Customer Relationship Management	Labor Index	Employee Welfare	Training And Education
Supplier	Carbon Management	Environmental Strategy/ Management System	Hazardous Substances	Green Product Management	Supply Chain Management
Media	Corporate Governance	Financial Performance	Green Product Management	Labor Index	Environmental Strategy/ Management System
Non-profit Organization	Environmental Strategy/ Management System	Carbon Management	Green Product Management	Human Rights	Hazardous Substances
Community	Hazardous Substances	Corporate Citizenship and Charity	Environmental Performance	Water Resource Management	Green Product Management
Government	Work Safety and Hygiene	Recruitment and Retention	Financial Performance	Corporate Governance	Human Rights
Academia and Researcher	Hazardous Substances	Human Rights	Innovation Management	Green Product Management	Work Safety and Hygiene

Step 5: Review and discussion of analysis results

Using the results of the materiality analysis investigation process and with consideration for the influence of the weightings, the ten principle key issues identified by Lite-On, ranked by priority are: Hazardous Substances, Innovation Management, Green Product Management, Environmental Strategy/Management System, Carbon Management, Financial Performance, Supply Chain Management, Environmental Performance, Human Rights, and Labor Index. This package of issues is the cornerstone of Lite-On's plan for effective communication.



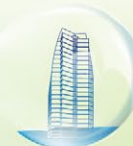
1.2.2. Communication Mechanism

Lite-On's platform for communication with stakeholders is as follows:

Stakeholder	Issue of Concern	Communication Platform
Workers (Unions)	1. Work Safety and Hygiene 2. Hazardous Substances 3. Recruitment and Retention	1. Labor-management meeting to be held at least once a year at the Zhonghe Plant, Taiwan. 2. "Date with the Chairman", an open-format lecture held at various times during the year in Taiwan. 3. The Mylition mailbox, established to take comments and feedback from employees in Taiwan. 4. In order to strengthen positive and interactive relations with employees, the Employee Relations Working Group was formed under the Human Resources Division for enhancement of perfect corporation-employee communication mechanisms.
Investors (Shareholders)	1. Corporate Governance 2. Financial Performance 3. Innovation Management	1. At the mid-year annual general meeting, complete financial information as well as the company's future directions are communicated to all shareholders. 2. With regard to corporate shareholders, at various times throughout the year we attend securities and investment forums, one on one corporate meetings, daily telephone conferences, and quarterly corporate shareholders meetings in order to dialog with corporate shareholders on company financial information and directions for development. 3. Maintain an investor relations office in order to foster excellent, long-term investor relations.
Customer	1. Innovation Management 2. Customer Relationship Management 3. Labor Index	1. Use E-TASC (Electronics - Tool for Accountable Supply Chains), a platform for disclosure of the EICC self-monitoring status of each company plant. 2. Hold regular and ad-hoc meetings with clients to communicate the company's developmental blueprint, product development process, reliability, delivery times, etc. 3. CSER events held in partnership with clients to strengthen interaction and communication. 4. Every year Lite-On conducts customer satisfaction surveys to give customers the opportunity to provide Lite-On with direct feedback.



Stakeholder	Issue of Concern	Communication Platform
Suppliers	1. Carbon Management 2. Environmental Strategy / Management System 3. Hazardous Substances	1. In 2011, Lite-On coached suppliers on carbon inventory with projects including greenhouse gas inventories, product carbon footprint and so on, thus actively tackling issues of concern to suppliers. 2. Yearly general meetings are held with suppliers to discuss the previous year's performance and the next year's operational goals, as well as to recognize outstanding suppliers from the previous year. 3. Training events are held with suppliers to target areas such as CSR, hazardous substance management, EICC requirements, requirements for greenhouse gas emissions inventories and reductions and many other topics at various times throughout the year.
Media	1. Corporate Governance 2. Financial Performance 3. Green Product Management	Monthly revenue updates are issued, quarterly corporate shareholders meetings are held to review performance, and exchanges with media on business achievements and future directions are organized. Other issues are addressed via press conferences and press releases whenever the need arises.
Non-Governmental Organizations (NGOs)	1. Environmental Strategy / Management System 2. Carbon Management 3. Green Product Management	1. We participate actively in the Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association, Taiwan Optoelectronic Semiconductor Industry Association, and other industry organizations. These meetings with industry associations, held both regularly and occasionally, form the basis for an intensive communication mechanism between industry players. 2. We cooperate with NGOs to create and hold employee welfare activities.

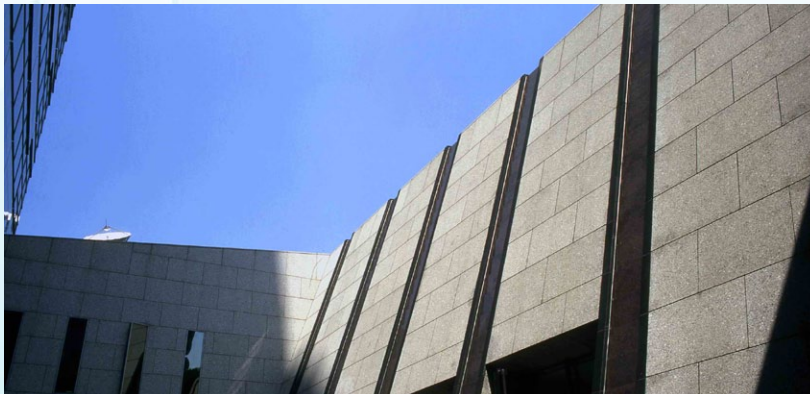


Stakeholder	Issue of Concern	Communication Platform
Community	1. Hazardous Substances 2. Corporate Citizenship and Charity 3. Environmental Performance	1. Through the Lite-On Cultural Foundation, employee relations department, and our public relations office, we actively promote activities relating to community involvement and environmental protection. Examples include forming community and campus volunteer groups for helping troubled children, helping disadvantaged children and adolescents, charity drives, sponsorship for arts and culture, holding international industrial design competitions, tree planting and reforestation, proactive giving back to society, environmental protection, and so on. These activities comprise our non-institutionalized social communication mechanism. 2. Our CSR report, greenhouse gas reports, environmental management strategy and goals, and disclosure information related to environmental management is readily available for reference by the community via Lite-On's website.
Government Institutions	1. Work Safety and Hygiene 2. Recruitment and Retention 3. Financial Performance	1. Proactive disclosure on our CSR Website, cooperation with labor inspections, and statistics reporting. 2. Regular disclosure of financial information, such as revenue, quarterly financial reports, biannual reports, year-end reports, reports from annual stockholders meetings, etc., via the public Market Observation Post of the Taiwan Stock Exchange and the company website.
Research Institutions	1. Hazardous Substances 2. Human Rights 3. Innovation Management	1. Green product development (carbon footprint, ecological footprint). 2. Assistance with interviews and investigations for CSR research cases. 3. Disclosure on the Lite-On CSR Website. 4. The main axis for core development for each business unit and research unit consists of linking with universities on the basis of area of expertise, undertaking cooperative R&D together, and providing grants for research. This virtuous model of interaction comprises our non-institutionalized communication mechanism vis-à-vis the academic world.

Chapter 2 Development of Corporate Operations



2.1 Company Overview



Name: Lite-On Technology Corporation

Incorporated: 1975

Headquarters: Taipei, Taiwan

Operating revenue: NT\$118.88 billion
(Lite-On Tech parent company consolidated revenue)

EPS: NT\$3.22

Employees: 39,938 persons (number of employees of the Lite-On Tech parent company domestically and overseas)

Stock code: 2301

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 SBG, Optoelectronics SBG, Mechanical Competency SBG, as well as Connected Devices & System Solutions, and other SBGs. Lite-On products are extensively applied to 4C fields such as computer, communication, consumer electronics and car electronics, et al. Lite-On's products including power supplies, LEDs, camera modules, desktop computer keyboards, and notebook wireless communications modules are all global leaders in their respective markets.



1. Power Supply SBG (Strategic Business Group)

This business group produces switching power supplies, external AC adapters, and DC/DC modules for applications of personal computers, servers, networking & communications equipment, LCD monitors & televisions, game consoles, multi-function peripherals, and industrial computers...etc.

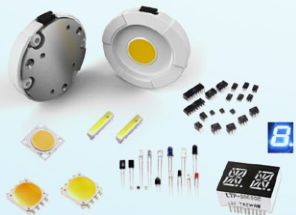
It is Lite-On Power SBG's mission to produce energy efficient products. In order to meet carbon reduction goals, Power SBG's international Research and Development (R&D) team strives to create new technologies, new products, and increase the efficiency of current products. As for new technologies and products, the R&D team focus on developing intelligent power management and high-wattage, high efficiency servers power supplies, as well as battery/fuel cell backup power supply systems. The teams are also focusing on developing the next generation of power conversion technologies with features such as high power density, high efficiency, low standby power consumption, etc., to continuously increase efficiency of existing electrical products. Meanwhile, Power SBG is also working out to reduce power consumption, as well as material requirements through developing in heat sink-less technologies. According to a survey by Micro-Tech Consultant (MTC), Lite-On is among the top three global power supply manufacturers.





2. Optoelectronics SBG (Strategic Business Group)

Optoelectronics SBG includes Optoelectronics LED SBU (Strategic Business Units), Camera Module SBU (Strategic Business Units)



Optoelectronics LED are classed into two broad product categories: Visible LEDs and Invisible LEDs. The Visible LED product line includes LED lamps, white LEDs, SMD LED lamps, and LED displays, which widely cover a wide range of application: indicators and

displays in household electronic appliances, backlights module for LCD Displays, electronic display boards, active and passive lights in car electronics, industrial optoelectronic sensors, and light sources for everyday and special purposes. LEDs are environmentally friendly, being low-temperature, energy efficient, quick to light, small in size, mercury-free, high longevity, etc. Lite-On is making great efforts to develop high efficiency lighting equipment using high brightness, high output LEDs, efforts whose purpose is to actively develop environmentally friendly light sources.

Invisible LEDs include photo-couplers and infrared LEDs (photolinks), which are widely used in power supplies, touch screens, high resolution printers, hand-held devices, industrial automation control equipment, and as components of high speed photo couplers, optical emitters and receivers, high resolution optical encoders, infrared data transmission products, LCD backlights, other devices requiring environmental light sensors, proximity

sensors and other optoelectronic components.

The Lite-On Portable Image Device SBU (Strategic Business Unit) mainly produce camera modules with application of computers (including notebooks, tablet PCs, and All In Ones (AIO)), as well as mobile phones. According to customer's requirement on pixels, built-in web cameras, HD video recorders, auto-focus, optical image stabilization, and so on, Lite-On design and manufacture the customized products. All of the computer-related camera modules supplied by Lite-On have received Lync certification from Microsoft, using comprehensive technical know-how to meet the needs of every possible application. In terms of mobile phone camera modules, Lite-On has already developed 5 mega-pixel and 8 mega pixel auto-focus camera modules with EDOF functions. The large aperture, super wide angle camera modules create sharper, clearer images, and the shooting range is greatly enhanced. At the same time, the lens, with large depth of field and EDOF design allows faster, more accurate focusing. These features place Lite-On in a leading position in the industry. In addition, by using a specialized board and stacked-module design, we succeeded in developing a slim form-factor 8 mega-pixel camera module while staying true to our commitment to maintain image quality. In the camera module market for high-end smart-phones, Lite-On leverages its comprehensive product lines and unique designs to satisfy our customer's needs.





3. Mechanical Competence SBG (Strategic Business Groups)

Mechanical Competence SBG includes SBU (Strategic Business Units) of Imaging, Human Input Solutions and Enclosures



The Imaging SBU produces imaging products for office use, such as mono or color multifunction printers, scanner modules, control boards, flatbed scanners, and feed-type scanners...etc. In terms of new innovation, this SBU has already succeeded in developing LCOS and DLP pico-projectors. In addition, Lite-On is actively developing an embedded pico-projector module which can be used in video recorders, cameras, mobile phones, notebook computers, game consoles and similar equipments. In the future, pico-projectors and modules will continue to be integrated in all sorts of advanced technical applications to bring even more value-added choices to clients.



The principal products of the HIS (Human Input Solutions) SBU are desktop computer keyboards, notebook computer keyboard modules, computer mice, high-end intelligent remote controls, and other peripheral devices. In addition to traditional keyboards we also produce Bluetooth keyboards, and are always developing products with new designs and materials. With regard to new product development, this SBU is investing great effort in the development of cloud-based products including tablet computers, smart-phones, and other peripheral products.

The Enclosure SBU is mainly responsible for the production of computer and server enclosures. Lite-On continuously develops energy efficient, recyclable, toxin-free enclosure products for personal computers. New applications include successful developments in workstation, server and rack-mount server enclosures.





4. Connected Devices & System Solutions SBG (Strategic Business Group)

There are 2 SBUs (Strategic Business Units), Network Access and System Solutions in the Connected Devices & System Solutions SBG.



The Network Access SBU produces all types of wireless modules, routers, and other networking devices. In addition, we have become the leading global supplier of wireless modules for notebooks, and are actively developing wireless household Audio/Video (A/V) systems, high performance Bluetooth headphones, Bluetooth hands-free systems for

automobiles, and other consumer products to take advantage of market opportunities to create a new wave of wireless devices.



The System Solutions SBU produces desktop computers, bank machine (ATM) computers, in-car navigation systems, and vehicle Digital Video Recorders (DVRs)...etc. In recent years this SBU has actively sought to diversify its product lines, and has already succeeded in creating Smart Life products, including smart home remote controls, wireless tablet controllers, etc., and has formed partnerships with leading vendors in the North American market.

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



Figure: Lite-On Technology's Major Operations Centers Worldwide 2011



2.1.1 Financial Performance

In 2011, the decline of end-market demand led by the global economy was impacted by the European financial crisis, the Chinese housing bubble, increases in oil prices, and other endlessly changing factors. Lite-On's revenues for 2011 were NT\$118.88 billion, representing a slight decline of 3.7% compared with last year. Meanwhile, rises in material and labor costs lead to an overall increase in operating expenses, resulting in an after-tax net profit margin of NT\$7.22 billion, a 17.7% decrease compared to last year. Earnings per share was NT\$3.22, NT\$0.84 less than the previous year.

Unit: Million NT\$

	2011	2010	2009
Revenue	118,882	123,457	97,230
Gross Margin	12.3%	13.0%	14.0%
Operating Expenses	6.8%	7.1%	7.7%
Operating Margin	5.5%	5.9%	6.3%
Income Tax Expenses	1,196	1,245	991
Earnings Per Share (EPS)	NT\$3.22	NT\$4.06	NT\$3.20

Revenue data is for Lite-On parent company both overseas and domestically.



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	Institute For Information Industry
ISA(International Solid State Lighting Alliance)	



2.1.3 Leading the Establishment of “Taiwan Corporate International Sustainability Coalition”

Driven by the awareness of Corporate Social Responsibility and the surge in Socially Responsible Investment (SRI), rating agencies such as international SRI investment funds and indexes assess and select enterprises that excel in sustainability as targets for investment. As this trend emerged, companies began to give increase awareness to the importance of their social responsibility performance, hoping to become recognized by international investment organizations, increasing transparency to investors, and shaping the brand value associated with corporate sustainability.

Participation in international sustainable investment ratings is truly a new challenge for Taiwanese enterprises since most never experienced. Furthermore, ratings require competition among enterprises in the same industry. Besides introducing international socially responsible investment opportunities, greater competitiveness and learning with benchmarking enterprises leads to substantive goals for improving the sustainability of all companies. If Taiwanese enterprises are able to integrate CSR as part of their internal operations, they will be able to leverage differential

advantages, creating greater capacity to compete with global competitors.

At the same time, the sustainability value of Taiwanese enterprises as a whole can be increased, and the national competitiveness can be strengthened.

Therefore, in the hope of deepening awareness of sustainable and responsible investing among domestic enterprises, Lite-On led to form the DJSI Working Group and Supply Chain Greenhouse Gas Management Working Group with the aids from the Ministry of Economic Affairs, ROC and Taiwan Corporate Sustainability Forum (TCSF) .. The two Working Groups were established in December 2010. The expectation was that through sharing and learning among enterprises from different industries, and integrated execution of interactive programs among enterprises in similar industries, enterprises can cooperate to achieve sustainable development. With the formation of this coalition, the sustainable value of the supply chain was driven forward, and we are working hard to increase the national competitiveness of Taiwan.



DJSI Working Group

The Dow Jones Sustainability Indexes encompass three dimensions: economics, environment, and society. For effective benchmarking, this Working Group draws from different industrial and academic resources, as well as corporate management consultants, to form a basic platform by which to effectively meet goals for interactive learning. By the end of 2011, there're 11 large-scale enterprises joined in the Working Group and were working together to attain corporate growth and increase the international competitiveness of Taiwan.

DJSI Sector	Working Group Members
Semiconductors	Taiwan Semiconductor Manufacturing Co., United Microelectronics Corp.
Computer Hardware & Electronic Office Equipment	AU Optronics, Chimei Innolux, Compal Electronics, Pegatron
Electronic Equipment	Delta Electronics
Fixed Line Communications	Chunghwa Telecom
Mobile Telecommunications	Taiwan Mobile
Insurance	Cathay Financial Holdings
Electric Components & Equipment	Lite-On Technology

Supply Chain Greenhouse Gas Management (SC GHG) Working Group

Supply chain carbon disclosure is one of the points evaluated by international buyers. By uniting together to coach each other on performing cross-industry greenhouse gas inventories, Taiwanese corporations not only avoid resources wasted due to redundancies, but through the cooperation process, also reduce overall costs, and strengthen the competitiveness of Taiwanese industries as a whole. There are six Taiwanese enterprises at the core of this Working Group, and together they work to drive forward the supply chain.

DJSI Sector	Working Group Members
Semiconductors	Taiwan Semiconductor Manufacturing Co., United Microelectronics Corp.
Computer Hardware & Electronic Office Equipment	AU Optronics, Chimei Innolux
Electronic Equipment	Delta Electronics
Electric Components & Equipment	Lite-On Technology Corp.



2011 Accomplishments

In total, there're 117 people received training in benchmarking practices of international sustainability indexes in the regular activities of this DJSI working group. Also, there're 147 people from 98 companies received promotional training in five sessions through the invitation from Small and Medium Enterprise Administration of the Ministry of Economic Affairs of Taiwan government, Taiwan Business Council for Sustainable Development, and our customer- Acer Corp.. The program approximately created a visible NT\$18.7 million value in professional services for coalition members. Besides, 104 people from 56 companies received training and accreditation for greenhouse gas inventory. At the same time, 50 companies that had received coaching completed inspection of their greenhouse gas inventories (total emission is 2.02 million tons CO₂e) and approximately created NT\$4.02 million in value related to greenhouse gas inventory training/coaching for suppliers.

Listed in Dow Jones Sustainability Indexes (DJSI)

Beginning in 2009, Lite-On undertook benchmarking along with other international enterprises in industry, adopting the DJSI criteria as the basis. In September 2011 Lite-On has been assessed and listed as a leading company in the Electronic Component and Equipment (ELQ) sector of 2011 / 2012 DJSI. . Lite-On impressively garnered the best practices in 13 out of 18 aspects in the ELQ sector. In addition, we achieved the highest recognition of Gold Class and as the most improver.





2.1.4 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**

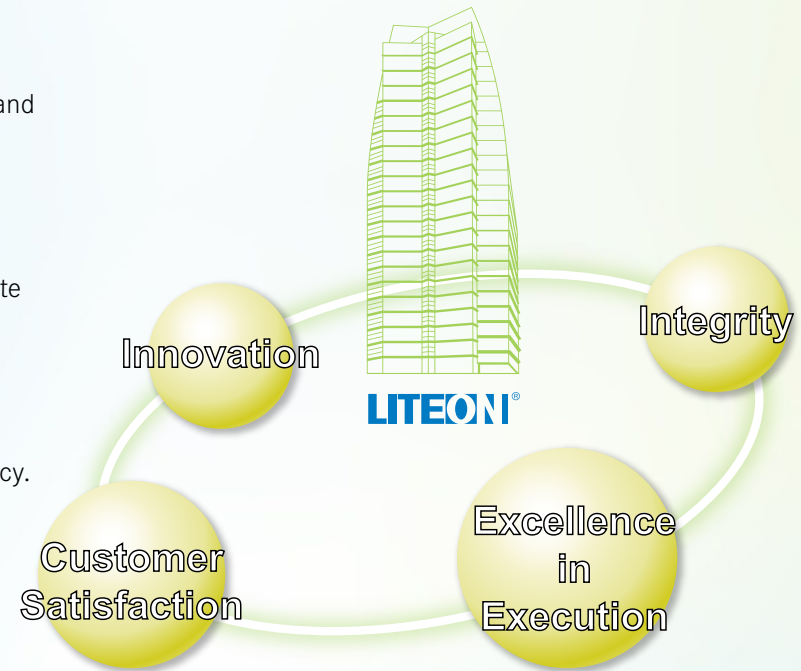
First movers in the market always capture the value of future trends. Formulate strategies accordingly and execute effectively in advance of competitors.

- **Innovation**

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

- **Integrity**

Trust from shareholders, customers, employees and suppliers



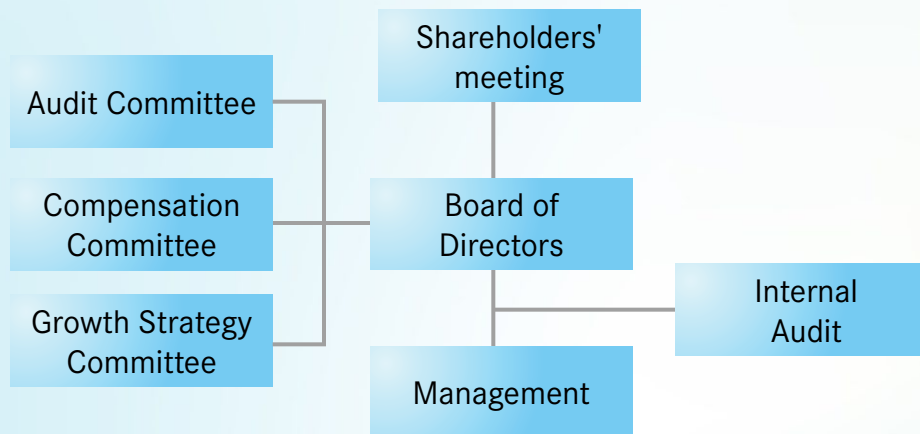
2.2 Corporate Governance



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 functional committees such 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 2011, we have been ranked a grade of A in the Institute of Securities & Futures Markets Development’s Information Disclosure Assessment.

Management framework





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. It is also responsible for the Company’s overall operations and is dedicated to maximize the stockholders’ equity.



NO	Board of Directors	Gender
Chairman	Raymond Soong	Male
Vice Chairman	David Lin	Male
Director	Warren Chen, Representative of Lite-On Capital Inc.	Male
Director	Joseph Lin, Representative of Dorcas Investment Co., Ltd.	Male
Director	Keh-Shew Lu, Representative of Da-Song Investment Co., Ltd.	Male
Director	Rick Wu, Representative of Da-Song Investment Co., Ltd.	Male
Director	CH Chen, Representative of Yuan Pao Investment Co., Ltd.	Male
Director	David Lee, Representative of Yuan Pao Investment Co., Ltd.	Male
Independent Director	Kuo-Feng Wu	Male
Independent Director	Harvey Chang	Male
Independent Director	Edward Yao-Wu Yang	Male



2.2.2 Audit Committee Responsibilities

Audit Committee consists of three independent directors. 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

Lite-On Technology established the Compensation Committee in 2009 so that it can continue to strengthen the corporate governance and adopt international standards. 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 to establish the compensation committee among domestic listed companies. We also possess the only highly-authorized compensation committee system. Therefore, Lite-On become a benchmark company with respect to corporate governance among domestic enterprises.



The Compensation Committee's supervision extends to Chairman, all high-rank management and managerial staff's compensation, as well as employee incentive and bonus policies. The Compensation Committee consists of 4 members (3 independent directors, 1 director) 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 2011, the Committee has called a total of 5 meetings. The verification mechanism for the Company's compensation policy and plan were thus built up. Compensation Committee's responsibilities are as follows:



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 2011, the Board of Directors called a total of 9 meetings, the Audit Committee called a total of 9 meetings and the Compensation Committee called a total of 5 meetings.

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 and members shall be nominated by the Board of Directors.

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 commits s that it will comply with the legal and ethical standards of the countries in which it carries out business to maintain its goodwill and to 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.

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. This Code is also included into the orientation training programs to ensure 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 receiving. However, 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 as long as such activities are clearly for business purposes and are held respectably. However, any excessively generous treatment shall be subjected 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 with reciprocity.
- 1.3 The Company's employees should avoid any improper conduct, and in no event should give or accept kickbacks in any form. While engaged in private shopping, the Company's employees and their family members should 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.



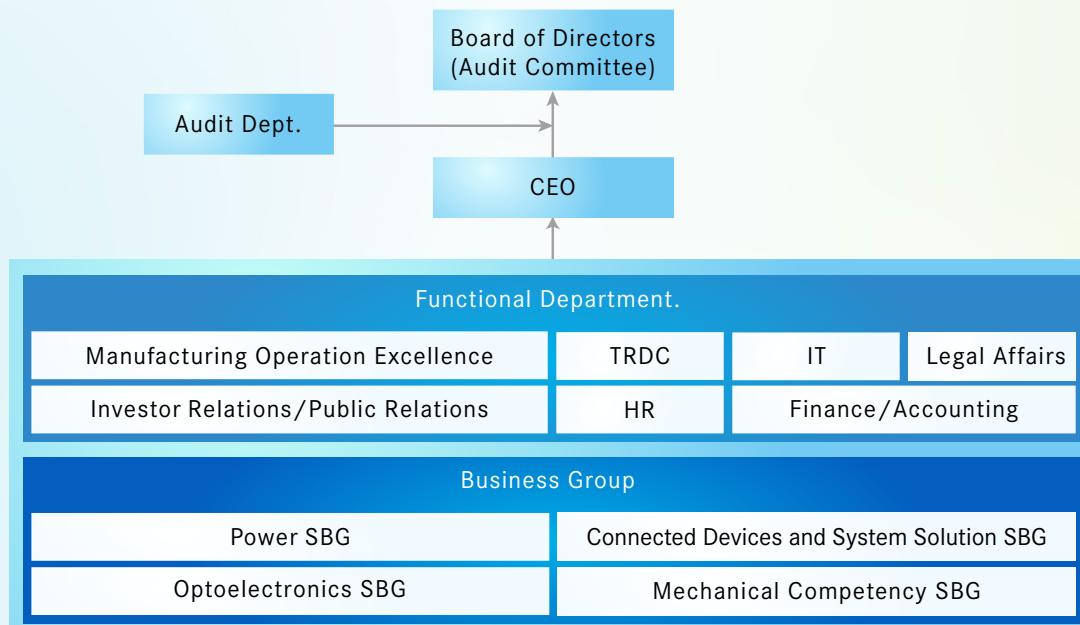


2.2.6 Corporate Risk Management

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.

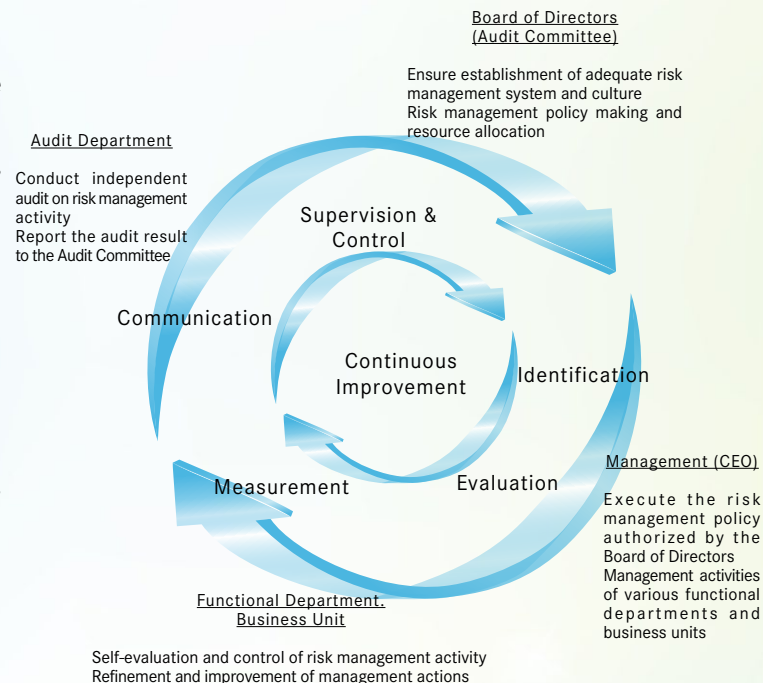




Risk Management Cycle

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...

We evaluate the risk levels by category so that appropriate actions such as transferring, accepting, reducing and avoiding are taken. Moreover, we adopted the risk management mechanism to prepare ourselves to cope with the operation risk caused by global climate change; we analyze the potential impacts of carbon tax, higher electricity and water cost on our operational efficiency, and further enhance the risk management.



Chapter 3 Lite-On and Environment



3.1

Lite-On's Green Commitment



Lite-On are profoundly aware of the impact on the environment resulted from the business operation, and we are committed to taking responsibility for environmental protection. As such, within our Corporate Social and Environmental Responsibility (CSER) Code of Conduct we have committed to certain practices in the hopes that continued efforts in product design, process management, supply chain management, after-sales service et al to reduce our impact on the environment, and allow us to achieve our sustainable development goals.

The Lite-On Environmental Code of Conduct

Lite-On undertake to protect the environment through products design and production, and to instill the importance of environmental protection in our employees. In order to reduce our impact on the environment, Lite-On and our subsidiary companies will engage in environmental management to control air pollution, hazardous waste, energy utilization, and noise pollution generated in the design and manufacturing processes. Furthermore, Lite-On have undertaken to establish, maintain and continuously improve environmental management system in order to establish specific policies for our workflow control, and to monitor the progress of the system. Lite-On's specific commitment is as follows:

- Reduce energy utilization and improve environmental protection at all plants.
- Reduce consumption of paper, water, and all other natural resources at all offices and plants.
- Using the ISO14001 standard, establish, maintain, and improve standard operating procedures in order to effectively control air pollution, hazardous waste and noise.
- Reduce air pollution, hazardous waste and noise whereby Lite-On operate.
- Meet the environmental regulations and laws, and requirements of clients and others.
- Communicate with employees, suppliers, and clients to create a better understanding of Lite-On's environmental policies and efforts.



Lite-On commit to the following policies to reduce impact on the environment:

- Supply Chain Management: Lite-On continuously encourage suppliers to innovate with new operational models that have reduced environmental impact.
- Product Design: Lite-On use ecological design principles for all products and services in order to reduce impact on the environment.
- Manufacturing Process and Plant Management: Lite-On continuously improves environmental management systems at production and non-production facilities.
- After-Sales Service: Lite-On strive to reduce the environmental impact of packaging and operational activities (such as transportation and sales) to an absolute minimum. Lite-On also provide environmental data to clients as much as possible.

3.1.1 Environmental Goals

Lite-On have set clear environmental goals, systematized management of all energy resources, and continuously monitored ongoing improvements. We strive to reach our environmental protection goals.

(1) Carbon Reduction Goals:

The impact of climate change is an environmental issue all around the world. As a result, mitigation of the greenhouse gas effect is the responsibility of every nation in the world. Lite-On adhere to the ISO14064 standard for examination and baseline establishment of GHG . Furthermore, we formulated and announced carbon reduction targets from 2009 to 2011, and set 2011 as base year. In order to maintain momentum in emissions reductions, Lite-On committed to reduce carbon emissions 6% per unit revenue by 2014. Our intention is to generate sustainable development both economically, and environmentally.

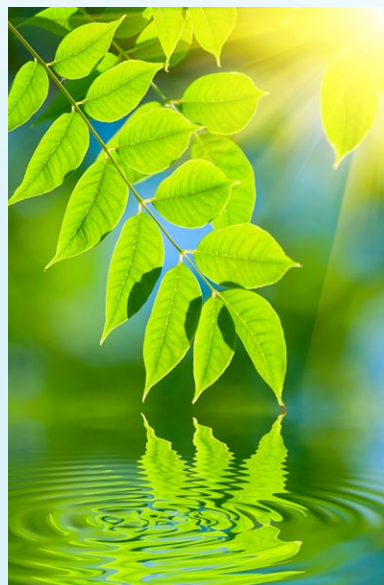
(2) Energy Reduction Goals:

Lite-On adhere with the ISO14064 standard, and have identified consumption of electricity as the principle source of greenhouse gas emissions—in excess of 95%. Therefore Lite-On have been committed to energy savings as a means to reduce carbon emissions. We are actively promoting multiple energy reduction plans, and have set a goal based on 2011 to reduce electricity consumption by 6% per unit revenue by 2014.



(3) Water Reduction Goals:

In the face of climate change, water resources are becoming scarcer day by day. Besides reducing consumption, it is a major environmental impact factor that humanity will have to face. With a basis in protection of water resources and corporate sustainability, early on Lite-On initiated a variety of water saving plans. Through improvement of manufacturing processes, water reduction, water recycling and reuse, and other measures, we have actively reduced the waste water generated by our production processes. Water reduction plans are based on a three-year cycle. With 2011 as a baseline, we expect our water consumption to fall by 10% per unit revenue by 2014.



(4) Product Energy-Efficiency Goals:

Using 2011 as a base year, increase energy efficiency of all power supplies for servers, notebooks, and other electronics by 2% for 2012. For desktop computers, reduce standby power consumption of power supplies by at least 25%.

In addition to actively promoting consumption reduction plans within product manufacturing processes, analysis reveals that the carbon footprint of electronic products is at its greatest during the product use stage. Therefore, design and manufacturing of energy saving products is an important key to reducing carbon emissions. Lite-On have been actively investing in development of energy saving products, and cautiously increases energy reduction targets every year. For the majority of power supply products sold, in addition to conformance with Energy Star's highest standards, Lite-On also imposes its own requirements for improvement of energy efficiency in order to reduce power consumption. Each year newly developed products all have corresponding energy efficiency improvement plans, and it is through such measures that we continue to reach the achievement of our goal.

3.2 Green Product Design



The important core value of Lite-On's research and development is green design. The idea of being green has affected the products' entire life cycle. This includes the selection of raw materials, the suppliers and Lite-On's own manufacturing processes, product packaging, transportation and logistics, product use stage, product end of life, the process of dismantling and recycling, etc. Each business unit is capable of using skills and technology that are environmentally friendly to product design. This includes but not limited to using less raw materials and resources, increasing energy efficiency, reducing the toxic emission into the environment, and the ease to disassemble and recycle. Even a small breakthrough and improvement on a single product design; it can be a significant contribution to the environment.

The product-related green design results in 2011 are summarized as follows:

Product Category	Key Green Design Elements	Economic, Environmental Benefits
Desktop Power Supply	<ol style="list-style-type: none"> 1. Increase standby power efficiency 2. Increase power supply efficiency 	<ol style="list-style-type: none"> 1. Increase standby power efficiency 50-65%. Each power adapter can save consumers 1.3kWh per year. 2. Power adapters typically operate at up to 92% efficiency, far exceeding current regulatory requirements. If the efficiency of each adapter could be increased by 2%, consumers could save an additional 34.6kWh per year.
Notebook Power Adapter	<ol style="list-style-type: none"> 1. Use halogen-free wire to reduce use of halogen-containing materials (PVC, bromides, etc.) 2. Reduce quantity of copper used in wire. 3. Reduce no load consumption 	<ol style="list-style-type: none"> 1-1 100% of internal wiring used in power adapters is now halogen-free. 10% of external wiring has already been switched to halogen-free, and each year use of wiring containing halogen (principally PVC) will be reduced. 1-2 80% of insulation currently uses halogen-free material (bromide-free), and it is planned to increase that to 100% in 2013. 2. Reduction of copper wire gauge to achieve copper reductions of 20%. 3. Reduce power adapter no load power consumption by 73.3%.



Product Category	Key Green Design Elements	Economic, Environmental Benefits
High Efficiency LED Light Sources	<ol style="list-style-type: none"> 1. Increase light source efficiency 2. Mercury-free manufacturing process 	<ol style="list-style-type: none"> 1. Develop mercury-free green manufacturing for 0.1-5W high efficiency daylight and warm-light series LED lighting products. Can be used as common light sources, particularly indoors. 2. Taking encapsulated LED products as an example, with over 80 color rendering index (CRI) requirements, efficiency of the warm color series for color temperatures of 2700K reached 100lm/W in 2011, and daylights with color temperatures 4700-6500K exceeded 140lm/W. 3. Assuming a module efficiency of 65%, efficiency of warm color series is 65lm/W; efficiency of daylights is 90lm/W, and can replace white incandescent bulbs (12.5lm/W) and even energy saving bulbs (65lm/W) and T8 fluorescents (80lm/W). By reducing energy wastage from lighting and producing mercury-free products, environmental protection goals have already been met.
Imaging Products: Multifunction Peripherals, Scanning Devices, and Pico-Projectors,	<ol style="list-style-type: none"> 1. Reduce material types and consumption 2. Optimize packaging designs 3. Increase power supply efficiency 4. Toxin-free materials 	<ol style="list-style-type: none"> 1. Image scanning modules: Replace CCFL light sources with LED light sources, reduce light source power consumption approx. 50%; Products designed in 2012 have already achieved: Shutdown mode power consumption $\leq 0.5W$, Standby mode power consumption (with display function) $\leq 1W$. 2. If a given flatbed scanner's standby power draw is 5W, in 2012 the standby mode consumption would be reduced to 3.5W (Shamu Roll EUP-175A), satisfying the Energy Star V1.1 requirement of $\leq 4.3W$. 3. All imaging products have implemented 100% recyclability, and over 90% of components can be dismantled for recycling. 4. 100% materials compliance with RoHS and REACH. 5. Pico-Projectors: light source efficiency reached 25%; standby consumption was reduced to 0.22mW, yielding a standby time of 11.4 months (based on a 310C2 with 1000mAh battery). Using dynamic contrast-enhanced technology, black levels can reduce energy requirements by 33% (based on a 310C2, reduction from 3W to 2W). By using LED light sources wherever possible, there is no issue of mercury contamination. With diminutive sizes, materials are reduced, and use of shipping resources is diminished.



Product Category	Key Green Design Elements	Economic, Environmental Benefits
DT/Server Chassis	<ol style="list-style-type: none"> 1. Lead-free substitute materials 2. Reduce materials for powder coating 3. Source halogen-free and recyclable materials 4. Product life cycle estimates 	<ol style="list-style-type: none"> 1. Introduce 1215 lead-free hardware to replace former high production, low cost lead parts; complete replacement plan within one year. 2. Improve fixtures, accomplish usage standardization. Meanwhile, undertake process adjustments to avoid second coats. Reduce product coat thickness to the minimum standard. Reduce use of powder coat materials and high temperature tape. Reduce thickness of powder coat by an average 41.13%. Reduce use of tape by 38.47%. Achieve reduced usage costs and other benefits. 3. Bring in EPEAT, TCO, Blue Angel, and other standards. Use halogen-free materials across the board. Increase use of recyclable or reusable materials and parts to 85% or more according to goals. 4. To date the product life-cycle inventory has already been completed for one Japanese desktop client. A carbon footprint project is currently underway for a Chinese desktop client. In the future a standard procedure for inventories will be brought forward for all models, so as to analyze product eco-efficiency after improvements in design (sourcing recyclable materials) or manufacturing process (such as stamping common molds).
Internal USB Webcams for Portable Laptop Computers VGA/1M_HD/1.3M/2M_full HD	<ol style="list-style-type: none"> 1. Develop more 3.3V input power USB webcams 2. Develop energy saving sensor USB webcams 3. Source halogen-free materials 4. Bring GMS (green management system) online 	<ol style="list-style-type: none"> 1. In 2011, 90% of projects under development were using 3.3V power input USB webcams. (In 2010 70-80% of projects under development were using 3.3V power). 2. Comparison of former design and new design power consumption: <ul style="list-style-type: none"> • OV9665 46mA vs. OV9726 40mA • S5K6AA ~100mA vs. S5K6A1 68mA • OV9726 ~40mA vs. IMX119 ~35mA • MI-SOC1330 222mW vs. MI-SOC1040 142mW. • OV7670 115mW vs. OV7675 98mW. • OV7675 98mW vs SIV120D 60mW



Product Category	Key Green Design Elements	Economic, Environmental Benefits
Embedded 3, 5, and 8 Megapixel Auto-Focus MIPI Interface Tablet Cameras	<ol style="list-style-type: none"> 1. Source halogen-free materials 2. Bring GMS (green management system) online 	<ol style="list-style-type: none"> 1. Reduce environmental pollution. 2. Improve 3Rs (Reduce, Reuse, Recycle).
5M / 8M AF EDOF / Slim type 8M AF (common cubic) Auto-Focus Cameras for Smartphones	<ol style="list-style-type: none"> 1. Source halogen-free materials 2. Bring GMS (green management system) online 3. Employ common cubic design, increase product reuse rate. 4. Employ integrated voice coil motor design, reduce modular parts and processing. 	<ol style="list-style-type: none"> 1. Reduce environmental pollution. 2. Improve 3Rs (Reduce, Reuse, Recycle). 3. Employ shared design, upgrade product yield, reduce materials loss. 4. Integrated design, reduce components.

In addition to the green product design, Lite-On also engage 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” is dedicated to ensure that 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 are adhered. 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.



3.3.1 Leading Industry Peers in Formulation of Product Category Rules

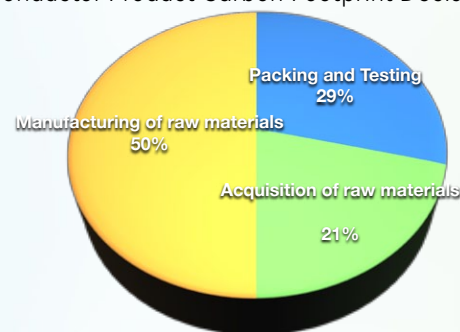
Lite-On have long upheld its responsibilities and commitments as a corporate citizen. We produce green, environmentally friendly products. In 2011, Lite-On led industry peers in formulating the world's first Printed Circuit Board Assembly Product Category Rules and Desktop Computer Product Category Rules. These two product category rules both follow the international ISO14025 standard. Targeted at the special manufacturing process of printed circuits, it was created using a collection of the common opinions of industry peers and finds broad use with electronic and electrical products. Printed circuit board assembly manufacturers around the world as well as desktop computer manufacturers will carry out Product Carbon Footprint Declarations and Type III Product Environmental Declarations in accordance with these two rules. Lite-On actively invited the cooperation of the Foundation of Taiwan Industry Service and during consultation meetings with stakeholders, brought together opinions from all circles. Approval for the documents was received from GEDnet's authorized certification body in Taiwan, and they have been made available for references while corporations around the world carrying out product carbon footprint declarations and environmental declarations. The two aforementioned documents can be obtained via the GEDnet website (<http://gednet.org/>).





3.3.2 LED Photocoupler Product Environmental Declaration and Carbon Footprint Declaration

Since its lead in the same sector in completing the first Optoelectronic Semiconductor Product Category Rule (PCR) applicable globally in October 2010, and the PLCC SMD LED's Optoelectronic Semiconductor Product Carbon Footprint Declaration and Environmental Product Declaration Type III, Lite-On has completed photocoupler (LTV-817 series)'s Optoelectronic Semiconductor Product Carbon Footprint Declaration and Environmental Product Declaration Type III in September 2011, as certified by the third-party Environmental 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' extraction 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 50%, the highest, and then 29% during packaging and testing of LED product, and 21% during extraction 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.



Photocoupler Life Cycle
CO₂ Emissions Diagram



Product Environmental Declaration
Certificate of Achievement



Carbon Footprint Certificate of Registration



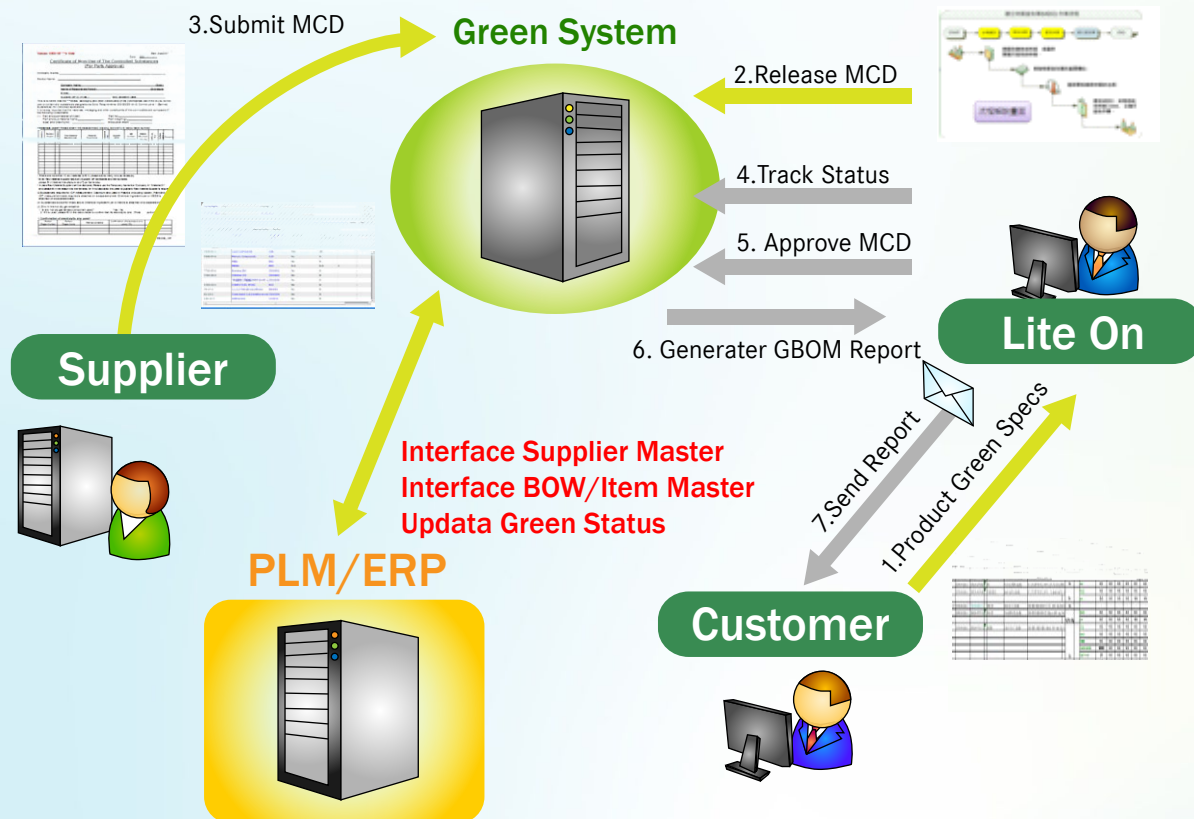
In order to achieve Lite-On's energy saving objectives, Lite-On have set out internal management policies and plans, and is relying on systematic management tools and energy-saving equipment improvement to collect and analyze energy management performance to continue improving raw material and energy/resource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

3.4.1 Adoption and Deployment of Management Tools

(1) Hazardous Substance Use Management

Lite-On have established a GMS (Green Management System) for hazardous substances. The system brings together materials data, international regulation, customer norms, supplier information et, al. Suppliers provide information directly into the system, which gives the green product verification and management status. In addition, through the analysis of each business unit, and confirmation of compliance level with green product criteria, it is possible to provide clients a higher level of green product management information. This increases the effectiveness, convenience, and prudence of Lite-On's green product management system.

In 2009, Lite-On began an initiative to create a hazardous substance management system. By 2011, the GMS introduction of each business unit had been brought on board and operation had officially begun. In addition to being able to synchronize with existing systems (such as ERP), it is also able to remain flexible and expansible in light of regulatory changes, changes in customer specifications, and so on. Lite-On leverage information tools to implement green purchasing criteria, and establish a Lite-On green component data base. Besides being able to serve as a reference for green design, it is also possible to systematically respond to customer demands, and give stakeholders greater faith in Lite-On's green management.





(2) Environmental Accounting

Lite-On began the 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 in order to ensure that all departments use correct accounting titles when stating or reporting environmental related expenditure and to increase 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. In 2011, Lite-On Tech's total environmental expense was NT\$99.2 million. It is expected to disclose a breakdown of the environmental expense in 2012 report after completing the system implementation.

3.4.2 Energy Reduction Measures

1. Employee Training Sessions, Advocacy for Corporate Energy and Carbon Reductions

Lite-On incorporated CSER into the required courses of orientation training and implemented CSER Awareness Training in online e-learning platform. We hold CSER related propagation to strengthen employees' concept and awareness of energy saving. Lite-On's environmental protection practices are as follows:

- Air conditioning is set at 27-28°C
- Turn off the lights when leaving the room
- Water conservation
- Employees use their own hand towels
- Employees use their own chopsticks
- Employees use their own glasses
- Avoid use of hard copies
- Employees are not required to wear ties
- Computers unplugged after working hours, some elevators disabled during off-peak hours



2. Switch to power saving equipment in plants and offices

■ Lighting

	Main Energy Saving Measures	Plant
1.	- Update all plant light tubes; switch from T8 to T5 light tubes.	All plants
2.	- Switch to IR (infrared rays) detectors in employee dormitory washrooms; - Switch the spotlights which are in the plants (including empty plastic box area, guard room, etc.) from mercury vapor lamps to LED lights.	Shijie Plant
3.	- Replace mercury lamps with energy saving lights; perform zone control; decrease illumination wastage.	Chung-HoPlant
4.	- Use single-row alternating illumination for the printing shop floor ceiling fluorescent lights (28W); install a double row of 14W fluorescent lights on top of the screen printer; maintain pre-upgrade illumination levels in the screen printer area.	Changzhou Plant
5.	- Switch in 12000PCS LED light tubes plant-wide.	Changan Plant

■ Air Conditioning

	Main Energy Saving Measures	Plant
1.	- Improve 2F SMD shop floor ventilation system, set plant-wide cooling control system to shutdown from December to February; - Add a variable-frequency drive to the air conditioning cooling pump and primary chilled water pump to adjust water flow according to the temperature differential of inbound and outbound flow, thus reducing energy consumption of the pump motor. - Change secondary chilled water pump systems to primary pump systems.	Guangzhou Plant
2.	- Increase cool water output temperature from 7°C to 8.5-9°C in the plant area; reduce load capacity or shut down one tower during low-load, after work hours (two 400RTs operate during summer daytimes). - Cleaning of indoor and outdoor units of 322 1HP air conditioners once every three years yields energy savings of 10%. - Air conditioner cooling towers switched for wheel-type heat exchangers, and water pumps switched for energy saving pumps in plant areas.	Xuli Plant
3.	- 1200RT chiller and water pump system switched to variable-frequency control.	Shilitek Plant, Changzhou Plant, Zhonghe Plant
4.	- Clean air conditioning cooling towers thoroughly and adjust fan belts on a regular basis in order to improve effectiveness of heat exchange.	Shijie Plant, Changzhou Plant
5.	- Replace cabinet type air conditioners with screw type central air conditioners.	Shijie Plant
6.	- Clean air conditioning cooling towers thoroughly and adjust fan belts on a regular basis in order to improve effectiveness of heat exchange.	Neihu HQ Office



■ Air Compressor

	Main Energy Saving Measures	Plant
1.	- Switch ISD-PCBA compressors for centralized compressed air systems in order to reduce low-load operation.	Silitek Plant
2.	- Install smart control systems on air compressors.	Guangzhou Plant
3.	- Perform monthly maintenance of compressors and cleaning of air filters, as well as regular inspections of gas containers and drainage. - Install magnetic cold valves on each line; turn off gas when production halts, during rest periods, and during holidays.	Shijie Plant
4.	- Retrofit air compressors with variable-frequency drives and add local compression facilities.	Changan Plant, G-tech Plant
5.	- Waste heat recycling for compressors, use water from heat exchangers in employee dormitory washrooms in order to reduce power consumption of heat pumps.	Changan Plant
6.	- Second floor new assembly line main gas pipeline will be switched from 1" to 2" to reduce pressure loss; compressors will be switched from 75HP to 30HP.	G-tech plant

■ Manufacturing Electricity

	Main Energy Saving Measures	Plant
1.	- Add variable-frequency drive to shop floor cabinet air conditioners; adjust fan frequency based on return air temperature; reduce cabinet air conditioner power consumption. - Replace SMT reflow oven and switch single track for double track. - Replace plastic processing machinery motors with energy saving units. - Add capacitor cabinets to improve power factor.	Guangzhou Plant
2.	- Control production line fan switches (turn on during production, turn off when production is halted). - Alter MP shop floor ducts and install variable frequency motors. - Switch electric water heaters to heat pumps at the G-Building dormitory.	Shijie Plant
3.	Refit the traditional burn-in room at Building-4 as an ERS burn-in room. Replace soldering pots with energy saving, split-type models (with completely separated flux spray zone and high temperature zone); this allows increased air speed in flux spray zone and reduced air speed in high temperature zone, reducing heat loss.	Changan Plant
4.	Add insulation to three reflow ovens.	G-Com Plant

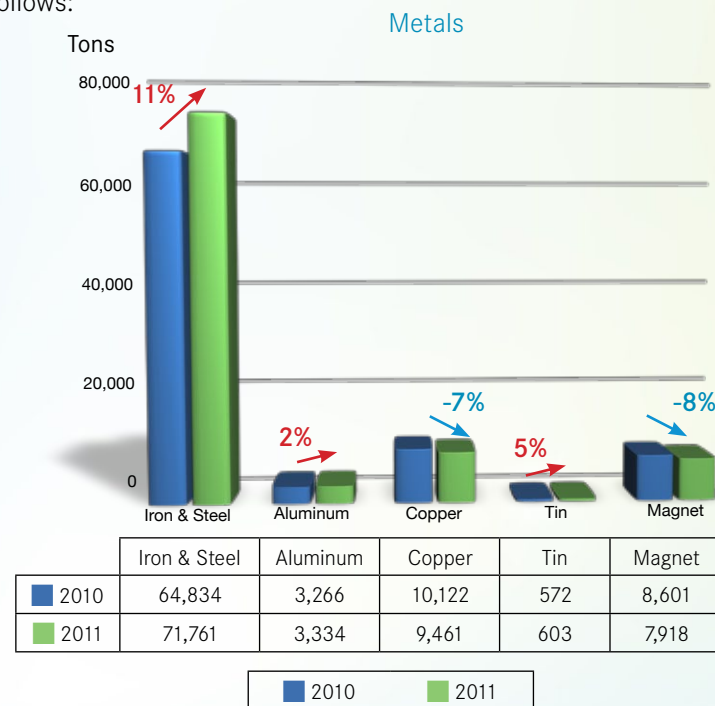


3.4.3 Main Raw Materials Usage Categories and Consumption

Besides the operational profit, the use of raw materials is also closely related to environmental issues. Lite-On regularly gather statistics on the state of consumption of raw materials in order to evaluate efficiency of raw materials usage, make efforts to increase that efficiency, and reduce packaging and usage of other materials for transportation. The three main types of materials Lite-On use in the production are metallic materials, non-metallic materials, and packaging materials. The Purchasing in raw materials for 2011 was as follows:

1. Metallic materials

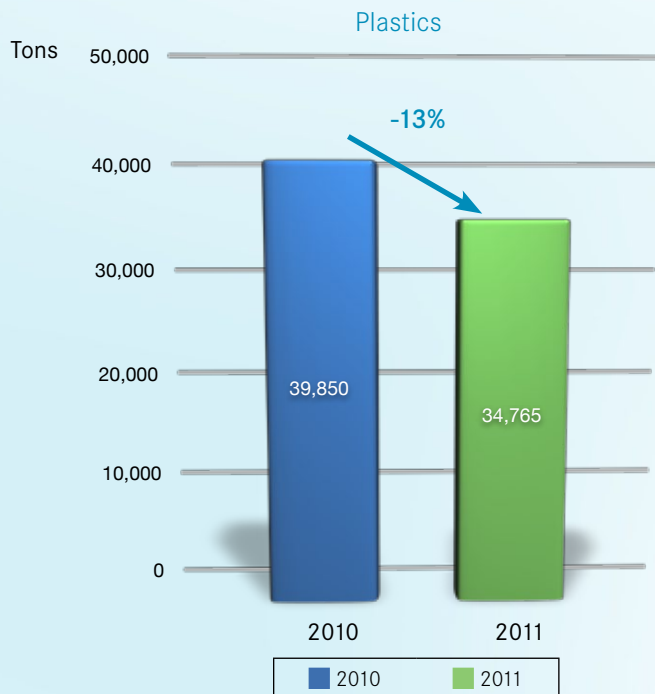
- **Iron & Steel:** Mainly used in enclosures, screws, transformers, fan blades, and other parts. Quantity purchased for 2011 amounted to 71,761 metric tons. Due to product portfolio adjustments in Enclosures SBU of the Mechanical Competence SBG, use of steel grew by 11% compared to the previous year.
- **Aluminum:** Mainly used in heat sinks. Quantity purchased for 2011 amounted to 3,334 metric tons, an increase of 2% compared to the previous year.
- **Copper:** Mainly used in wires, printed circuit boards, cables, and other parts. Quantity purchased for 2011 amounted to 9,461 metric tons, a reduction of 7% compared to the previous year.
- **Tin:** Includes solder, tin rods, solder paste, and other materials. Mainly used by Power Supply SBG. In 2011, due to production increases, amount purchased was 603 metric tons, a 5% increase over the previous year.
- **Magnets:** Mostly used in transformers. Quantity purchased for 2011 amounted to 7,918 metric tons, a reduction of 8% compared to the previous year.





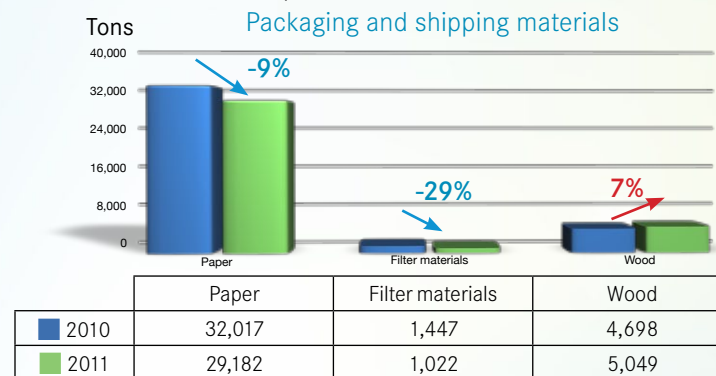
2. Non-metals

- Plastics: Mostly used for housings, insulation, sockets, etc.; found in every product line. Quantity purchased for 2011 amounted to 34,765 metric tons, a reduction of 13% compared to the previous year.



3.4.4 Packaging and Shipping Materials

- After Lite-On changed packing materials for local shipments to reclaimable and recyclable packing equipment, of the amount of paper-type (paper, cardboard, boxes) and fill (polystyrene, paper, etc.) used in 2011 was 29,182 metric tons and 1,022 metric tons, respectively, which correspond to reductions of 9% and 29%.
- Quantity of wood used in 2011 was 5,049 metric tons. In 2011 the Mechanical Competence SBG Enclosures Division shipped a portion of its products using wooden pallets rather than waste-wood particle board packing materials according to customer requests, resulting in an increase of 7% compared to 2010.



Remark: The Mechanical Competence SBG statistics for use of paper was in error for 2010, 32,017 metric tons of paper was used.



3.4.5 Waste Management and Recycling

Lite-On's operation centers 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 management of waste reduction focuses on source management, and these sources are categorized as employee activity waste and manufacturing waste. Employee waste management therefore must occur through education and training accompanied by an employee code of conduct that effectively promotes reductions and management of waste sorting, increasing usability of resources, as well as the value of those resources. Manufacturing waste management takes the form of packaging optimization, and reduction of proportion of hazardous substances as its principle axes for reductions. In 2011, because proportional use of hazardous materials expanded slightly, work must continue to be done to implement management practices if hazardous substances reduction goals are to be met.

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 work with recycling providers to increase the resource recycling value and achieve the ultimate objective of zero waste.

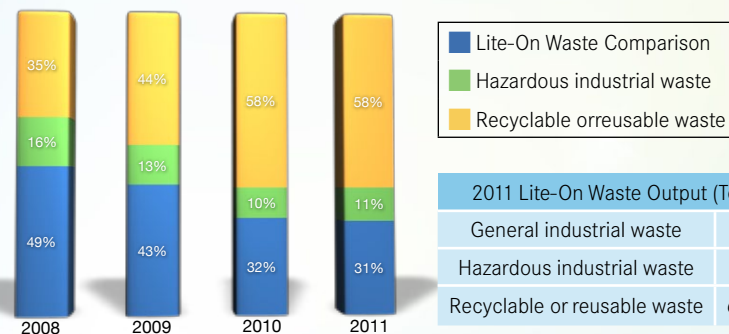
Effective Disposal and Follow-up

Unless circumstance dictate waste be handled by a third party, at the very minimum Lite-On handles waste in accordance with laws and regulations, and employs the handling method most suited to the characteristics of the waste in question. We select vendors with effective waste handling capabilities, and perform random checks to ensure that handling procedures are effective.

Waste Management Result

Lite-On have achieved remarkable results towards reduction and improvement of waste by reducing output of waste and upgrading waste recycling. Lite-On's waste output was 11,011 tons in 2011, including the general industrial waste, 3,417 tons, i.e. 31%, hazardous industrial waste, 1,264 tons, i.e. 11%, and recyclable or reusable waste, 6,330 tons, i.e. 58%.

Lite-On Waste Comparison



2011 Lite-On Waste Output (Ton)

General industrial waste	3,417
Hazardous industrial waste	1,264
Recyclable or reusable waste	6,330



3.4.6 Direct Energy and Indirect Energy Consumption

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

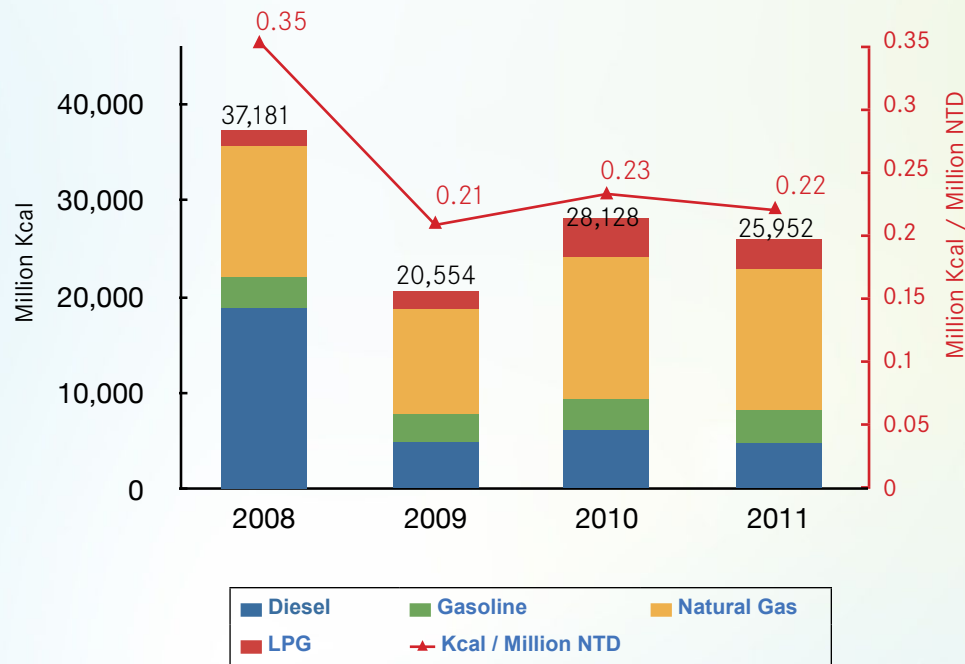
1. Direct Energy

In 2011, the petrochemical fuel consumption density was 0.22 million kcal/million (NTD), a decrease of 4% compared with 2010. Meanwhile, the density decreased by 37% compared with 2008 (the base year). Consumption of petrochemical fuels is specified as follows:

- In 2011, the diesel consumption was 557 kiloliters, a decrease by 8% compared with 2010.
- In 2011, the gasoline consumption was 445 kiloliters, an increase by 39 % compared with 2010.
- In 2011, the natural gas consumption was 1577 K-M³, a decrease by 0.4% compared with 2010.
- In 2011, the LPG consumption was 257 tons, a decrease of 24% compared with 2010.

Gasoline was primarily used for employee transportation. Due to new operations sites set up in Changzhou in 2011, gasoline used for transportation of employees increased more than the previous year.

Petrochemical Fuel Consumption Density

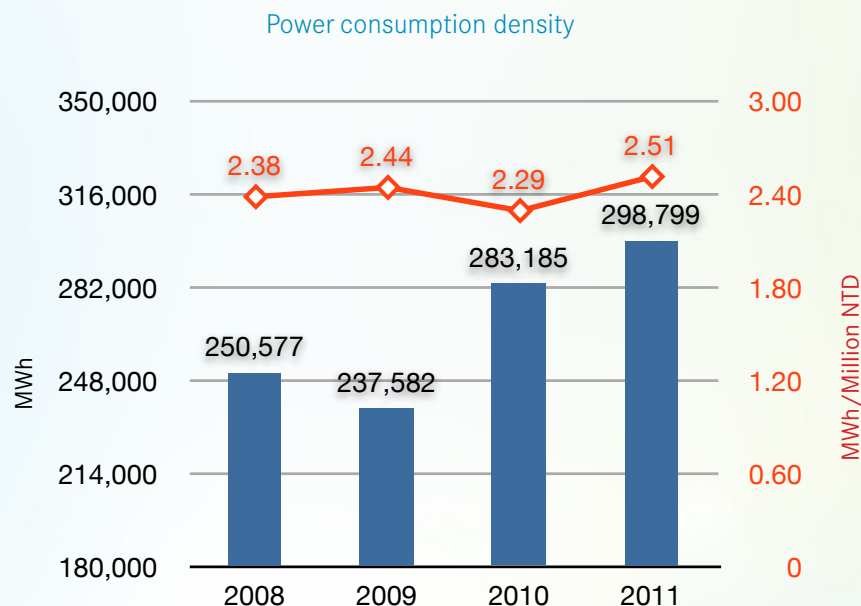




2. Indirect Energy Consumption

In 2011, Lite-On's indirect energy consumption (electricity consumption) totaled 298,799 MWh, an increase of 5.5% compared with 2010. The energy consumption increased in 2011 mainly due to drastically increase in Guangzhou Silitek plant (a new production site for pico-projector was set up) and Changzhou operation sites (the new LED and PC Keyboard operation sites started in June of 2011, and the new Networking Access operation site started in September 2010).

Thus, the electricity consumption density in 2011 increased to 2.51 MWh/million NTD in 2011 from 2.29 MWh/million NTD in 2010, an increase of 9.6%. Compared with the electricity consumption density in 2008 (the base year), 2.38 MWh/million NTD, it resulted in an increase of 5.5%.





3.4.7 Greenhouse Gas Emission Inventories

Our greenhouse gas policy states:

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.

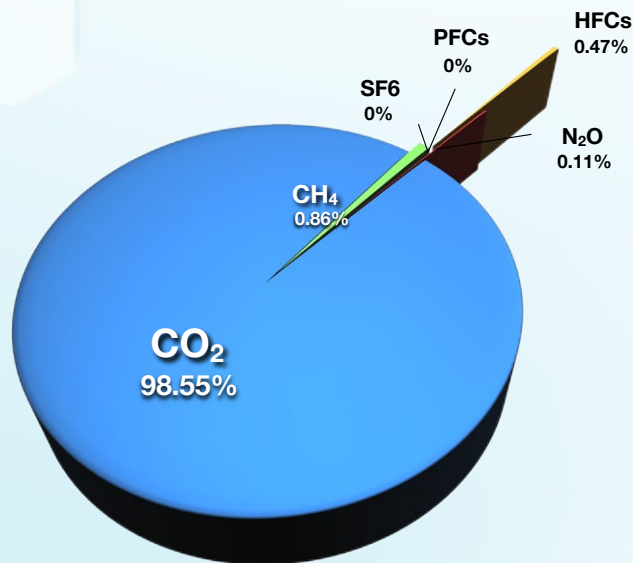
We have begun to perform greenhouse gas inventory in line with the International Standards Organization's (ISO) greenhouse gas control guidelines and expected future greenhouse gas reduction requirements systematically. We have also established internal documentation and verification of the operational procedures that will enable us to implement effective GHG reduction programs in the future. Lite-On is trying its best to work towards a Low-Carbon Economy.

In compliance with ISO 14064-1 standard, Lite-On performs regularly annual greenhouse gas emission inventory, and initiate greenhouse gas reports to disclose the summary of greenhouse gas emissions for the reporting year. In 2007, Lite-On issued the first "Greenhouse Gas Report 2006". The latest report covered the period of 2011 containing inventory

of 18 operating sites or factories. Our total greenhouse gas emission for 2011 was 277,842 tons which represented an increase of 13,163 tons (or 5%) as compared to the 264,679 tons emitted from same boundary in 2008. Meanwhile, we passed SGS Taiwan ISO14064-1 on-site verification in May 2012, and received a validation statement with a reasonable grade. The inventory results are published 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 at this CDP website. In addition, Lite-On has obtained the best appraisal level for the international Carbon Disclosure Project (CDP) for four consecutive years from 2008 to 2011.

The chart below shows carbon emissions inventory results for 2011:

2011 GHG Emissions Inventory Summary (unit: tons)						Category 1	Category 2
Carbon Dioxide	Methane	Nitrous Oxide	Hydrofluorocarbons	Perfluorocarbons	Sulfur Hexafluoride	Direct Emissions	Indirect Emissions
CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆		
273,823	2,392	319	1,308	0	0	10,746	267,096
98.55%	0.86%	0.11%	0.47%	0.0%	0.0%	3.9%	96.1%
277,842							

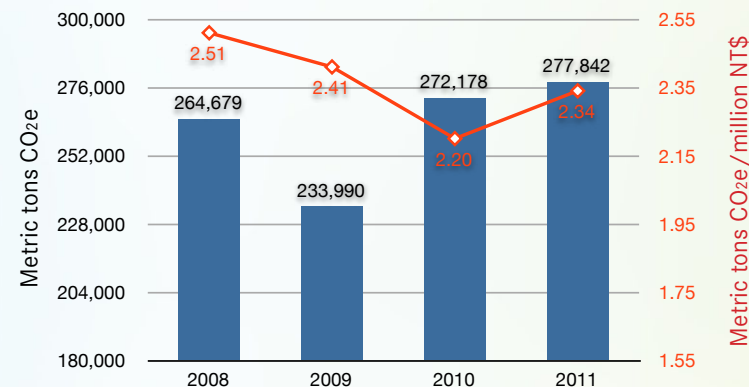


Note 1: Direct greenhouse gas emissions (Category 1 emissions): Fuel burned at fixed facilities, manufacturing emissions, combustion occurring from transportation, dispersive emissions sources (such as firefighting facilities, exhalation of refrigerants, etc.). Total direct emissions: 10,746 metric tons CO₂e/year; 3.9% of total emissions.

Note 2: Indirect greenhouse gas emissions (Category 2 emissions): Principal sources of emissions were energy purchases and steam purchases. Indirect energy emissions were 267,096 metric tons CO₂e/year; 96.1% of total emissions.

Note 3: 2011 indirect greenhouse gas emissions from other energy sources (Category 3 emissions) were only defined to differentiate emissions sources; to date actual emissions data have not been collected.

GHG emissions intensity



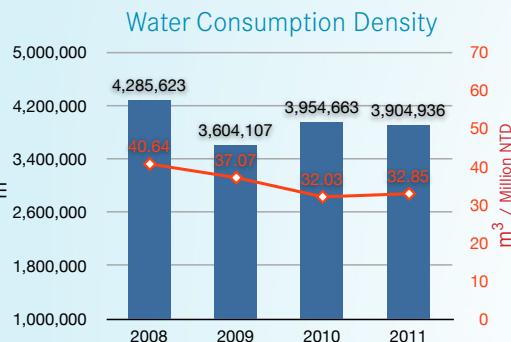
Due to factors in the global economic environment, and slowing of demand in the marketplace, Lite-On's utilization of production capacity did not meet targets for growth. Emissions intensity for 2011 was 2.34 metric tons CO₂e per million Taiwan dollars, an increase of 6.4% over the 2010 emissions intensity of 2.20 metric tons CO₂e per million Taiwan dollars, and a reduction of 6.8% from the 2008 baseline emissions intensity of 2.51 metric tons per million Taiwan dollars. This number is 3.2% short of the target carbon reduction per unit revenue of 10%. Lite-On continue to make every effort to increase energy savings in order to meet our goals for carbon reductions.



3.4.8 Water Resource Saving

Lite-On spare 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:

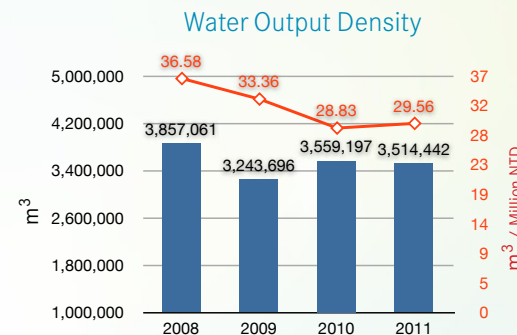
- Installation of faucet flow reducers
- Use of medication to reduce water consumed by air-conditioning system
- Improvement of cooling tower water distributor to reduce waste of water
- Adjustment of stool valves in toilets and check leakage on a daily basis
- Adjustment of urinal flush volume in the 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



Due to the industrial characteristics, Lite-On do not need to consume massive water resources. In 2011, total water consumption was 3,904,936m³, a decrease by 49,727m³ compared to the consumption in 2010. The water consumption density in 2011 was 32.85 m³/Million NTD falling by 19% compared with water consumption density of 40.64 m³ /Million NTD in 2008 (the base year), and successfully hit the goal, a decrease of 10%. 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 2011 was 3,514,442 m³, a decrease of 44,754 m³ compared to 3,559,197m³ in 2010. The wastewater output density in 2011 was 29.56m³ /Million NTD.



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.



3.4.9 Air Pollution Prevention

Being different from the other electronic industries, Lite-On are 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. However, 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	<ul style="list-style-type: none"> • Reduce or replace high toxicity and high volatility substances in production areas (such as replacement of ethanol with IPA). • Avoid use of consumer solvents in office areas. 	<ul style="list-style-type: none"> • Monitor emissions in manufacturing areas in order to maintain air quality. • Monitor and regularly replace and clean air conditioner filters to maintain indoor air quality. • Place plants in office areas to improve air quality.
Air Pollution Emissions Control	<ul style="list-style-type: none"> • Reduce or eliminate combustion. • Reduce or eliminate polluting manufacturing processes. • Use low-sulfur fuel oil. 	<p>Separated into inorganic gases, and two large control systems.</p> <ul style="list-style-type: none"> • In 2011 an activated carbon absorption system for volatile inorganic substances was installed at the Guangzhou plant. • In 2011 a wet scrubber system for inorganic compounds (acids, bases) was adopted at the Changzhou plant. • In 2011 wet flue gas desulfurization equipment was added to diesel generation facilities (for emergency power generation) at the Guangzhou and Changan plants.

Lite-On follow the ISO 14001 management system and implement the operating regulations governing air pollution prevention with respect to various sources of pollutants (equipments/facilities), and perform 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.



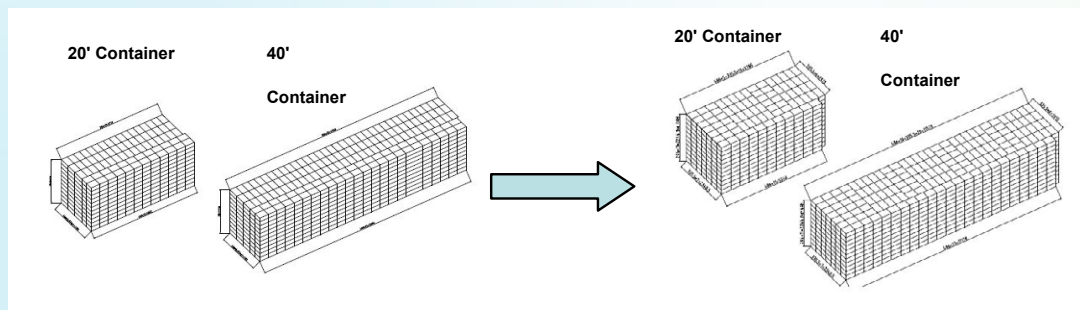
3.4.10 Green Logistics

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

Increase loading quantity

High effectiveness packaging aids in reducing greenhouse gas emissions produced during transportation, and may minimize the utilization of ships and aircrafts, thus reducing carbon dioxide emissions. Taking a Lite-On Human Input Solutions Strategic Business Unit's (HIS SBU's) desktop keyboard product (SK8120) as an example, we reached the targets for increasing loading quantity by revising packaging design and container loading methods.

We used green packaging design to increase cases per container and increase loading quantity.

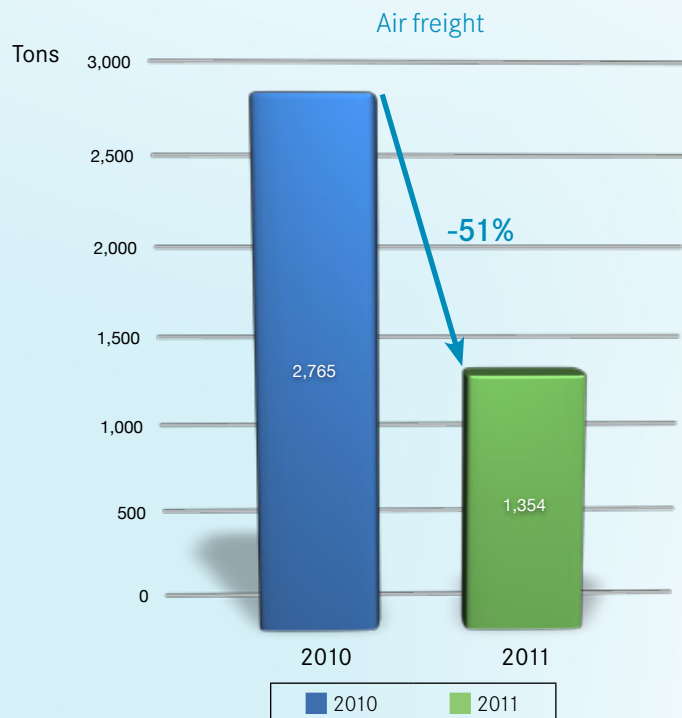


Container	Before	After	Increase in quantity and scale	
40' HQ	19,890pcs	20,960pcs	1,070pcs	5%



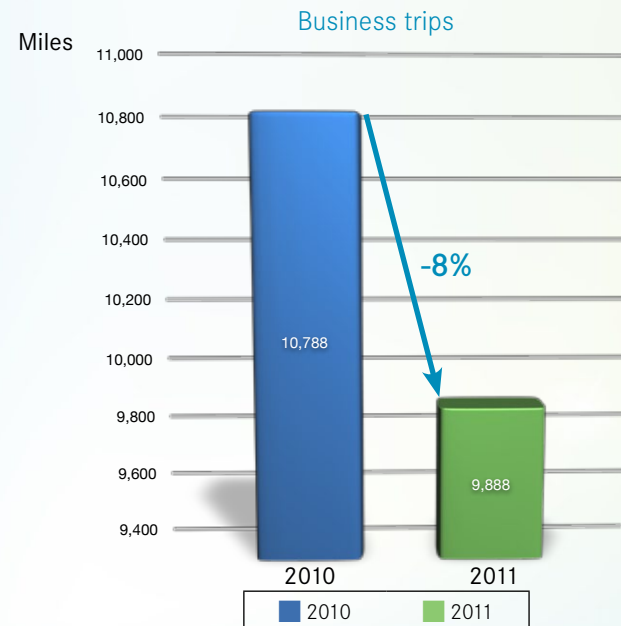
Delivery Improvement

Lite-On are striving in energy and carbon reductions through delivery improvements and avoiding air shipping as much as possible. 2011 air shipments decreased by 1,411 tons, a 51% reduction, compared to 2010.



Business Trips

With the intention to protect the planet and mitigate global warming, Lite-On encourage employees to take direct flights as much as possible while on business trips in order to reduce carbon emissions. In 2011, total business trip miles numbered 9,887,597 a reduction of 899,949 miles compared to 2010—approximately 8.34%.



3.5 Green Operation



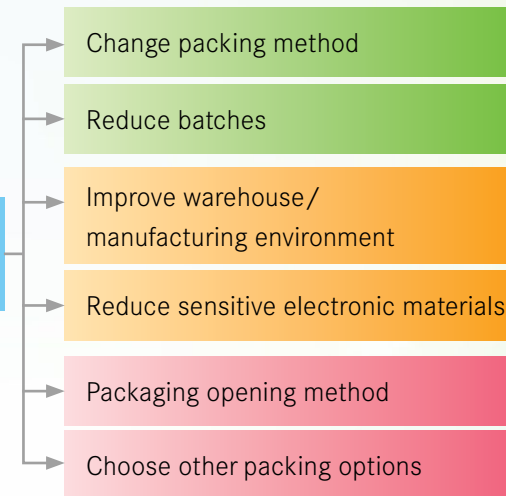
Every Lite-On plant has a Continual Improvement Program for comprehensively implementing green operation, which targets materials reduction, increased power efficiency, reduced environmental impact due to toxic substances, reduced burden on workers, etc. Furthermore, an IPT (Improvement Project Tracking) platform has been installed in the IE system to provide follow-up and performance ratings of improvement plans at each plant. Besides this, every division also places projects with notable evaluation results on a Best Practices Board for other divisions to refer and imitate, and through interactive sharing among different divisions, divisions exchange on implementation of Continual Improvement Programs.

In 2011, the Imaging SBU began a program to reduce energy consumption at the Guangzhou plant. Details of the program are as follows:

(1) Reuse of packing materials, Reduction of energy wastage

Materials used in manufacturing were high and could not be reduced. Purchasing costs for vacuum pack bags at the warehouse consistently represented 84% of total supply expenses. In addition, once vacuum bags are torn open, they are typically disposed of with no conceivable means for reuse. Because of this, optimization was of particular importance, as they are not only operational beneficial, it would also be possible to avoid unnecessary wastage.

Reuse of packing materials
Reduction of energy wastage





Total Category \ Packaging	Rolls	Spools
Daily Average Recycled Quantity	25	40
Daily Reusable Quantity	15	32
Daily non reusable Quantity	10	8

Manufacturing optimization and greening does not necessitate large investments. As the present example shows, changing packaging, changing packaging opening methods, batch reduction, and other programs underwent one by one feasibility evaluation which could ultimately lead to an 80% reduction in materials used as well as purchasing costs.

(2) Digitized Manufacturing Management Reduce paper usage

Manufacturing management uses a large volume of hard copy documentation including internal calibration reports, external calibration reports, proof of delivery, point inspection records, and other items. Over the long term, the waste of resources is considerable, and in large part the documents could be stored in non-hard copy formats. Taking the Imaging SBU's DQA Division at the Guangzhou plant as an example, if the digitization method for recording and storage being promoted by Lite-On was implemented, a single manufacturing process alone could reduce the use of paper by 60%. In addition, digitization of manufacturing management would improve the efficiency of production management, as well as improve customer satisfaction due to the ability to instantly produce production reports as requested by clients.

3.6

Customer Service and Satisfaction



3.6.1 Customer Service

Lite-On are 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 are 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.

- 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

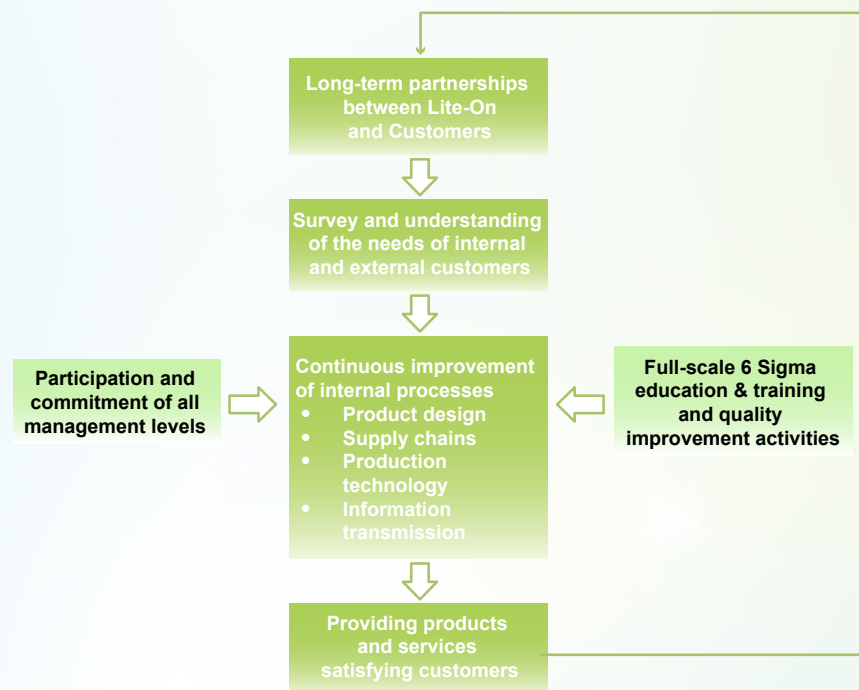


- Employees training and development
- Product/service design and quality management
- Benchmark learning and re-engineering
- Implementation of process QC to achieve zero defects
- Transformation of employee awareness and behavior, and establishment and maintenance of corporate quality culture

Meanwhile, these improvement activities shall also been 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 2011, we have trained a total of 3,222 green belt and 106 black belt employees, and completed 1,867 green belt improvement programs and 107 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.





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.

Lite-On 6 Sigma and Quality Management Training Courses

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



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 2011, 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 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 2011, 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.

- Making Carbon Footprint Part of Supplier Education

In 2011 Lite-On made carbon footprint management a principle issue. In cooperation with suppliers, efforts were made to increase carbon footprint management capacity. Elements include:

- Product carbon footprint coaching and inventory
- Organizational greenhouse gas inventory training
- On-site greenhouse gas inventory coaching

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 requested suppliers to strictly 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 inspections 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 are referred to 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 demand its suppliers to install treatment facilities conforming to the local government's requirements but also encourage 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:

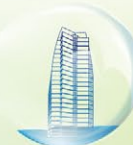
Audit and Guidance on Suppliers' Human Rights, Environment, Safety and Health

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. In 2011, Lite-On have accomplished guidance and audit assessment with 86 major suppliers.

3.8

Implementation of Supply Chain Greenhouse Gas Inventory Management



Supply chain carbon data disclosure is one of the points evaluated by international buyers. If Taiwanese enterprises can work together to coach suppliers in common on performing cross-industry greenhouse gas inventories, not only can avoid resources wasted due to redundancies, the cooperation also can lead to reduce overall costs, and strengthen the competitiveness of Taiwanese industries as a whole.

Therefore, with the support of the Taiwan Corporate Sustainability Forum, Lite-On founded the Supply Chain Greenhouse Gas Management Working Group in cooperation with ICT sectors, Taiwan Semiconductor, United Microelectronics, AU Optronics, Chimei Innolux, Delta Electronics, and other core domestic industry peers to drive implementation of greenhouse gas inventory management among suppliers with the hope that with the motivation and guidance of the central plants, suppliers' carbon management capabilities would be strengthened.

1. Supplier Selection



The introduction of concepts relating to greenhouse gas management is intended to give suppliers basic inventory experience and competencies. Therefore, the goals are inventory completeness and data accuracy. As a result, supplier selection principally seeks out those suppliers that have not previously undertaken a greenhouse gas inventory. This time, according to the requirements of supplier management at

six central factories, 50 suppliers were selected. 72% of the suppliers had not performed previous GHG inventories, and 26 suppliers had no related management process. This group lacked basic inventory competencies and therefore is the principal subject of the guidance initiative.





2. Education and Training

Lite-On carrying out the inventory coaching plan with providing professional courses from March 7 to March 9, 2011 in north, central, and south Taiwan. The course content covered GHG management background and trends, plan content and schedule, key points of inventorying, understanding and use of inventory forms, and other topics. Those who completed the entire course were issued attendance certificates by the coaching body, and there's a total of 104 people from 56 suppliers participated.

3. Inventory Results

The current training initiative provided suppliers with inventory capabilities with which to respond to future trends in supplier carbon management. In November 2011, it's completed the supplier inventory coaching activities and the third-party assurance check with the total inventory of 2,016,162.22 metric tons of CO₂e. According to equivalent statistics for various scopes of GHG emissions, GHG Scope one showed a total of 451,215.74 metric tons of CO₂e (22%); GHG Scope two showed a total of 1,564,946.88 metric tons of CO₂e (78%). In Scope one, the proportion resulted from fixed combustion emissions was the greatest at 68%; second was dispersive emissions, at 28%. Manufacturing and transportation emissions were relatively small.

4. Supply Chain Greenhouse Gas Reduction

The main source of suppliers' GHG emissions was from power consumption. According to differing manufacturing processes, GHG Scope 2 emissions in some suppliers were as high as 90-95%. Therefore, it can be resolved that power electricity reductions comprise the principal strategy for carbon reduction. The principal mission of the plan is to coach suppliers such that they have basic inventory capabilities. In order to deepen the benefits of the coaching initiative, on January 6, 2012, an inventory results meeting was held with suppliers to introduce the Energy and Carbon Reduction Coaching Initiative of the Small and Medium Enterprise Administration, Ministry of Economic Affairs of Taiwan government. It is hoped that with the initiative's guidance resources, another step forward will be taken in providing suppliers with measures to achieve energy and carbon reductions.



Chapter 4 Lite-On and Society



4.1 Caring for Employees



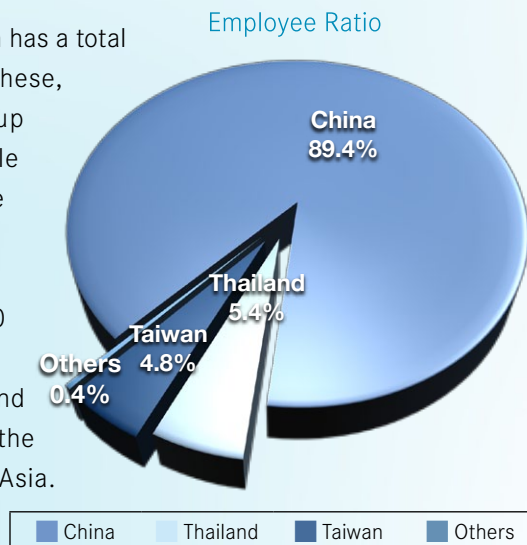
Employees are Lite-On's most important asset. We value a healthy and safe working environment, as well as the future career development opportunities for all employees. Lite-On has created a comprehensive internal communication platform for employees, and continues to take on a variety of employee care initiatives in the hopes of creating a happy, prosperous, healthy, and balanced work environment.

Lite-On maintains strict adherence to all labor laws and follows the EICC (Electronic Industry Citizenship Coalition) management system to implement human rights monitoring across the board, as well as to provide superior employee care programs.

Lite-On also invests considerable effort in training managers' leadership skills, strengthening employee work skills at all levels, and assuring the sustainability of the corporation.

4.1.1 Employee Overview

By the end of 2011, Lite-On has a total of 39,928 employees. Of these, male employees made up 54.9%, while that of female employees is 45.1%. The total number of employees based in Taiwan is 1,898, while the remaining 38,030 employees are distributed over our plants in China and other countries. 99.8% of the employees are located in Asia.



	Taiwan	China	Thailand	Other	Total
Male	3.4%	48.6%	2.7%	0.2%	54.9%
Female	1.4%	40.9%	2.7%	0.2%	45.1%

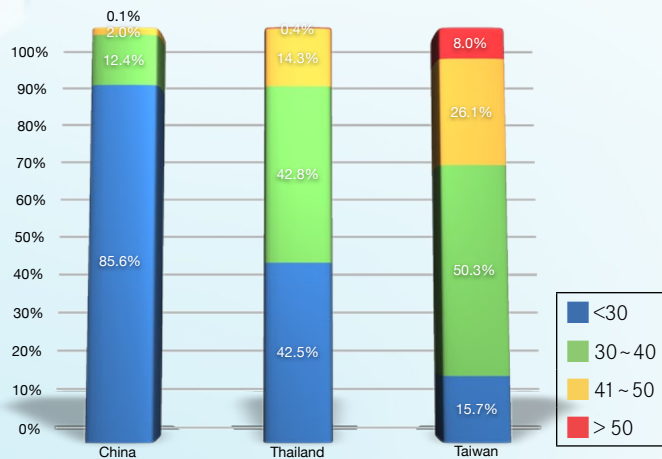
Lite-On always gives priority to local workers when hiring. In the Taiwan region, 47% of employees occupy the position of assistant manager or higher; of these, 99% are locals. In the China region, 1% of employees occupy the position of assistant manager or higher; of these, 94% are locals. In the Thailand region, 3% of employees occupy the position of assistant manager or higher; of these, 100% are locals.

	Taiwan	China	Thailand
Asst. Manager or Higher	47%	1%	3%
% Locals as Asst. Mgr. or Higher	99%	94%	100%



Workforce Structure

Employee by Age

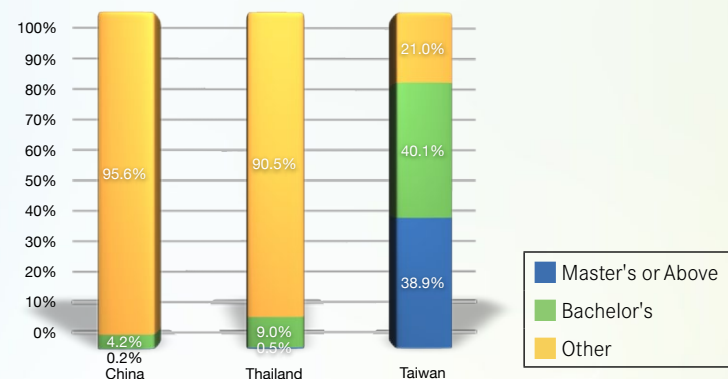


		CHINA		THAI		TWN	
		Total	Senior Managers	Total	Senior Managers	Total	Senior Managers
<30	Male	47.0%	3.9%	27.2%		11.2%	
	Female	38.6%	0.5%	15.3%		4.5%	
31 ~ 40	Male	6.3%	62.3%	18.2%	25.5%	35.2%	34.8%
	Female	6.1%	14.7%	24.5%	5.5%	15.0%	10.6%
41 ~ 50	Male	1.0%	10.3%	4.1%	40.0%	17.8%	33.0%
	Female	1.0%	4.9%	10.2%	14.5%	8.3%	8.1%
>50	Male	0.1%	2.9%	0.3%	10.9%	6.5%	12.4%
	Female	0.0%	0.5%	0.1%	3.6%	1.4%	1.2%
Total	Male	54.3%	79.4%	49.9%	76.4%	70.8%	80.1%
	Female	45.7%	20.6%	50.1%	23.6%	29.2%	19.9%

Gender Distribution

	China		Thailand		Taiwan	
	Total	Senior Managers	Total	Senior Managers	Total	Senior Managers
Female	46%	21%	50%	24%	29%	20%
Male	54%	79%	50%	76%	71%	80%

Employee by Educational Diploms



		China	Thailand	Taiwan
Master's Degree or Higher	Male	0.2%	0.4%	32.6%
	Female	0.1%	0.1%	6.3%
Bachelor's Degree	Male	2.7%	6.4%	26.7%
	Female	1.5%	2.6%	13.4%
Other	Male	51.5%	43.1%	11.4%
	Female	44.1%	47.4%	9.6%



Employee Retention

Lite-On has always emphasized the importance of employees as are our most valuable asset. Thus we established a comprehensive package of promotions courses and employee benefits programs to encourage employees to constantly seek to advance themselves through career development. In terms of resignation management, from the moment an employee requests resignation, the human resources department will immediately conduct debriefings with the resigning employee in order to understand his or her reasons for leaving. We will try our best to show them our concerns and make an attempt for them to stay. In 2011, a total of 2 people at the Taiwan head office applied for temporary maternity leave without pay. 100% returned to work within the year. Other applications for maternity leave in 2011 totaled 9. 3 applicants returned to work and remained for a year or more; 1 resigned, representing a retention rate of 75%; the remaining 5 have yet to return from leave.

The following are annual resignation rates. Monthly cumulative totals for employees seeking resignation are calculated as follows: (Total Hires from Jan.-Dec. Seeking Resignation)/(Total Employees at each Month's End from Jan.-Dec./12)*100%.

2011 Cumulative Resignation Rate by Age

	Indirect Employees					Direct Employees				
	<30	31 ~ 40	41 ~ 50	>50	Total	<30	31 ~ 40	41 ~ 50	>50	Total
China	43.4%	23.4%	13.6%	7.7%	36.8%	167.6%	83.6%	58.4%	52.2%	159.2%
Thailand	30.4%	17.0%	10.8%	-	16.9%	52.0%	17.8%	6.5%	-	34.0%
Taiwan	17.6%	15.1%	11.0%	4.3%	13.6%	-	-	-	-	-

2011 Cumulative Resignation Rate by Gender

	Indirect Employees			Direct Employees		
	Male	Female	Average	Male	Female	Average
China	36.5%	37.5%	36.8%	171.1%	147.9%	159.2%
Thailand	15.7%	18.3%	16.9%	29.6%	35.4%	34.0%
Taiwan	15.0%	10.2%	13.6%	-	-	-

Note: Resignation rates in the China region are relatively high due to local labor shortages.



The following is the calculation for annual recruitment rates. Monthly cumulative totals for employee recruitment are calculated as follows: (Total Hires from Jan.-Dec.)/(Total Employees at each Month's End from Jan.-Dec./12)* 100%

2011 Cumulative Recruitment Rate by Age

	Indirect Employees					Direct Employees				
	<30	31~40	41~50	>50	Total	<30	31~40	41~50	>50	Total
China	41.5%	15.6%	10.2%	-	33.2%	206.7%	107.4%	101.2%	69.6%	197.1%
Thailand	30.4%	9.4%	8.8%	-	12.4%	134.2%	35.8%	9.7%	-	83.2%
Taiwan	40.2%	22.0%	10.0%	6.4%	20.4%	-	-	-	-	-

2011 Cumulative Recruitment Rate by Gender

	Indirect Employees			Direct Employees		
	Male	Female	Average	Male	Female	Average
China	32.9%	33.7%	33.2%	221.1%	174.2%	197.1%
Thailand	9.8%	15.7%	12.4%	95.8%	79.2%	83.2%
Taiwan	21.5%	17.9%	20.4%	-	-	-





Recruitment (Including Child Labor Policy)

In accordance with operational strategies and employee career development, Lite-On works through a variety of channels to recruit all kinds of talent which includes cooperation programs with well known schools and colleges. In the Taiwan region, we provide summer internship programs and participate in government employment programs. Lite-On recruitment always adheres to local regulation and complies with EICC norms. We never hire child workers, strictly forbid forced labor, and do not allow minors to engage in hazardous work. In addition, Lite-On has established an IT system for proper management of employee hours and leave in order to ensure the health and welfare of our employees.



Fair Performance Management System

The goal of the Lite-On performance management and development system is to improve the overall performance of individuals and the organization. A two-way communication and employee development plan has been established to carry out a fair and reasonable performance evaluation procedure in order to form a basis for promotions, salary adjustments, distribution of bonus and the requirements for employee development and training. If an employee encounters a situation in which they feel unable to adapt, Lite-On gives priority to seek for an appropriate guidance plan or assist in a transfer to a more suitable position or related enterprise. If the cooperative relationship between company and employee is still unsatisfactory, appropriate action will be taken under the law to provide severance and other measures so that labor rights are protected.

For 2011 assessment rates of male and female employees in the Taiwan region, please consult the following:

Item	2011 first half	2011 second half
Proportion of employees receiving assessment that are male	100%	100%
Proportion of employees receiving assessment that are female	100%	100%

Note: Assessment subjects do not include workers that did not complete the probationary period.



4.1.2 Training and Human Resources Development

Since employees are our most important asset, thus 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



Lite-On Learning and Development Blueprint

Level	On Job Training (OJT)	Off-Job Training					Self-development system (SD)
		Orientation Training	Internal lecturer training	CSER Training	Leadership Training by Management Level	Functional Training	
Executive management level	OJT development organization Learning development roadmaps Teaching plan and knowledge management Mentoring system Professional certification system	Stage 1 On board orientation Stage 2 orientation training Stage 3 orientation training R&D orientation	Internal certification lecturer Training Promotions courses lecturer training Internal lecturer advancement training	Executive CSR Awareness Training	Executive management development training	R&D training Industrial engineering training Quality/6 Sigma training Sales Training Procurement training	e-Learning Foreign language training Employees' continued education program
Senior management level				Management Team CSR Training	Senior management training		
Middle management level					Middle management training		
Junior management level				General Staff CSR Training	Junior management training		
Operating level					Shift supervisor training		



Lite-On employees all receive the same training opportunities regardless of sex, and therefore statistics based on gender are not available. Hours of training received by employees in Taiwan, China, and Thailand in 2011 were as shown in the chart below. The data shown includes average annual hours for courses held in physical classrooms, online, through third party providers, as well as for on the job training.

2011 Training Overview for Taiwan:

Level/Position	Total Attendance	Total Hours	Average Hours Per Person
Executive Management G28-G38	42	130.50	5.23
Senior Management G21-G26	238	932.67	8.46
Middle Management G16-G20	2,347	9,580.55	13.32
Junior Management G12-G14	4,491	17,852.25	21.25
Indirect Employees G6-G10	407	2,147.28	10.39
Direct Employees G1-G5	10	33.00	2.91
e-Learning	1,287	1,362.42	0.72
Totals	9,022	32,038.67	16.85

2011 Training Overview for China:

Level/Position	Total Attendance	Total Hours	Average Hours Per Person
Executive Management G28-G38	5	10.50	4.94
Senior Management G21-G26	69	200.00	6.43
Middle Management G16-G20	1,257	5,359.00	20.22
Junior Management G12-G14	10,068	38,080.00	33.27
Indirect Employees G6-G10	33,402	107,667.15	33.60
Direct Employees G1-G5	296,396	1,309,516.35	40.98
e-Learning	4,514	2,281.03	0.06
Totals	345,711	1,463,114.03	39.97

2011 Training Overview for Thailand:

Level/Position	Total Attendance	Total Hours	Average Hours Per Person
Executive Management G28-G38	0	0	0.00
Senior Management G21-G26	2	10	5.00
Middle Management G16-G20	224	1,046	4.70
Junior Management G12-G14	21850	1,575	7.20
Indirect Employees G6-G10	364	2,511	6.90
Direct Employees G1-G5	9,262	177,144	19.12
Totals	10,070	182,286	18.1



Lite-On is dedicated to improve our basic facilities for learning and development at the company, as well as to ensure that our management system provides an excellent, comprehensive human resource development environment and platform. The following are our initiatives and achievements from recent years:

- Strengthening basic learning and development facilities:

- △ Friendly learning environment:

We implement a desired e-learning platform in Taiwan and China. The e-learning system ensures that employees may access to a learning platform without limitation of time or space, and employees may arrange their own courses and learning schedules to their sole discretion. They can also view the instructor-lead-training material saved in the system from time to time. E-learning platform utilization can reduce the natural resources used and thus be better for Earth.

- △ Diverse, rich course content:

Lite-On annually stipulate online practical courses and learning information such as e-books and interactive English courses to provide employees the resources for self-learning in spare time to enhance their work knowledge and skills. Such the online learning platform has been implemented in 2008, both the amount of users and learning hours increased annually

- Increasing quality of Lite-On training and development:

In order to improve and upgrade the training development quality, we follow the principles and requirements of TTQS (Taiwan Training

Quality System), 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 2011, we won the TTQS Silver Medal Prize awarded by Bureau of Employment and Vocational Training of Council of Labor Affairs, of Taiwan government.

- Implementation Plan for Fostering Talent in Energy-Saving Technology

In order to boost the quality and competitiveness of Lite-On Group's Human Capital and to achieve greater added value from sectors, in 2011 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 and jointly offer the courses in environmental protection and energy saving, specialty and management, enabling the employees 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 (2011/03/16~2011/11/15). The total number of trainees was 6500, and the total training hours were 876 hours.



▲ Diagram Goal Management



▲ Day to Day Management



▲ Technical English



▲ Outstanding Executive Ability



▲ Customer Service



▲ QC080000



▲ Improving Work Efficiency



▲ Forklift Training

- During training of new recruits, Lite-On provides courses on sexual harassment prevention and employee ethical behavior to 100% of new hires.
- Training events for development of CSER(Corporate Social Environment Responsibility):

CSER incorporated into orientation training: To establish the new employees' correct awareness about CSER and enable them to comprehend the efforts we have spent in boosting CSER, we will continue incorporating CSER into the required courses of orientation training in 2011.



- EICC (Electronic Industry Code of Conduct) Implementation Training:

△ Physical Classroom:

Organize Physical Training Courses: We incorporated EICC into the orientation training program, and expect new employees to understand Lite-On strive to implement EICC in daily life. We hold EICC related propagation or enhancement training classes in random in PRC area to broaden training scale. In 2011, The total number of trainees in PRC was 16,665.

△ Online Classroom:

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 by themselves without limitation of time or space.

- 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 courses TWI (Training Within Industry for Supervisors) for management and promotion of primary management level at various factory premises in China in 2011. In the cause of enhancing the

leadership and competence of primary management level, we establish 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 researched the strategic plan for 2011 with McKinsey & Company, and also continued working with the American consulting company, DDI (Development Dimensions International) to boost the Leadership Development Program for high management level in 2011. We look forward to gradually implementing the Leadership Development Program among all management levels, in order to build a robust and complete leadership cadre that we need for our future development and sustainable operation.

- Security Training to Protect Corporate Human Right:

Lite-On strive to conduct employee safety management and corporate confidential information protection in order to ensure a safer working environment and to protect corporate confidential information and the profit of corporate, clients, employees & stockholders.

Lite-On set up an advanced access control system, personnel get in and out of offices or factories with various authorization. Guards selected strictly by condition and background should receive trainings on manners, traffic conduction and security check orientation.)



4.1.3 Protection of Rights and Interests

4.1.3.1 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 such that anyone below 15 years old will not be hired. We also prohibit any employee less than 18 years old from engaging in hazardous work. Lite-On make the notification of any changes in labor terms and conditions in the manners as required by laws and regulations.

- No sexual harassment or discrimination

Lite-On strictly prohibit tangible or intangible sexual harassment. In addition to the relevant requirements, we installed the sexual harassment prevention hotline and E-mail address for employees to report any complains. 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 a 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, a raise in salary, distribution of bonuses, employment development and training measures. If any employee is incompetent 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.

4.1.3.2 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, and there is no gender preference. New employees' basic pay will not vary based 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.
- We grant the performance bonus in accordance with our overview of operation and individual performance as a reward for employees' contribution, and also encourage employees to keep working hard. The bonus to be earned by each employee varies based on functions, contribution and performance assessment.

According to Taiwan's laws and regulations, we enroll employees into the labor/health insurance program on the day they are hired and set aside a pension fund for each employee. Additionally, we provide employees with the group insurance programs, including life insurance, accident insurance, medical insurance for hospitalization, cancer insurance and medical insurance for accidents. Meanwhile, in order to ensure that the expatriated colleagues have a peace of mind while working overseas,

we provide them with the group insurance of higher insured value so that we can eliminate their fear of any unforeseen circumstances. 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. 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.





4.1.3.3 Regarding a Violation of Labor Standards, and Redress

On May 24, 2011, the Council for Labor Affairs visited the Chung Ho plant to conduct inspection of labor conditions. A violation was discovered, where the company failed to provide a means of recording the working hours of employees by using a sign-in book or a punch clock. This violation of Article 30 paragraph 5 of the Labor Code, resulted in a fine of NT\$2,000. The incident received a high level of attention from senior and executive management, and measures were taken immediately to redress the issue. Details of the response are as follows:

1. Violation: Violation of Article 30 paragraph 5 of the Labor Code

According to Article 30 paragraph 5 of the Labor Code, an employer must provide employees with means, such as a sign-in book or punch clock, by which to record the days and times worked. Relevant records must be kept for one year.

2. Details of punishment: a fine of NT\$2000.

3. Explanation:

Lite-On is committed to obeying the law and takes employee rights very seriously. With respect to defining rules regarding management of employee working hours, employees are permitted to manage working hours on their own. Should an employee wish to request leave or work overtime, they can do so via a computerized application system. With regard to overtime requests a superior must provide his or her approval based on the need of the case. The permission for overtime work and the number of leaves per month are recorded in the HR system. Thus the company has an employee records system in place that is consistent with the spirit of the law described above. In other words, using the aforementioned system, attendance records can be obtained for employees. In fact, it is a more efficient method that emphasizes the faith and respect we have for our employees.. Furthermore, in order to provide employees with flexible, liberal working times, many of today's corporations have done away with attendance management systems based on signing or punching in with the goal of fostering employee self-discipline.



4. Response measures and results:

(1) Management of changes in attendance

While maintaining consideration for employees' health and welfare and safeguarding employee self-discipline, the company will increase attention given to employee attendance. Starting from January 16, 2012, employees who leave work after 10:00 PM must swipe a card or register upon leaving the company for the reference of internal management.

(2) Carrying out internal communication: Communication with the labor union administration to ascertain employees' opinions of the new system.

(3) Detailed information on improvement measures have been posted on the internal company HR website.

External disclosure link:

<http://www.liteon.com/Page.aspx?id=9d4c83c1-a5a0-49fb-addc-2ee1f2e6e4d8>

(4) A subsequent inspection in February 2012 found no instances of non-compliance with labor codes.



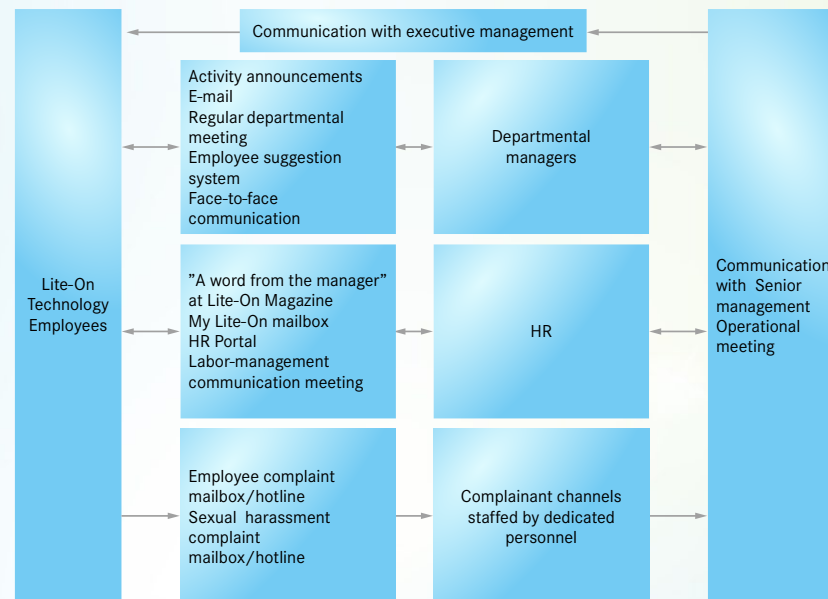


4.1.4 Employee Relations

Lite-On has created a comprehensive internal communication platform for employees, and continues to take on a variety of employee care initiatives in the hopes of creating a happy, prosperous, healthy, balanced, individualized work environment. The EICC system has been established to ensure labor rights and environmental safety levels are within regulations at all plants.

Besides enumerating protections of the rights of each employee in their employment contracts, the company has also set forth relevant rules and standards in order to provide concrete protections of employee rights. We have also established communications channels, including the My LiteOn mail box, as well as employee appeals and sexual harassment hotlines and mail boxes. All employees can use the aforementioned tools to offer their opinions or suggestions at any time, and through these, issues can be dealt with in a timely, effective manner. When company operations undergo large changes that may affect labor rights, we immediately connect with employees via formal channels in order to perform communication and coordination. In 2011 no incidents of labor rights violations occurred.

All company events and announcements are sent out via the employee mail box, My LiteOn, as well as the HR Portal intranet site. In order to help employees understand the company's operational policies, each division holds a monthly operations management meeting to give employees and executive managers an opportunity for face to face communication. The company event information is reported in the Lite-On Magazine, our internal company periodical, to give employees in Taiwan and abroad a way to receive company news.





Labor-management communication meeting, held twice a year or more:

Lite-On follows local laws when establishing mechanisms for dialog between labor and management, and the right to consultation of all employees is protected under the law. Every year, at least two labor-management meetings are held; one mid-year and one at year's end. The company CEO, GCEO, Chairman, and other executive management personally attend to discuss operations management and labor-management matters, thus providing an opportunity for exchange and interaction. At least two industry board meetings are called at the Chung Ho office in Taiwan every year.

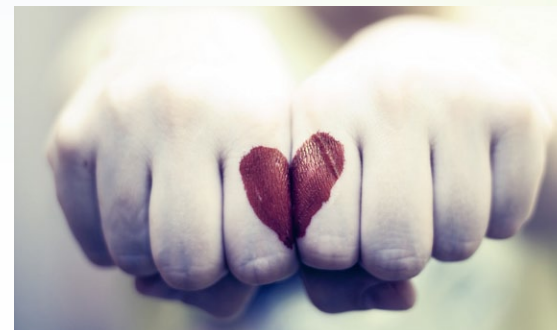
Regarding the minimum notification period for changes to labor status, Lite-On adheres to Article 16 of the Labor Code, and both labor and management are expected to follow the letter of the law.

1. Workers whose employment period exceed three months, but are less than one year: 10 days advance notice.
 2. Workers whose employment period exceed one year, but are less than three years: 20 days advance notice.
 3. Workers whose employment period exceed three years: 30 days advance notice.
- Prevention of Sexual Harassment and Discrimination
Lite-On strictly forbids any forms of sexual harassment and discrimination.

Employees are never subject to discrimination on the basis of race, religion, color, nationality, gender, or similar factors. In order to maintain a friendly, safe, healthy work environment, Lite-On has established related procedures and regulations, as well as created a sexual harassment prevention hotline and email account through which employees may report abuse. These measures also serve as a way to protect the reporting parties. To date, Lite-On has never had an instance of sexual abuse or discrimination.

- Humanitarian Response to the Japanese Earthquake

The March 11, 2011, tsunami which struck Japan was a catastrophic disaster causing severe loss of life and property. It was the biggest natural disaster in Japan since the Second World War. Lite-On put ourselves in their shoes and started the One Day's Pay donation event. Donations were made to disaster victims via the Taiwan Red Cross in the hopes that those in affected areas could be saved and their homes rebuilt.





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 promote 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 measures

Our employees enjoy welfares such 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 "Family Day" with various themes on an annual basis, encouraging employees to participate in the activity with their family members to increase interaction among the employees' families. We also hold quarterly "Happiness Lectures" on a wide range of topics, including spiritual and personal development. Various ball games are held once in a while to encourage employees to take part in the healthy activities during their spare time. Lite-On 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.

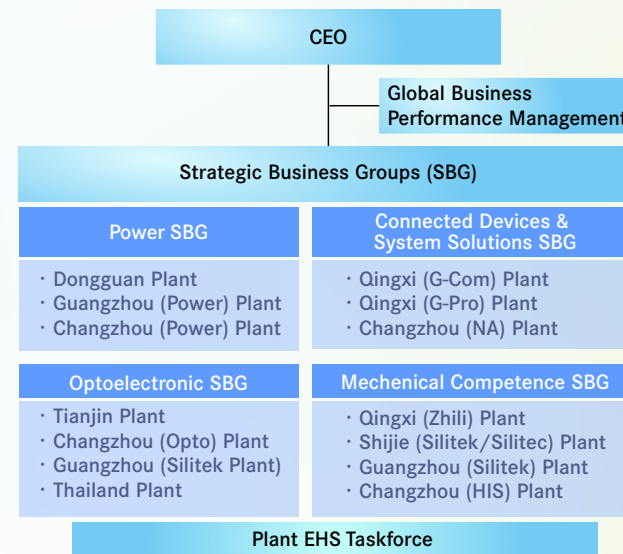




4.1.5.3 Environment, Health and Safety

Lite-On is concerned about EHS management performance. We are dedicated to provide our stakeholders (such as customers, communities and partners...etc) with the safest, lowest environmental-loading and most effective operations centers. We recognize the EHS 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 EHS 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 EHS, and have the supreme executive officers of various plants establish the EHS organizations and committees required under laws at various operations center. We are dedicated to implement and seek certification under ISO 14001 and OHSAS 18001 international standards, in the hopes of helping to 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, affecting 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. EHS 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 EHS management, we hope to become a competitive but benevolent corporate citizen.

Lite-On EHS Organization





- A comfortable working environment

In order to help employees relax and stay in shape, we have established fitness centers and well-stocked libraries exclusive for employees. Lite-On 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.

- 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 and are required to 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 subjects

such as electrical safety, use and management of hazardous articles and substances, how to avoid unsafe actions while working, as well as conducting regular fire drills. In 2011, more than 18,017 of our employees took part in the company-sponsored annual physical examinations, and 5,270 individuals joined in the occupational disease examinations. In addition, there were about 33,790 employees who participated in the fire protection program and EHS promotions.

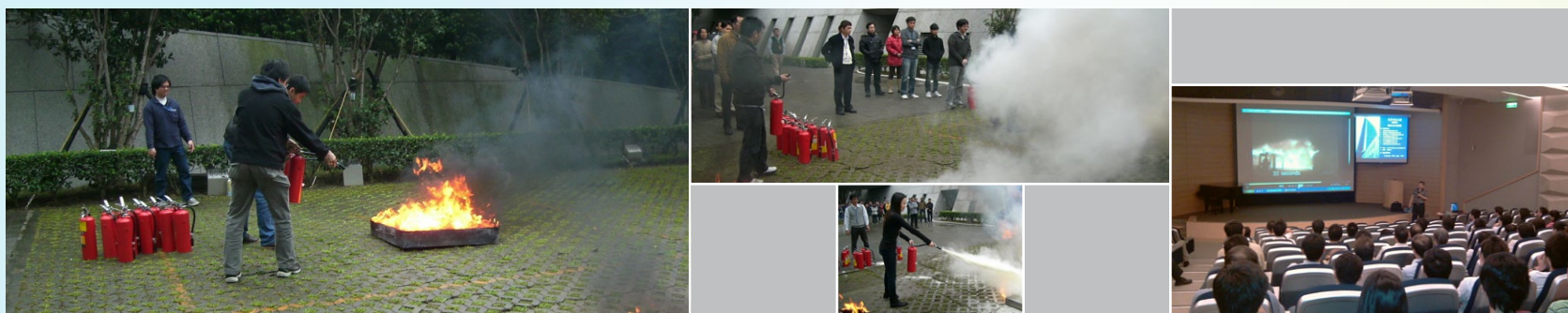
In order to prevent occupational diseases and occupation accidents, all our plants have established healthy working environments and health and safety promotion taskforces, which work in conjunction with internal audits and headquarters audits (consisting of annual environment safety, work safety, health 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.





We continue to take corrective and preventive actions to stop the recurrence of accidental injuries. We continuously follow up the data about occupational injuries (including those during the hours of transportation) in accordance with the EHS management system. Followings are Lite-On's data about occupational injuries in 2011:

Region	FR (Disabling frequency rate)		SR (disabling severity rate)	
	Number of injuries / total hours worked (1,000,000 working hours)	Number of injuries / total hours worked (200,000 working hours)	total lost work days / total hours worked (1,000,000 working hours)	total lost work days / total hours worked (200,000 working hours)
Taiwan	2.41	0.48	0.90	0.18
Mainland China	1.14	0.23	0.68	0.14
Thailand	0.99	0.20	0.23	0.05
Worldwide	1.17	0.23	0.66	0.13





4.1.6 Cooperating with Customers and NGOs to Further Employee Health and Wellbeing

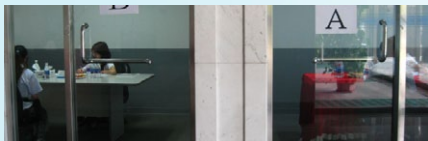
4.1.6.1 Partnering with Dell and the South China Normal University Psychology Research Center in an employee care improvement plan

Employees are Lite-On's more important resource, and our senior management is highly conscious of our employee's work environment, future development and personal care. We wish to create a happy, prosperous, healthy, balanced work environment. Thus, we have established diversified internal communications channels, and carry out a variety of employee care programs.

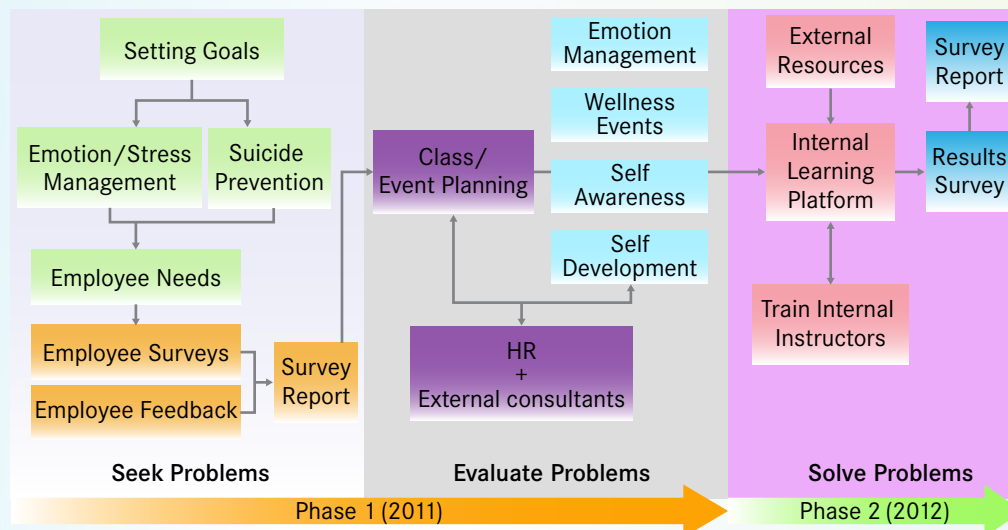
Employees often experience psychological and emotional stress that can lead to poor behavior, irregular attendance, and high turnover rates. Severe problems can influence production, or worse, incidents of injury or strike may arise. These can be a problem for the company, the employee and his or her family members. In order to take effective precautionary measures, Lite-On partnered with Dell to create a project to research issues relating to emotional responses of employees facing stress in 2011.

It was hoped that through this initiation we could learn what problems employees face on a day to day basis, and help them to stabilize and find positive expression for their emotions. By making efforts in employee care we can stabilizing our human resources and retain our talent.

For this endeavor, we contracted external experts from the South China Normal University Psychology Research Center.



The name chosen for the project was “Wellbeing at Lite-On –Employee Care.”





2. Questionnaire Results and Discoveries

(1) Stress factor distribution, chart 1.

Group Categorization		Group 1	Group 2	Group 3	Group 4	Note: Explanation of levels
		Financial, environmental stress relatively high; coping ability relatively good	High stress; poor coping ability	Low stress; good coping ability	High interpersonal stress; coping ability relatively poor	
Risk Index		★	★★★	★	★★	
Stressor	Financial stress	High	High	Low	Low	The greater the financial stress, the greater risk of job and family conflict.
	Work/Family conflicts	Relatively Low	Relatively High	Low	High	
	Life/Environmental stress	High	High	Low	Low	The more stress in life, the greater interpersonal pressures, the poorer emotional perception becomes.
	Interpersonal stress	Relatively Low	Relatively High	Low	High	
Coping Ability	Emotional perception	Relatively Low	High	Low	Relatively High	The poorer the support from society, the harder to rationally handle matters, the more negative physical and mental reactions become.
	Social support	Relatively Low	High	Low	Relatively High	
	Handles matters rationally	Relatively Low	High	Low	High	
	Physical and mental reactions	Relatively Low	High	Low	High	
Proportion		48%	24%	15%	13%	
Characteristics		1. Financial, life/environmental stress is high. 2. Work and family conflicts as well as interpersonal stress are relatively low. 3. Coping ability on all fronts is good.	1. Stress from all sources is high. 2. Coping ability is poor.	1. Stress from all sources is low. 2. Coping ability is good.	1. Financial stress, life/environmental stress is low. 2. Work and family conflicts, interpersonal stress relatively high. 3. Rational handling of matters and physical and mental reactions are relatively poor.	
Responses		1. Cultivate the person's abilities so they can move to a higher paid position and relieve financial stresses. 2. Maintain status quo.	1. Place in high-risk group. 2. Perform regular consultative psychological counseling or group psychological counseling.	1. Maintain status quo.	1. Strengthen interpersonal communication counseling.	

Notes: 1. "High" indicates poor, "low" indicates good.

2. Risk Index: More stars indicate greater risk

3. Sources of stress in a group show significant relation to gender, plant and income, and are shown above. Factors that do not show significant association are not shown, and include age, education, rank, relationship status, having children, job description, employment period, overtime.

4. Sources of stress in a group show significant relation to gender, plant and income, and are shown above. Factors that do not show significant association are not shown, and include age, education, rank, relationship status, having children, job description, employment period, overtime.



(2) Self-injury factor distribution, chart 2.

Group Categorization	Group 1 High Internalization of Self-Injury	Group 2 Contemplated Self-Injury	Group 3 Low Risk for Self-Injury	Group 4 Positive Living	Group 5 High Risk for Self-Injury	Group 6 Refuses of Self-Injury	Note: Explanation of levels
Risk Index	★★★	★★	★	★	★★★	★★	
Internalization of Self-Injury	High	Medium	Low	Relatively Low	Relatively High	Medium	The higher the risk for self-injury, the lower the positive living attitude, and the lower the rate of refusal of self-injury
Positive Living Attitude	Medium	Medium	Relatively Low	Low	High	Relatively Low	
Refuses Self-Injury	Medium	Medium	Relatively Low	Medium	Relatively High	Low	
No. of People	28%	24%	15%	12%	12%	9%	
Characteristics	1. Latent tendency for self-injury more marked 2. Positive living and denial of self-injury levels medium	1. Violent results from non-refusal of self-injury	1. Latent tendency for self-injury low 2. Positive living attitude relatively low 3. Refusal of self-injury low	1. Positive living attitude relatively high 2. Latent self-injury and tendency for self-injury not marked	1. Latent tendency for self-injury high 2. Positive living attitude high 3. Refusal of self-injury relatively high	1. Clear denial of latent tendency for self-injury 2. Positive living attitude very good 3. However definite internalized tendency to self-injury present	
Responses	1. Place in high-risk group 2. Direct superiors must monitor emotional changes 3. Monitor living conditions and encourage to take part in more group activities	1. Create self-injury related courses for this group, raise awareness of dangers of self-injury	1. Maintain status quo	1. Maintain status quo	1. Place in highest-risk group 2. Monitor behavioral changes, view as critical target for individual and group psychological counseling	1. Offer emotion management and adjustment courses, in order to reduce internalized tendency to self-injury	

Notes: 1. "High" indicates poor, "low" indicates good.

2. Risk Index: More stars indicate greater risk.

3. Sources of stress in a group show significant relation to gender, plant and income, and are shown above. Factors that do not show significant association are not shown, and include age, education, rank, relationship status, having children, job description, employment period, overtime.

4. Internalized self-injury: Indicate strong tendency to keep negative emotions hidden, unwilling to show emotion, easily accumulates to pathology; overall a negative phenomenon.

5. Refuses self-injury: Indicates condemnation of self-injury, does not condone the violence resulting from self-injury.

(3) Discoveries:

The results of analysis showed that, "High stress/poor coping ability," "Group with high internalization of self-injury," and "Group with high-risk for self-injury," were areas that required attention and measures for improvement.



3. Improvement measures:

For 2011: Hold training to improve employee care capabilities. Periodically strengthen and upgrade the guidance knowledge and skills of employee care and HR personnel in the South China area so they are better to provide guidance to high-risk groups.

Course content: Set up training goals and content for giving guidance to the high-risk groups identified by analysis of the study results.



Course type	Course name	Course date	Class time	Lecturer
Employees Project Training	1. Understanding Employee Psychological Problems	9/7	7	Instructor Su
	2. Practices for Employee Psychological Problems a. Stress and emotion managers b. Dealing with interpersonal, relationship, and family problems	9/14	7	Instructor Su
	3. Principles and Methods in Group Counseling	9/21	7	Instructor Li
	4. Psych Counseling Principles, Methods, and Skills	9/28	7	Instructor Li

4. Post-study feedback on satisfaction levels among clients, staff, and researchers:

- Clients (> 80%)
- Plant staff: (86%)
- South China Normal University: (90%)



5. 2012 Continuation Plan

Employee care is a relatively big issue. Cooperation with clients and expert institutions is only in the initial trial stages, and the Lite-On wellness program still has a long way to go and has much room for improvement. Therefore, the employee care development program will continue through 2012.

Examples: Love Ambassadors, online consultation portal, institution of May 25 as mental health day, guidance training for plant managers, cultivation of instructors, and training courses for all plant managers. In addition, we will hold employee care events, activity-style lectures, and so on.

Course type		Course name	Course	Class time	Lecturer
Employees Care Training	Plant Manager Training	1. Guidance for Employee Psychological Problems a. Communication skills for increasing trust, opening the heart b. Handling the normal range of emotions and ability to comfort c. Recognizing abnormal conditions	3/28-29 4/06-07	12H 12H	Instructor Liao
	Lecturer Training	2. Training for guidance course lecturers	4/18	6H	Instructor Liao
	Recap	3. First recap	May	4hrs	Instructor Liao
	Recap	4. Second recap	August	4hrs	Instructor Liao



4.1.6.2 Partnering with HP and Business for Social Responsibility (BSR) to implement a women's health initiative for female employees called Her Project

According to a WHO survey, women of today lack correct lifestyle habits and knowledge of nutrition. As a result, over 70% of women suffer from a variety of gynecological diseases. Since Lite-On is a labor-intensive company, if employees' awareness of physical and mental health, hygiene habits, and other health matters is not fully completed, employees' quality of life and stability could be directly affected. Beginning in 2010, the Lite-on HIS (Human Input Solutions) Division plant in Shijie (located in Dongguan, Guangdong Province) partnered with HP and NGO Business for Social Responsibility (BSR) to undertake Her Project, an initiative relating to the wellbeing of female employees. The event employed a very lively format, introducing employees to topics such as sexual health, contraception, abortion, STIs, AIDS, and so on. In order to further enhance employees' sexual health and behavior, through our partnership with HP and BSR, we contracted Marie Stopes International (MSI) to help expand the project to include the Enclosure Division plant in Guangzhou and Network Communications Division G-Com plant in Qingxi, Dongguan in 2011.

Enclosure Division Guangzhou Plant "Caring for Women, The Facts About Health" Plan

At the beginning of 2011, Her Project got underway at the Enclosure plant in Guangzhou. From signing the contract and establishing project teams, to polling employees to choose the project name, surveying 100 female workers, selecting health ambassadors, holding the launch meeting, and health ambassador training, every stage of the project was welcomed enthusiastically by employees.

- **Project Name Selection:** Employees were given the chance to vote on a name for the project. 56 votes were received, and "Caring for Women, The Facts About Health" received 30 votes in total.
- **Worker Surveys:** In order to understand the actual needs of female employees, the project selected 100 workers from the manufacturing department for participation in a worker survey event. The survey results were used to make health ambassador training even more relevant with respect to the needs of company employees.
- **Health Ambassador Recruitment:** The health ambassadors were the core force behind promotion of the project. In order to attract promotional staff with superb communications skills and empathy, the human resources department used email, notice boards, posters, and information sessions to recruit 36 health ambassadors. Ambassadors signed up on their own or were recommended by their departments.





- **Launch Meeting:** In order to enhance everyone's understanding of the project, and garner their attention, support, and participation, the HP regional supply chain SER manager made a special trip from Hong Kong to attend the launch meeting. At the same time, manager Wang from BSR, and two instructors (Du & Yang) from MSI came from Beijing and Dongguan to attend the meeting. The launch meeting also received attention and big support from company management.
- **Explanation of Health Ambassador Training:** "We've never been to a training this lively before, I hope all our trainings from now on can be like this." "Of all the places I've worked, this is the first that put knowledge of women's reproductive health on the podium." These were some of the things heard from health ambassadors after completing the training. We are confident that none of the students will forget the fun-, applause-, and laughter-filled two days.

In the second half of 2011, it was time for the project to truly get underway in the plants. In this six month period, we progressively moved forward according to plan. In total there were 10 events targeted at female employees, with health awareness training, health awareness competitions, dormitory life education, an AIDS petition event, etc. The events were highly effective and consistently received praise from employees.

- **Health awareness training–New Recruit Training**

In order to help employees fully absorb the knowledge about reproductive health, HR has added a physical health course to new employee orientation. The course covers the origins of life, menstrual health, daily hygiene for men and

women, contraception and abortion, AIDS, and the importance of regular checkups. The intense amount of concentration the new employees showed was indeed a please to the organizers.

- **Health awareness training–Topical seminars**

The topical seminars attended by 1000 women (all female employees) were without a doubt the most important part of the project. Clear, practical images, carefully selected videos, and familiar language were all characteristics of the classes. There was also a gift to every girl, an exquisite book, "Men and Women".

- **Dormitory life education**

From January 8 to 10, 2011, dormitory administrators and 46 health ambassadors posted notices in 377 dormitory rooms, and visited 113 female dormitory rooms, covering all company dormitories.

- **AIDS petition signing event**

On December 1, 2011, 26 health ambassadors participated to distribute over 700 gift bags (including 400 boxes of condoms from the health office, condoms supplied by MSI China, an information package, event hat, etc.)



4.1



On December 14, 2011, Her Project coordination teams worked with MSI China to perform evaluation of the events. The evaluation consisted of: Interviews with management (4 people); Interviews with health ambassadors (10 people); Surveys with 10 team leaders and 90 female workers. The portion of the project most worthy of attention are the post-training surveys taken of 100 female workers.

Subjects of the post-training survey were fundamentally the same as that of the initial survey.

	20 years and under	20-25 years	26-30 years	31-40 years	40 years and over
Survey of needs	34%	30%	16%	16%	4%
Assessment survey	30%	30%	22%	15%	3%

	Unmarried	Married	Divorced	Widowed	No response
Survey of needs	58%	42%	0%	0%	0%
Assessment survey	52%	46%	2%	0%	0%

After running for one year, level of knowledge among all plant employees made an increase. However, Her Project did not stop at caring for female health. During new employee training, physical health courses, washroom etiquette and other topics were added to the men's health segments in order to allow Her Project to care for all employees and make health awareness part of each employee's life. The "Caring for Women, The Facts About Health" plan summary assessment meeting took place on January 5, 2012. The BSR representative from Guangzhou as well as the MSI China representative both praised the Her Project, and awarded a Health Ambassador Certificate to each health ambassador. The advent of the summary assessment meeting by no means marked the end of the Her Project. However, it also marks a new beginning. In the spirit of the project, Lite-On continues to publicize and disseminate health information.

The following are disparities between initial survey results and post-training survey results:

Topic Surveyed	Pre-Training	Post-Training
Cleaning of private parts (whether or not cleaned daily)	86%	96%
Non-regular sex partners used a condom	80%	91%
Seek medical attention if reproductive organs painful	77%	95%
Believe kissing can transmit AIDS	24%	21%
Willing to work with coworkers with AIDS	7%	28%
Correct knowledge of AIDS transmission	65.5%	81.3%
Correct knowledge of abortion	84%	97%





"Wellbeing and Sunshine" Plan at the Network Communications Division G-Com plant in Qingxi, Dongguan

Lite-On's Her Project got underway at the Network Communications Division G-Com plant in Qingxi, Dongguan in April, 2011, with the goal of carrying out a series of information campaigns targeted at women relating to reproductive health. The name chosen for this project was "Wellbeing and Sunshine."

The purpose of the "Wellbeing and Sunshine" project was to show care and concern for women's health. With the help of the professional Marie Stopes International (MSI), we surveyed and analyzed the level of awareness of reproductive health among female employees. The results were used to create a plan to raise awareness of female reproductive health, the five female cycles (menstrual, pregnancy, puerperium, breastfeeding, and menopause), contraception, AIDS, mental health, sexual health, sexual harassment, etc.

With the concern of the traditional thinking that might cause women to have reservations about discussing private issues, a team of 10 instructors was formed along with a group of 22 health ambassadors. These two teams received awareness and communication skills training from experts provided by MSI. A peer education model was chosen, and the awareness campaign employed game-oriented classes, health awareness posters in public areas, dormitories, and bathrooms, dormitory visits, and other means to get the message out. In addition, on December 1, 2011—World AIDS Day—we partnered with government agencies to bring the health awareness message into the community and to even more members of society.



4.1

The 1287 female employees at the plant had an opportunity to learn about their health in a fun way. They feel of the amount of care and concern the company gave them, and also establish the correct ideas about health through these lessons. Results were as follows:

Topic Surveyed	Pre-Training	Post-Training
Cleaning of private parts (whether or not cleaned daily)	70%	97%
Non-regular sex partners used a condom	73%	97%
Believe the most effective contraception are condoms	54%	100%
Believe kissing can transmit AIDS	41%	2%
Willing to work with coworkers with AIDS	13%	53%
Believe senior management cares about employee health	39%	82%
Believe abortion can have major health effects	86%	100%
Seek medical attention if reproductive organs painful	65%	99%
Share awareness of reproductive health with family and friends	52%	96%



On April 15, 2012, the project conducted a complete performance evaluation and summary, the results of which earned praise from HP, BSR, MSI, and local government.

Bringing Her Project into the Community

The end of the project marked the beginning of its move into the community. Lite-On G-Com adopts the concept of social responsibility. In March of 2012, we helped local government by making the results and materials from the project available to the city government of Foshan, Guangdong. In April of 2012, related information and knowledge was shared with the local community (Qingxi) as well as with other large local plants. In April of 2012, we began cooperating with the Dongguan city government on a Global Fund to Fight AIDS project. These efforts show our commitment to the concept of "take from society, give back to society," and bringing love to those in need.



4.2 Social Involvement



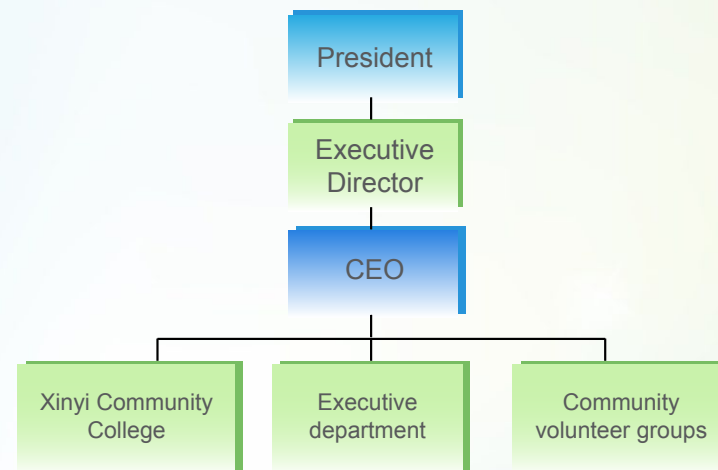
In the spirit of "Giving back what we took from the society" Lite-On have made long-term commitments to being involved in society. In view of the social problems that grow in severity day by day, including problems faced by new immigrants, problems raising adolescents, lack of resources for lifelong learning, shortage of creative design talent, worsening environmental problems, and other issues. Lite-On continue to strive in social involvement with the hopes of creating a diverse, caring, abundantly creative, sustainable society. In order to bring this type of vision for society to fruition, we have outlined seven important tasks: promote cultural diversity and cultivation of the humanities, promote youth education, create an environment to foster lifelong learning, cultivate creative design talent, provide innovative green products and services, promote environmental education, and undertake environmental conservation. The accomplishment of this mission depends on our execution of concrete implementation strategies such as promotion of volunteer work within the community, operation of community colleges, institution of the Lite-On Award, development of green products, participation in ecological conservation, etc. The development programs for each implementation strategy are principally based on training of volunteers for helping troubled children and promoting cultural diversity, establishing a corporate volunteer system, promoting training/service/monitoring of the troubled children volunteer system, establishing community colleges and offering green courses, appraisal of new designs by established international designers, providing guidance for mass production of new creative designs, development of green energy products, use of products in environmental designs, as well as tree planting, reforestation, and other efforts in environmental conservation.

Vision

Through education and cultivation in the humanities, Lite-On seek to create a sustainable society that assists child development, has a culture of caring corporations, initiates public service activities, cultivates creative talent, establishes cultural diversity, promotes tolerance, and is filled with an atmosphere of learning.

4.2.1 The Lite-On Cultural Foundation

The Lite-On Cultural Foundation was founded in 1993 through donations from three founders of Lite-On affiliated companies. Every year, Lite-On affiliated companies apportion NT\$10 million from profits as donations to cover the foundation's social welfare costs. The principal aims in education and cultivation in the humanities, assistance of child development, creation of a culture of caring corporations, initiation of public service activities, cultivation of creative talent, and so on, all stem from a devotion to humanity, the public good, education, culture, and other facets.



Lite-On Cultural Foundation Org Chart



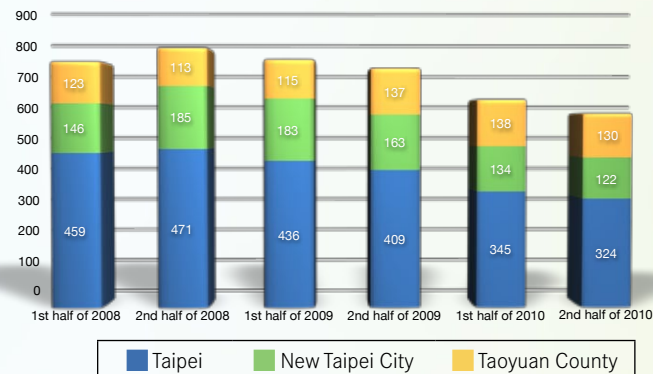
4.2.1.1 Community Volunteer Team “Lighting Up Underprivileged Children’s Hope With Love”

(1) Training Volunteers, aiding underprivileged groups

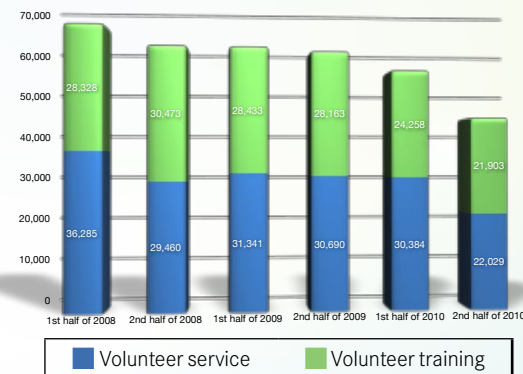
Lite-On actively participate in assistance of the vulnerable, establishment of community volunteer team, provision for systematic, institutionalized training for volunteers, and links with related government resources and services for vulnerable children and adolescents. Taking the in-school system as an example, the Lite-On Cultural Foundation recruits women and caring parents from the communities around elementary and junior high schools to receive family education, psychological counseling, and other specialized training courses. The regions serviced include Taipei, New Taipei City, and Taoyuan County. In the past three years, nearly 4,200 volunteers have received training, with a total cumulative class attendance of over 65,000.

At the same time, the Lite-On Cultural Foundation cooperates with school counselors to care for, accompany, and guide individual cases. Included are children from single parent families, dysfunctional families, aboriginal families, new immigrant families, families with children with disabilities, etc. In the past three years, 4,767 people have come forward to help as mentors and assist troubled children and adolescents. Taking 2011 as an example, 1,401 children received mentoring, with the total number of help sessions exceeding 17,000, fulfilling the Lite-On commitment to be a caring neighbor.

Numbers of trainees for volunteers in recent years



Statistics of volunteer training and service hours in recent years





(2) Operational Model for Strategic Alliance for Holistic Education and Services

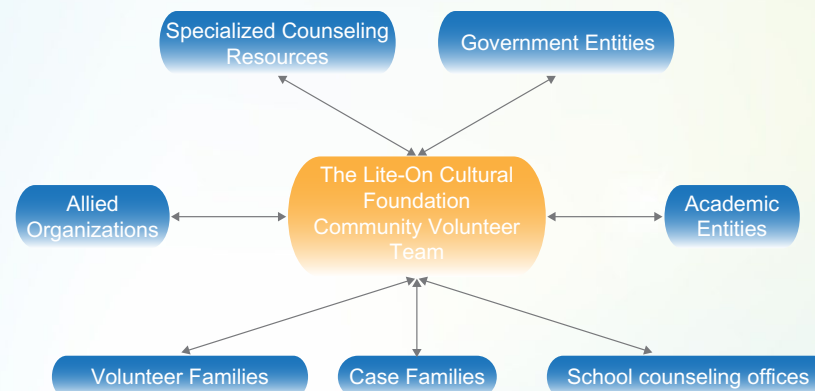
The Lite-On Foundation's management system is supported by the corporation's own managerial capacity. The strategic alliance with government, non-profits, and so on, is based on concepts of resource sharing and mutual assistance to roll out practical action strategies, create common benefits, and magnify each other's developmental advantages. In doing so, a mutually beneficial relationship can be maintained for the purpose of obtaining the maximum benefit from limited resources.

(3) Chart of Operational Model for Strategic Alliance for Holistic Education and Services

The benefits arising from the strategic alliance directly support the organization's goals, and in turn support the efforts of the alliance to establish linkages with other organizations (such as communities, schools, foundations, government departments, etc.) The goal is to let those involved in cooperative efforts generate benefits greater than the sum of their parts. The intangible influence and effects on society are as follows:

- (1) Elevation of social values: Through the cooperation of the partners, the social value of community is highlighted, and garners the recognition of even more people.

- (2) Coordinating beneficial results of objectives: It is very important for the strategic alliance to quantify and digitize the beneficial results of our objectives to form a solid base for any project co-managed by both parties.
- (3) Level of resource sharing: The more complete the control of resources by both parties is, the more beneficial the results of the integrated project will be, thereby providing maximum benefit along side maximum capital savings.
- (4) Cost sharing: Resource costs for each stage of project execution can be significant. A budget must be furnished, human resources and venues are required, someone must take responsibility for planning and implementation, provision made for intermediaries, and other resources. Sharing costs can upgrade the organization's operating strength and also create cooperative advantages.





1. The Lite-On Foundation has been delegated by relevant government departments to cultivate volunteers who will provide services to high-needs immigrant families. The Foundation handles recruiting, establishment of volunteer organizations and their subsequent operation, design of lesson plans for cultural diversity classes, organization of training lectures, supervisory work for planned follow-up service, as well as helping schools and education departments to act as links to sustainable development of volunteer service. Additionally, the Foundation has introduced corporate management philosophies and approaches into the running of a non-profit organization through a CORPS model: Provide for the community (Clients) through organization events (Operations) using finances and materials (Resources) as well as human resources (Participants), to create high value programs (Services). This exemplifies a win-win created through mutual trust, reciprocity, and benefits of the strategic alliance between the Foundation and our government partners. A total of approx. 5,700 people participated.



2. We cooperate with the Teacher Chang Foundation to provide supplementary courses for volunteers, and to seek the help of experts in the areas of social work, psychological counseling, family education, life aesthetics, etc. Through the lectures arranged by the Foundation at schools in every community, we promote the theory and practice of "learning through doing" to increase the quality and level of achievement in assistance work and attain our ideals and vision for providing holistic services. In 2011, eight sessions were held, with a total of 855 participants.

Beginning in 2010, community volunteers submit articles and topical discussions to the Teacher Chang monthly school magazine from time to time. At the end of 2011, the Lite-On Cultural Foundation recorded the experiences of volunteers over the years and gathered the stories into a collection which has been published as a new book by Living Psychology Publishers called, "Not Just Child's Play—Stories of Protecting Troubled Children." The genuine, moving stories of growth and mentoring told by each volunteer send a message to society: "If they can do it, everyone can do it!" It is hoped that by sharing this book, more people will be encouraged to participate in the volunteer service. Transmitting this optimistic, positive message for all of society to see will inspire even more participation, foster love between people, and make society even more harmonious and wonderful.





3. The Foundation also participates in the Wan Long Christian Church Vulnerable Children Summer Camp in Taipei. Childhood and adolescence are critical periods for the development of personality and behavior. During this time, young people experience changes in their bodies, emotions, thoughts, and behavior, all of which can be easily influenced by the outside world. In order to effectively help provide high-risk, high-needs students with the care they require, during the 2011 summer holiday (July-August) a call went out to volunteer instructors working with troubled children to participate as volunteer leaders for small group events. During the 8 weeks, 12 events were scheduled with subjects ranging from self-image, life aesthetics, free creativity using the five senses, life education, environmental conservation, and others. Through a spirit of volunteerism, social support mechanisms are strengthened, and by linking with the resources of a local church, vulnerable groups in need of assistance can enjoy holistic, compassionate care. This new volunteer service model sparked a surge of positive, loving community spirit, attracting over 360 participants in total.

4. The Foundation also offered a summer internship program for four students from the faculties of Department of Human Development and Family Studies at the National Taiwan Normal University. The Foundation created a summer internship program that recruited eager volunteers through information sessions held on campus to come serve with the Foundation as part of our goals for cooperation between industry and academia.

(4) Actively Encourage Volunteers To Participate in Recurrent Education

Besides offering training courses for volunteers, the Lite-On Cultural Foundation also encourages volunteers to participate in recurrent education. In doing so, they not only become role models for children, but also create an atmosphere of learning in the home. In September of 2009 and 2011, eight volunteer instructors enrolled at the National Taiwan Normal University Department of Adult and Continuing Education (which takes in students every two years). In 2011, two more volunteers enrolled at the Taipei Municipal University of Education and the Ming Chuan University Graduate School.





(5) Promoting Life Aesthetics, Moral and Spiritual Education

The Foundation has 13 years of volunteer experience in the community, and has created 50 courses with topics including psychology, social work, cultural diversity, expanding the senses, life aesthetics (environment), life education (character development), life narration (stories, narration and writing), and other topics related to helping troubled children. During the course, volunteers go on nature excursions, play games, draw, paint, and learn about life aesthetics, creative writing, etc., as well as how to carry out group discussions and other activity types. As we know, aesthetics is the best tutor. At the same time, the best gifts we can give our children are outstanding perceptive abilities, to which moral and character education are the most direct route.

Life aesthetics refers to: Learning the satisfaction of seeking aesthetics in everyday life. Aesthetics is a type of spirituality. Once a person becomes able to sense the existence of beauty in life at all times, can be moved by beautiful things, and has reached a state of spiritual fulfillment, it naturally affects the way they go about things, and it becomes a guideline for virtuous behavior. Entering the 21st century, the Ministry of Education changed the names of "Social Education Stations" to "Living Art Centers." This change highlighted the fact that aesthetics, creativity, love, and caring are key parts of the future of soft power in Taiwan. How to be aware of one's environment, be aware of one's cultural surroundings,

understanding how to treasure life—these are all elements that get melded into the Foundation's training courses. In the processes of globalization and localization, life is the sole essence. All creativity comes from life, and life aesthetics starts from a reawakening to life.



The community volunteer services training commenced from 2007 with promotion of training in cultural diversity and life aesthetics for volunteers. Volunteers are also encouraged to take courses beyond the basic training, and to take part in "Awakening the Senses and Discovering the Beauty of the Seasons" through lectures, photography, drawing, writing, and other means. Through an unhurried attitude, letting the tempo of life relax, quietly appreciating a moment's simplicity, immersing in a leisurely aesthetic space, parents and children can become aware of the sentimentality of life.

In 2011 the Foundation is continuing its activities, including: Summer volunteer instructor and administrator training events—"A Meeting With Gauguin and Tour in Zhongshan North..."; "Tsai Jui-yueh Dance Institute Experience"; sharing sessions with invited guests Mima, author of "Moms—Another Kind of School," and Lee Wei-wen, administrator at The Society of Wilderness. Activities for vulnerable children—The "Welcoming



The Ambassador of Love to Lite-On" event held by the Maria Social Welfare Foundation's Ambassador of Love and life education instructor Ms. Chuang Fu-hua; attending "Story time with the Matryoshka Doll" at the Puppetry Art Center of Taipei. Other arts events were as well as held such as "The Innocence and Vision of Cao Junyan, a 50 Year Retrospective Exhibition."

Beyond this, at the invitation of the public sector the Foundation participated in the following life aesthetics events: in June 11, the "Reading and Health on Campus" six in one advocacy event held by Department of Education, Taipei City Government. Family Education Center, New Taipei City Government held the "Walk Together with Love and Happiness" centennial national marriage education advocacy event in October 15. In November 26 to 27, the "Lifelong Learning for Lifelong Partners-From the Community to the Museum (North Region)" carnival held by Ministry of Education.



(6) Establishment of an e-Learning Platform

The advent of the internet age has ushered in a new paradigm: the knowledge-based economy, and a revolution in education. At the same time, online learning could be called the "third wave of education reform."

In 2010 the community volunteers program began a movement to digitize schools involved in the troubled children initiatives. It is hoped that through the Foundation blog, new training course content, information on services, teaching plan design, organization operations, recurrent education, life aesthetics, reading clubs, family education, and other information can be digitized and uploaded to the comprehensive e-platform. At the same time, we listened to the voices and feedback of each group, and engaged in reflection and discussion. By connecting with volunteers and sharing on the blog, exchange and interaction between group members and different groups became much easier, and instructors and volunteers were provided with more opportunities to communicate before and after classes. Communication with each group, beyond regularly scheduled supervision sessions, takes place via announcements in email and on the Foundation website (www.liteoncf.org.tw), or in the discussion area, etc., and every effort is made to provide volunteers with related information. In order to allow each participant school to enter the digital learning center, new material is being added continuously, there is constant exchange and sharing of information and service and resource referral information is available for all areas. The amount of diverse vision and content and boost to the work quality of the volunteers makes the learning opportunities truly limitless.

Beginning in April 2011, the Foundation began publishing the "Community



Volunteer Biweekly" in the hopes that, through this e-zine, experiences and applications in awakening of the senses and life aesthetics can enter the lives and homes of local people, for the enjoyment and wellbeing of all! Also serving to disseminate information about the Foundation, in 2011 there were a total of 17 issues published, and it has become a key communications channel for Lite-On volunteers.

(7) Giving Back and Sharing

1. Lite-On Community Volunteer Supervisors and Instructors: Huang Wu (Volunteer, Donghu Elementary School, Neihu District, Taipei. Years of service: 11)

Never Give Up—Is It Really the Child's Fault?

© Amateurs

I like to watch the grade one students when they're coming to school for the first time. Every student is all dressed up in stiff new uniforms that don't quite fit. There are enormous-looking bags on their backs as they march through the school gate. Their timid, innocent faces are just irresistible. And yet, why is it that these adorable children might one day become the cause of headaches for parents and teachers alike? Is it these students who make teachers and parents fret so? Or is it parents and teachers who are causing headaches for the students? Is it really the children's fault? In the capacity of volunteers, their vivid life stories

actually shock us—making us wonder, who is accompanying whom?

One: His Clothes Are Filthy, and Reek

The first time I saw him, his white shirt was covered with black ink. His blue pants had a large hole ripped in them, and yet his round little face was still filled with a childlike innocence. The children in the group shouted, "His clothes are filthy, he smells bad, I'm not sitting next to him!" When he took his socks off, everyone stopped breathing for a minute. What to do?

Because of situations like this, one of our activities became a sock washing competition. The children loved to jest, "Boy, Xiao Wei doesn't have it easy!" Or, "Just throw it into the washing machine!" Some suggested, "Get the volunteer to help wash it."

Xiao Wei's parents got divorced when he was in grade two, and he has been living with his father ever since then. Due to the working schedule, Xiao Wei's father comes home late every night, so personal hygiene had become an issue for this kid. Xiao Wei has trouble with interpersonal skills too. He began to tease fellow students and roll on the ground. The same set of dirty and torn uniform is what he wears every day. The second-hand clothes that the volunteers provided him with became filthy only after a few days.

One day, he folded a piece of white paper into an envelope. Inside were



a pile of little white stars. He smiled and gave the little package to me. Looking at the pile of tiny little stars he'd folded by hand, I gave him a small hug. He said, "I'm transferring to another school. You can come visit me there." I never visited him, but I often think about this kid who is forced to grow up when he does not even know how to take care of himself.

Two: Children Who Are Always Changing Schools

Just after transferring to another school at grade four, he told me he hated women. Why? His kindergarten teacher, elementary school teacher, and mother, were all women. The ones who hit him were all women. When asked to draw a self portrait, he drew a huge person in the middle of the scene. He colored the hair gray. Pointing to the head he said, "It is all cement here, because I am stupid."

His second drawing was of a bank of black clouds. Under the dark clouds was a drop of tears, and below that was a ball of raging fire. His third drawing was of a gun and a knife. Below these was a pool of blood. The weapons were pointed at a woman. I took time to chat with him, but he disdained to look at me. We often sat in silence, waiting for each other to break the ice.

His mother was always first in her class. Any grade under 95% earned him a beating. Being the first is his only way to gain value in his mother's eyes. One time his mother promised him that if he came in first in class

for the exam, she would give him NT\$500. He struggled, and made it. His mother, however, said "Mommy will keep it for you. You can have it when you want to spend it." He stared at the floor as he spoke. I sat motionless as I listened to the accusations of an 11 year old boy against his mother.

Later, while the boy was fifth grade, the class leader told to me, "That transfer student transferred to another school again!"

He told me about how he was being wrong and beaten and got looked down on. He had never look me in the eye. Those who appear to be full of hatred actually wanted to show their love but were in vain. However, they still love the world somehow, what they experienced twisted their way of showing love.

Sullivan once said, "Children lack tools and experience, and are therefore unable to create a proper image of themselves. The only way they can accomplish this is to gauge other's reactions to them. They do not dare challenge an adult or show defiance, but just passively accept the judgments meted out to them through language, gestures, and actions." It seems this student who keeps changing schools is confirmation of this statement.

Three: This is a place to relax!

When he entered the group, Xiao An was clever, quiet, and didn't seem at all like the kind of child who needs counseling. When participating



in group activities he always followed instructions, and never bothered others. In his journal he wrote, "I want to help other people." One day, the volunteer noticed that he was running after Xiao Ping, hurling insults. The instant the volunteer opened the door; he stopped and cried, "Xiao Ping swore at me first!" Gradually, incidents with other students increased. He refused to finish his work, but he still wanted to be part of the group! He reason was, "It's fun here, there's no pressure and I can relax."

A ten year old boy faced pressure and needed to relax? Xiao An's life went something like this:

From Monday to Friday he attended an after school program. He had English lessons on Tuesday and Friday afternoons from 6:00 to 8:00PM. On Wednesdays he went to the after school program, where he had a drawing class from 4:00 to 6:00PM. The only day he could go home early was Wednesday. On Monday and Thursdays from 6:00 to 8:00PM, he received a math tutoring. On Saturday mornings he went for abacus lessons. The prime years of his childhood were being toiled away surrounded by concrete classroom walls. Unable to find an outlet, he couldn't help but reach out and pick fights with others!

Finale

At the graduation ceremony, the M.C. asked the grade six graduates to come on stage to receive the well wishes of the principal and school

director. They stood squirming on stage, and when the moment came to hug, the tears came pouring out. Each and every little seed might sprout, or might lie dormant. However volunteers never leave a single starfish that has washed up on shore behind.

(Excerpt from "Not Just Child's Play—Stories of Protecting Troubled Children.")

- Principal from a Lite-On Community Volunteer School: Luo Mei-e (Principal, Xisong Senior High School, Taipei. Years the volunteer group has been established: 10)

A Pillar of Stability on the School Ground—A Tribute To the Volunteers

A scholar in education once said "There are no troubled adolescents; only adolescent troubles. In other words, the troubles of adolescence arise as a sort of reaction to the needs of adolescents not being met."

Indeed, in today's society, most parents are busy at work, and are too occupied to give their children the attention they need. Even the finest children will develop a poor attitude toward their studies and falter in their interpersonal skills if their souls are not properly nurtured. When faced with these high-needs children, school teachers are still somewhat powerless even when they are under obligation to help and provide the right professional assistance. The result is that these students become less participative in class, and the problem can even become an issue for the school and society as a whole.



Fortunately, there is a group of sincere parents who join the volunteer group while their children are in elementary and junior high school. Through long-term training and careful cultivation, by now they have not only become outstanding guides for teenagers, but have made up for a lack of human resources in schools. Furthermore, many volunteers remained in the school even when after their own children graduated and left. They remained at their posts, humbly carrying on their duties to mentor batches of troubled students without complains. Their passion and affection are highly admirable.

I have worked in a junior high school and witnessed how much the volunteers sacrificed for the troubled children. As long as the outcome seems beneficial for the kids, these volunteers do all they can to help them. For example, for troubled students who can't graduate in the normal way they will prepare hand-made graduation yearbooks and organize an alternative graduation ceremony. They visit the troubled teenagers who were sent to the prison, and write letters to encourage the teenagers who have lost their way of life and needed help to turn over a new leaf. They organize a variety of lively classroom and extracurricular activities in order to encourage children to discover their strengths. And these are just a few examples. Even though they are not receiving support from the surrounding environment, or do not see immediate results in the students, they still persist in communicating, staunchly defending, and

quietly waiting. Many lost lambs have, in this way, been returned to the herd, and intimate friendships have developed that exceed even those between family members.

Everything the volunteers do for the students is entirely without compensation or reward, and yet they continue to carry on merrily without complains. This is their truly laudable trait; they serve others while they themselves are learning, and are at once developing themselves as well as others. It is an enviable path of righteousness. We hope society can have many more such individuals, individuals who see in the needs of others a personal responsibility to extend a helping hand. What a wonderful place the world could be!

(Testimonial excerpted from "Not Just Child's Play—Stories of Protecting Troubled Children.")





(8) Benefits Brought by Community Volunteer Team in 2011

Direct Benefits

	Foundation Volunteers	Strategic Alliance Benefits			Total
		Teacher Chang	New Taipei City Gov't	Wan Long Church	
Beneficiaries or Participants	35,935	855	5,700	420	42,910
Volunteer Training	1,193	-	-	-	
No. of Times Volunteers Attended Training	18,464	-	-	-	
No. of Hours Volunteers Attended Training	46,160	-	-	-	
No. of Times Small-Group Guidance Services Were Accessed	13,753	-	-	-	
No. of Times Individual Care, Mentoring or Guidance Was Provided	3,718	-	-	-	
Volunteer Hours Invested	52,413	-	-	4,320	56,733

Indirect Benefits

Item	Calculation	Basis
Volunteer Training	1,193 people * NT\$4,000/person = NT\$4,772,000	The Teacher Chang Foundation, the Shiu Li Liuh Foundation, and the Care Counseling Center arrange classes with expert lecturers, which cost NT\$4,000-6,000; the lowest amount was taken.
Community Volunteer Service Investments	56,733hrs * NT\$400/hr = NT\$22,693,200	Small Group Activity Leader Fees According to government regulation: Internal staff NT\$400/hr External staff \$800/hr Calculation according to lowest internal staff rate NT\$400.
Total	NT\$27,465,200	-



4.2.1.2 Xinyi Community College, Creating a New Platform for a Local College Service Center

The Lite-On Cultural Foundation has developed long-term experience cooperating with society. In order to continue cultivation and putting down roots, in 2000 the Foundation made a bid to establish a community college based on a lifelong learning model. In 2001, the proposal passed and recruitment of students formally began. By 2011 Xinyi Community College offers over 260 courses and has served nearly 5000 students. Of 12 community colleges in Taipei City, Xinyi Community College is the only to have the long-term backing of a corporation.

The highlights and achievements of Xinyi Community College in 2011 are as follows:

- (1) Accommodating the needs of the Xinyi community and the community health and safety policies promoted by the health center, on the basis of the overall development strategy.

Using the Safety and Health Community learning Platform as the main axis of development, the Foundation promotes community safety in harmony with the Health Services Center and District Office of the Xinyi, closely co-operate with Xinyin District government agencies, schools, neighborhood offices, and so on. Also, using the broadcasting program, "Learning Community-Follow Me," as a promotion channel, we plan relevant courses and activities in order to give a major boost to quality of life and safety in the community.



- (2) Focus on key care concerns; continue developing minority groups support on-line classes in the community.

Performance of the classes for minority groups and focusing on key care issues has been excellent, and we consistently receive positive feedback and thanks from beneficiary.

- Establishment of leisure camp programs for the disabilities together with The First Social Welfare Foundation.

In order to provide effective service to the community, and implement care programs for vulnerable groups, in 2008 Xinyi Community College initiated links with the First Social Welfare Foundation for the purpose of providing special classes for the handicapped. Included are music rhythm classes, basketball physical coordination classes, pottery classes, and so on. Combined with assistance from the Taipei City Family Education



Center, we enroll students from minority groups and make active and effective contributions to families in need. As of 2011 there are 11 courses, 3 workshops, and nearly 200 people served.

- With the sponsorship of Xinyi Community College and the Rotary Club of Taipei Metro East, we offer courses in computer information, Taiwanese learning, practical life skills, medicine, and so on for immigrant resident (or new inhabitant). Courses are provided without charges to immigrant resident (or new inhabitant). In order to combat the stereotypes surrounding returning to school that reduce willingness to pursue lifelong learning, it is hoped that through community college courses learning knowledge and skill of daily life knowledge and skill, we can establish a sound social network and cultivate the habits of continuing learning.



(3) Through holding community college lecturer symposiums, experiences exchange make education more profound.

Besides the sharing that goes on between instructors, the College has held 6 symposiums with lecturers. Through these, senior lecturers can share their classroom management experience, junior lecturers can bring forward their ideals on teaching, and university administrators offer directions on university goals and visions. In addition to understanding lecturers' requests, In this rich exchange environment, directions for improving the College can be sought in order to provide students with even better support.



(4) Expanding promotion of community aesthetics, driving concrete advances in arts literacy in the community

The continual growth and robustness of the Speak and Draw Taipei Arts Group at Xinyi Community College has been the principal force behind deepening community aesthetics. In 2011, a community art exhibition and drawing competition were held by teachers and students. In addition, murals were painted on the walls of the rooftop garden



by senior students on the theme "Local Community and Ecology," including Taipei tree frogs (*Rhacophorus taipeianus*), scenes

of the Xinyi Public Assembly Hall and other elements of the Xinyi area. They garner the acclaim and recognition of many in the community.

Besides this, various community arts performances were held, such as Liao Jia-hong's student-teacher photography exhibit, Zhang Yu-fen's embroidery exhibition, Li Huan-zhang's Cui River Gallery Cutout Exhibition at the Sun Yat-sen Memorial Hall, as well as numerous dance and music performances. These events expand promotion of the arts and drive concrete advances in arts literacy in the community.



(5) Donating organic vegetables to people with cancer, providing the healthiest food to combat serious illness

The organic farming class at the Xinyi Community College works with other volunteers to maintain the College's organic garden. The produce, all toxin-free organic vegetables, is donated in its entirety to the Taiwan Cancer Friends New Life Association to provide people with cancer with the healthiest, safest possible food.





(6) Hanging garden and rooftop ecology energy reduction plan.

The Hsi Liu Environmental Greening Foundation and Foundation expert group joint energy reduction plan to create a hanging garden and rooftop ecology is based on using green rooftops to promote energy and carbon reductions, and create an organic lifestyle center. The project is open for viewing by all school and community groups. Furthermore, thanks to the promotional efforts of expert instructors and the entire student body, similar gardens have popped up on a smaller scale in many other places in the community. The project combines the concepts of green home, organic food, and energy and carbon reduction.

(7) Creating course programs related to community literature and history and the environment, efforts in community building.

- In cooperation with the Department of Urban Development, a special course program was developed to provide training in rooftop gardens and native plant protection workshops.
- Endeavor to promote green lifestyle courses, and expand the concepts and techniques of home organic gardens, environmental greening, and energy and carbon reductions in the community.



In addition, open the Xinyi Community College hanging organic rooftop garden to the student body and allow the influence of the College to take effect in the community, thus giving greater impetus to environmental protection efforts in the local community.

- Planning and preparation for the Xinyi District local literature and history courses: "Study in Xinyi-Give It A Try" works through the Xinyi Historical Walk, Xinyi Public Assembly Hall, and the flourishing modern commercial area to show Xinyi's integration of the modern and the traditional, and heighten local residents' self-identity.

(8) Working with government to offer specialized courses.

Working through a special Taipei Department of Government Ethics program, we trained anti-corruption volunteers using training in specialized knowledge learning, informal meetings with anti-corruption officers, and other instructional methods. Results of the initiative were made known via the programs of the Good News Broadcasting Association, and practical workshops. These efforts are intended to create an all new paradigm and space for expansion of cooperative mechanisms between Xinyi Community College and government departments.





4.2.2 Expanding Industry Cooperation, Integrate Inter-Industry Innovation–Reinventing the Lite-On Award



The Lite-On Award, the first seminal industrial design competition held by an industry in Taiwan, was begun in 2001 and is already in its 11th year. After 10 years of cultivation and development, the Lite-On Award has already become the longest

running, largest scale ongoing annual competition. For three consecutive years, over 2,000 international elites, professional designers from Europe, Asia and the Americas participated in the competition.

The Lite-On Award, apart from encouraging Chinese designers around the world to delve into the creative industry, is itself continuously seeking creativity and breakthroughs. In 2011 the Award is already in its 11th year. Unlike the former single-prize sponsorship model, in 2011, for the first time, three heavyweight partners from different industries were invited to participate in the selection and awarding of a Special Award. The three partners made their selections based on their own core competitive strengths and competencies in corporate social responsibility, and points were added accordingly. The companies' categories were: 3M, water resources and renewable energy; Bayer, high efficiency functional materials; and Philips, energy saving LED products.

The 2011 theme for the Lite-On Award was "ECO-Life with Seamless Technology," to emphasize that design must at once be practical as well as eco-friendly to produce seamless eco-life designs. This is the third year the Lite-On Award has had a theme relating to green design, encouraging designers and industry to consider ways design can work to care for the Earth, and to make technology part of environmental protection. At the same time, the competition brings concepts of sustainable design to new, talented Chinese designers from around the world. It is hoped that through the influence of designs created by these designers, the concept of environmental protection will continue to flourish among global citizens, and be integrated into their daily lives. The partners identify deeply with the spirit of this competition and the corporate ideologies of each have shown a natural convergence with regard to R&D and sustainability, leading the three famous multinationals to come together to participate in the Lite-On Special Award.

At the same time, in continuation of the e-registration and judging platform introduced the previous year, the traditional hard-copy judging format was phased out in order to reduce consumption of paper, ink, and printing, as well as postal resources. This perpetuates the environmental spirit of the theme, and symbolizes Lite-On's practical, wholehearted commitment to protecting the Earth and the environment.



In recent years, the Taiwanese government has been actively promoting development in the creative industries, and has made great efforts to establish Taiwan as a "global creativity gallery" in order to extend Taiwan's soft power. Because of this, following the presentation of the 10th Lite-On Award by President Ma Ying-jeou himself, Vice-President Vincent Siew was in attendance again at the 2011 Awards. He applauded the Lite-On Award for providing industrial design talent in industry and academia with a platform for exchange, showing Lite-On's forward looking spirit in industrial development. He went on to express his hope that through the combined strength of officials and experts, hard power (manufacturing power) accumulated over the years could be combined with soft power (creative power) latent among the people to increase Taiwan's "smart power" (competitive power), making the Taiwan brand shine upon the world stage.

Beginning in 2007, the Lite-On Award was also open to teams from China. In recent years, numbers of Chinese entries have increased at an astonishing rate. Therefore, to encourage young Taiwanese students to participate, Lite-On made visits to 16 design faculties at local universities, and attracted over 1500 design students to attend campus seminars. This year, entries were accepted in equal parts from China and Taiwan without discrimination. It is obvious that in the atmosphere of intense competition present in the Chinese industrial design world, Taiwanese competitors can without a doubt hold their own and display the full extent of their talents on the international stage. In addition to long-term guidance received from the Ministry of Finance Industrial Development Bureau, this year also marked a big step forward for the Award when it received the guidance of the Ministry of Education. In this way, the Ministry of Education showed its affirmation of the rigor with which the Award both cultivates a wealth of new talent from the Chinese industrial design world, and has established an international platform for exchange among creative talent.





The Lite-On Award is a seminal, long running competition with strong continuity. After over 10 years, investments in the Award have exceeded the 100 million mark, and represents Lite-On's promise and commitment to long-term giving back to the community. Three years of using the competition as a platform for emphasizing the concepts of sustainability among new Chinese industrial design talent around the world is just one of Lite-On's practical efforts to make environmental protection an internal concept in carrying out our social responsibilities. We firmly believe that corporations must give importance to environmental protection and sustainable operations. While putting CSR into practice, the core long-term competitiveness of the company can also be built. In the future, The Lite-On Award will continue to be held as part of maintaining our corporate promises, and to bear witness to our corporate spirit of sustainability and giving back to society.

Details regarding the Lite-On Award can be found at the official website: <http://www.liteonaward.com/>



4.2.3 Public Interest and Sponsorship

Using love to light up the hopes of social vulnerable students

The Lite-On Cultural Foundation, whose long-term efforts promote the humanities and assist child development, recently invited 100 elementary and junior high school students from underprivileged households to attend a performance of Cirque du Soleil's Varekai. With the accompaniment of guidance counselors and parents, it was an evening filled with admiration, astonishment and sentiment.



In addition to inviting disadvantaged students to attend the performance of Varekai, a group of martial arts students from Jianshan Junior High School were also invited. These students have not only taken top prize at martial arts competitions, but have turned martial arts into one of their school's trademark specialties.

The Cirque du Soleil, which has already delighted 100 million spectators worldwide with their must-see performances, came to Taiwan two times during the year. The story behind Varekai tells the tale of a young orphan who falls into a magical forest, and the adventures that befall him there. The show uses Russian swings, slippery surfaces, high trapezes, and other virtuosic acrobatic performances to amaze and delight audiences. One of the performers suffering from polio, demonstrated incredible agility

with a fascinating dance performed on crutches, earning even more adulation and sympathy from the audience.

Through this rare opportunity, it was hoped that by bringing these disadvantaged children a completely new life experience, they would be encouraged to take inspiration from the creative spirit of the Cirque du Soleil, and learn from the character and professionalism of the performers. Having dreams in life, and taking steps to turn those dreams into reality can make one's life a wonderful journey.

After watching the brilliant performance of Varekai, several students and parents mentioned that the impact of the show was just as amazing as expected. The lighting, music, costumes, and incredible acrobatics thoroughly pushed the limits and demonstrated the beauty of the human body. As well, the long-term dedication and practice of the acrobats, in addition to their perseverance in the face of failure, was profoundly moving. Several of the children spoke with emotion, saying that they now knew that ceaseless effort and practice could yield results that outstripped human imagination. One even more inspired person said, even if you are not gifted, through effort and practice you can still be brilliant. Just like the performer in Varekai's "Handbalancing on canes" segment, the student hoped to someday become a brilliant star in the world of martial arts.





Inviting Social Vulnerable Students to See Tap Dance Show, Experiencing a Dance Miracle

The Lite-On Cultural Foundation took minority students to attend the once-yearly Taipei Tap Festival to see famous tap dance companies from around the world perform American tap dancing and experience the sheer delight that comes from a passion for dance.

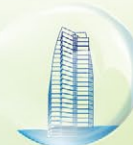
It was hoped that through a variety of opportunities to see artistic performances, these children could be afforded a new life experience and be instilled with an appreciation for the arts. It was for this reason that we locked onto the premier Asian tap dancing event of the year—the Taipei Tap Festival. This event is already in its seventh year and is put on by Dance Works. Through tap dance performances, lectures, workshops, and other events, the festival gives spectators a firsthand taste of American tap dance.

The event was scheduled on a weekend afternoon before the end of the summer holidays. Accompanied by guidance counselors, dozens of minority students made their way to the Taipei City Municipal Family Theater to experience the lively beat of tap dancing and take in performances and richly diverse, intricately choreographed tap dancing by famous troupes from Boston, Los Angeles, Washington DC, Hong Kong, and Taiwan. While watching the performances, the students could not help but feel the desire to dance along to the rhythms. The multinational shows were truly eye-opening, and completely engrossing.

Once the performances wrapped up, all the students wrote down their feelings regarding what they saw, and expressed exactly how eye-opening the experience had been. One student wrote, "Even with your eyes closed you could still feel the rhythm and hear the bright tapping sound. And the music was really good!" "Stars are the most beautiful thing in the sky. Tenderness is the most beautiful thing on the Earth," another wrote. Lite-On Cultural Foundation instructor Lin Su-zhen, who chaperoned the outing, said it was the first time the children had seen tap dancing performed, and that throughout the performance it was obvious the children were very eager, even enraptured. It was without a doubt the best present the children had received that summer.



GRI G3.1 Content Index



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	1.2	Key impacts, risks, and opportunities.	Letter from the Chairman and Group CEO	5	
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	3.4	Contact point for questions regarding the report or its contents.	About Lite-On CSR Report	1	
	3.5	Process for defining report content	About Lite-On CSR Report	1	
	3.6	Boundary of the report	About Lite-On CSR Report	1	
	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 18	



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	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	About Lite-On CSR Report	1	
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	3.12	Table identifying the location of the Standard Disclosures in the report.	GRI G3.1 Index	126	
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	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1.2.1 Materiality Analysis Process	12	
			1.2.2 Communication Mechanism	14	
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			4.1.4 Employees Relations	90	
	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	31	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	2.2.2 Audit committee responsibilities	32	
			2.2.3 Compensation Committee Responsibilities	32	
	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	30	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
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			2.1.4 Lite-On Corporate Values	29	
			2.2.5 Anti-corruption	34	
			2.2.6 Corporate Risk Management	36	
			3.1 Lite-On's Green Commitment	39	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	4.1 Caring for Employees	75	
			1.1.1 Lite-On CSER Committee	11	
	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	11	
			2.2.2 Audit committee Responsibilities	32	
			2.2.3 Compensation Committee Responsibilities	32	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	2.2.4 Growth Strategy Committee Responsibilities	33	
			2.2 Corporate Governance	30	
	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 Group CEO	5	
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	2.1.2 Membership in Groups and Associations	25	
			2.1.3 Leading the establishment of "Taiwan Corporate International Sustainability Coalition"	26	
	4.14	List of stakeholder groups engaged by the organization.	1.2.1 Materiality Analysis Process	12	
			1.2.2 Communication Mechanism	14	
	4.15	Basis for identification and selection of stakeholders with whom to engage.	1.2.1 Materiality Analysis Process	12	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.2.1 Materiality Analysis Process	12	
			1.2.2 Communication Mechanism	14	



	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	12	
Economic Performance Indicators	Management Approach	Management Approach	2.1 Company Overview 2.2 Corporate Governance	18 30	
	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	24	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	3.4.7 Greenhouse Gas Emission Inventories	58	
	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	86 92	
	EC4	Significant financial assistance received from government.			In 2011, Lite-On Technology received from the government NT\$9.13 million 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 37 of 2011 Financial Report which can be found at company website: http://www.liteon.com
	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	4.1.3 Protection of Rights and Interests	86	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Economic Performance Indicators	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 Overview	75	
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	4.2 Social Involvement	105	
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	2.1.3 Leading the establishment of "Taiwan Corporate International Sustainability Coalition" 4.2.1.1 Community Volunteer Team	26 106	
Environment Performance Indicators	Management Approach	Management Approach	3.1 Lite-On's Green Commitment	39	
	EN1	Materials used by weight or volume.	3.4.3 Major Raw Material Use and Energy	53	
	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	56	
	EN4	Indirect energy consumption by primary source.	3.4.6 Direct Energy and Indirect Energy Consumption	56	
	EN5	Energy saved due to conservation and efficiency improvements.	3.4.2 Energy Reduction Measures	50	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	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	42	
			3.3 Product Environmental Declaration and Carbon Footprint Declaration	46	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	3.1.1 Environmental Goals	40	
			3.4.6 Direct Energy and Indirect Energy Consumption	56	
	EN8	Total water withdrawal by source.	3.4.8 Water Resource Saving	60	
	EN9	Water sources significantly affected by withdrawal of water.	3.4.8 Water Resource Saving	60	
	EN10	Percentage and total volume of water recycled and reused.	3.4.8 Water Resource Saving	60	
	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.			All of Lite-On's factories have passed environmental impact assessment before they were developed. Therefore, the factory development has no significant impact on biodiversity. We are still striving to create ecological industrial parks characterized by the three attributes of production, ecology and life.
	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 Emission Inventories	58	
	EN17	Other relevant indirect greenhouse gas emissions by weight.	3.4.7 Greenhouse Gas Emission Inventories	58	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	3.1.1 Environmental Goals	40	
			3.4.7 Greenhouse Gas Emission Inventories	58	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	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	61	
	EN21	Total water discharge by quality and destination.	3.4.8 Water Resource Saving	60	
	EN22	Total weight of waste by type and disposal method.	3.4.5 Waste Management and Recycling	55	
	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	60	
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	3.2 Green Product Design	42	
	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.
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.			In 2011, 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	62	
	EN30	Total environmental protection expenditures and investments by type.	3.4.1 Adoption and Deployment of Management Tools	48	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	Management Approach	Management Approach	4.1 Caring for Employees 4.1.2 Training and Human Resources Development 4.1.3 Protection of Rights and Interests 4.1.4 Employees Relations 4.1.5 Lohas at Lite-On	75 80 86 90 92	
	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	4.1.1 Employee Overview	75	
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	4.1.1 Employee Overview	75	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	4.1.3 Protection of Rights and Interests 4.1.5 Lohas at Lite-On	86 92	
	LA4	Percentage of employees covered by collective bargaining agreements.	4.1.4 Employees Relations	90	
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	4.1.3 Protection of Rights and Interests	86	
	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, Health and Safety	93	
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	4.1.5.3 Environment, Health and Safety	93	
	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, Health and Safety 4.1.6 Cooperating with Customers and NGOs to Further Employee Health and Wellbeing	93 96	
	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, Health and Safety	93	
	LA10	Average hours of training per year per employee by gender, and by employee category.	4.1.2 Training and Human Resources Development	80	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	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	80	
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	4.1.2 Training and Human Resources Development	80	
	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	4.1.1 Employee Overview	75	
	LA14	Ratio of basic salary and remuneration of men to women by employee category, by significant locations of operation.	4.1.3 Protection of Rights and Interests	86	
	LA15	Return to work and retention rates after parental leave, by gender.	4.1.1 Employee Overview	75	
Human Rights	Management Approach	Management Approach	4.1 Caring for Employees	75	
	HR1	Percentage and total number of significant investment agreements that include clauses incorporating human rights clauses or that have undergone human rights screening.			"Lite-On strictly comply 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 2011."
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human right, and actions taken.	3.7 Supply Chain Management 3.8 Implementation of Supply Chain Greenhouse Gas Management	70 72	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Human Rights	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	80	
	HR4	Total number of incidents of discrimination and corrective actions taken.	4.1.4 Employees Relations 4.1.6 Cooperating with Customers and NGOs to Further Employee Health and Wellbeing	90 96	
	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violate or at significant risk, and actions taken to support these rights.	4.1.5 Lohas at Lite-On 3.7 Supply Chain Management	92 70	
	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	4.1.1 Employee Overview 3.7 Supply Chain Management	75 70	
	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	4.1.1 Employee Overview	75	
	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 My Lite-on" 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 2011.
	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.			There was no operation subjected to human rights reviews and/or impact assessments in 2011.
	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievances mechanisms.			There was no grievances related to human rights filed, addressed and resolved through formal grievances mechanisms.
Society	Management Approach	Society Performance	4.2 Social Involvement 2.2.5 Anti-Corruption	105 34	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	4.2 Social Involvement	105	
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	2.2.5 Anti-Corruption	34	



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Society	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	2.2.5 Anti-Corruption	34	
	SO4	Actions taken in response to incidents of corruption.	2.2.5 Anti-Corruption	34	
	SO5	Public policy positions and participation in public policy development and lobbying.			Lite-On is concerned about public policy, and has long maintained a neutral standpoint.
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.			Lite-On Technology does not give political donations.
	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			In 2011, 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 2011 we did not suffer any fines due to violation of laws or regulations.
	SO9	Operations with significant potential or actual negative impacts on local communities.	4.1.5.3 Environment, Health and Safety	93	
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	4.1.5.3 Environment, Health and Safety	93	
Product Responsibility	Management Approach	Management Approach	3.6 Customer Service and Satisfaction	66	
	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	42	
	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 2011, we did not violate any product or service health or safety laws or regulations.



	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Product Re- sponsibility	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	42	
	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 2011, Lite-On did not violate any product or service information- or marking-related laws or regulations.
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	3.6 Customer Service and Satisfaction	66	
	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	66	
	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 2011, Lite-On 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	66	
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			In 2011, Lite-On 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 2011

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan was commissioned by LITE-ON TECHNOLOGY CORP. (hereinafter referred to as Lite-On Tech) to conduct an independent assurance of Lite-On Tech's Corporate Social Responsibility Report of 2011. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in Lite-On Tech's operational sites in Taiwan, China and Thailand of this report.

The information in the Lite-On Tech's Corporate Social Responsibility Report of 2011 and its presentation are the responsibility of the superintendents, CSR committee and the management of Lite-On Tech. SGS Taiwan has not been involved in the preparation of any of the material included in the Lite-On Tech's Corporate Social Responsibility Report of 2011.

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 Tech'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 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 a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines.

The assurance comprised a combination of pre-assurance research; interviews with relevant employees at headquarter of Lite-On Tech in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Taiwan affirms our independence from Lite-On Tech, 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 SA 8000, EICC, QMS, EMS, SMS, EnMS, GPMS, 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 Lite-On Tech's Corporate Social Responsibility Report of 2011 verified is accurate, reliable and provides a fair and balanced representation of Lite-On Tech sustainability activities in 01/01/2011 to 12/31/2011. 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 third to be assured by an independent assurance team and Lite-On Tech has taken a bold step by offering the report to evaluation against both Global Reporting Initiative's G3.1 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of Global Reporting Initiative G3.1 Application Level A+ and AA1000 Assurance Standard (2008) type 1, moderate level.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS Inclusionity

Lite-On Tech has demonstrated a strong commitment to stakeholder inclusionity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, consumers, investors, local communities, suppliers, media, NGOs and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

Materiality

Lite-On Tech has established appropriate processes for determining issues that are material to the organization. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. For future reporting.

Responsiveness

The report provides a comprehensive response to the issues and stakeholder concerns relating to Lite-On Tech's activities. The degree of information on supply chain management may be increased in next report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2011) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Principles, Standard Disclosures and Indicators

The report, Lite-On Tech's Corporate Sustainability Report 2011, is adequately in line with the Global Reporting Initiative G3.1 application level A+. Contents of Disclosure on Management Approach may have more clearly defined policies and goals for each aspect. It is also recommended to have more disclosure on the performance of supplier chain management and sustainability strategy.

Signed:

For and on behalf of SGS Taiwan

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
2 July, 2012
WWW.SGS.COM



AA1000
Licensed Assurance Provider
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