LITEON®

2012

Lite-On CSR Report

About This Report

This is the seventh year that the Lite-On Technology Corporation has published the corporate social responsibility report, and this report highlights Lite-On's Technology continued efforts and outstanding results in the areas of economic, environmental, and social sustainable development as well as Lite-On's determination for corporate sustainable development.

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

Scope

This report covers the performance of corporate social responsibility of Lite-On parent company worldwide from the period January 1 to December 31, 2012. The contents of most of the indicators covered the following operation centers and production facilities:

Taiwan	Corporate headquarters	Neihu
	Operation Office	Chungho, Taoyuan, Hsinchu
Mainland China	Factory	Guangzhou, Guangdong (Dongguan, Shijie, Qingxi), Changzhou, Tianjin
	Operation office	Beijing, Nanjing
Thailand	Factory	Pathmthani
USA	Operation office	Milpitas in California; Austin, Dallas, and Houston in Texas
Europe	Operation office	UK, Germany, Holland

This report does not cover Lite-On's publicly-listed subsidiaries, including Lite-On IT, SILITECH, Logah and Lite-On Japan, as well as private subsidiaries, including, LSE, Leotek, Dun Young, Lite-On Green Technology, Lite-On Clean Energy Technology and Lite-On Mobile.

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. This version of the report does not carry any narration contained in the previous report. The revisions in the report are explained in the notes to the related contents.

Report Outline

The framework of this report is based on the third-generation reporting guidelines of the Global Reporting Initiative (GRI). The report is written on the basis of strategies and frameworks in the GRI G3.1, and it discloses the company's major sustainability issues, strategies, objectives, and measures. The discussion and definition process of the contents of the report comply with the requirement of the AA 1000 (2008) standard. This report is prepared in Chinese and English to be posted on the company website.

About This Report

Guarantee of report

For enhancing the transparency and reliability of information, the third party, SGS Taiwan Ltd. was engaged to perform verification and validation in accordance with the AA 1000 Standard Type 1, moderate level and GRI G3.1 A+ applications level standard. The Assurance Statement of SGS is attached as the appendix to this report.

Date of Issuance

Lite-On continues to regularly issue an annual corporate social responsibility report, and the report is also posted on Lite-On's corporate web site.
Current version: released in July 2013
Next version: to be released in July 2014
(Previous version: July 2012)

Contact Information

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

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2012 Highlights

Implementation of Corporate Social Responsibility

1. Selected as a member of 2012/2013 Dow Jones Sustainability Index (DJSI) two years in a row, listed in both DJSI-World and DJSI-Asia Pacific. For two consecutive years also ranked as the Sector Leader of Electronic Component & Equipment.
2. Won a Corporate Citizenship Award from Common Wealth Magazine for the sixth year in a row from 2007-2012. Awarded the third place Corporate Social Responsibility Award in the Large Technology Companies category in 2012.
3. Awarded 1st Place in Overall Effects Sector and Paragon Prize in Education Sector CSR Awards from Global Views Magazine.
4. Awarded the Bronze Award of the "2012 Corporate Sustainability Report Award" in manufacturing category from Taiwan Institute of Sustainable Energy.

Dow Jones Sustainability Indexes
Member 2012/13

ROBECOSAM
Sustainability Award
Sector Leader 2013

ROBECOSAM
Sustainability Award
Gold Class 2013

2012 Highlights

Corporate Governance

1. Rated a grade of A in the Institute of Securities and Future Markets Development's 9th Information Disclosure Assessment.
2. Power Changzhou, Power Guangzhou and Opto Tianjin plants obtained the Product Liability Insurance AAA Certification from ACE Group.

Environmental Protection

1. Lite-On's optoelectronics semiconductor, white PLCC SMD LED (LTW-089 series & LTW-006 series) products obtained the ISO14045 eco-efficiency assessment of product systems verification.
2. The building of Lite-On at Neihu obtained the ISO 50001 energy management system certification.
3. In 2012, the greenhouse gases emission intensity from the company's facilities was 2.29 tons CO_2 e/million NT$, decreased 2.14% comparing to the emission intensity 2.34 tons CO_2 e/million NT$ in 2011 (base year).

2012 Highlights

Corporate Management

1. Lite-On reported 2012 revenue of NT$1,21.5billion and net profits of NT$7.53billion with earnings per share of NT$3.33.
2. Ranked No.1 in the "Computer Component" Category and No.19 in "Manufacturing Business" Category of Top 1000 Manufacturers in Taiwan in 2009~2012 by the Common Wealth Magazine.

EPS 3.33

Response to Needs of Society

1. The "The Story of Volunteers in Protecting the Children" published by Lite-On Cultural Foundation won the 36th Golden Tripod Award of Publications in non-literature social sciences.
2. Lite-On Cultural Foundation was cited as a learning model in a learning city of Taipei 2012.

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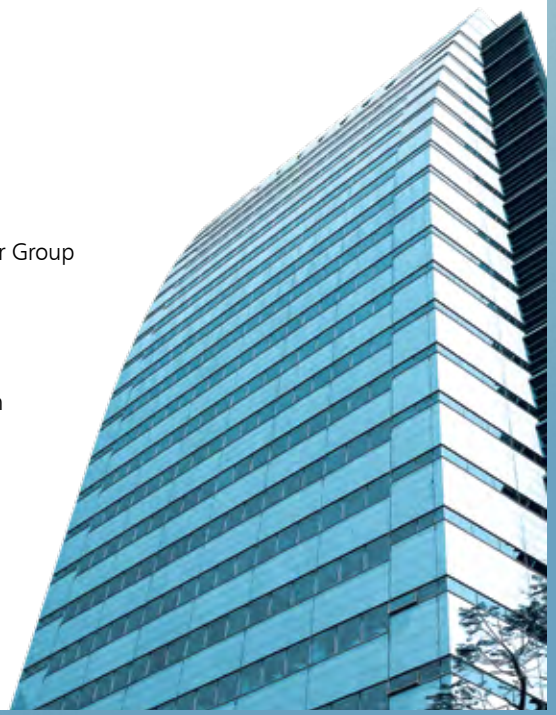


Letter from the Chairman and Group CEO

Dear Friends：

Despite the severe challenges in the operating environment in 2012, Lite-On Technology Corporation presented revenues of NT$121.45 billion with earnings per share after taxes of NT$3.33, and both revenues and net profits showed sequential growth. In addition, Lite-On has been ranked No.1 in the "Computer Component" Category and No.19 in "Manufacturing Business" Category of Top 1000 Manufacturers in Taiwan by the Common Wealth Magazine for the fourth consecutive year. As always, Lite-On is dedicated to becoming a world-class enterprise of excellence making every effort to be a good corporate citizen, while simultaneously concentrating on sales and profits as engines of growth. These would remain as a constant driving force for the operational and competitive competence of the enterprise moving forward.

For a few years, many countries started to focus on the problems of climate change and energy shortage and the challenges thereof, and responding to these changes. Enterprises aimed at sustainable development demonstrating their core competence to convert the environmental crisis into the green business opportunities, and the value-added products can be enhanced to drive the growth of business through the innovations. On the other hand, enterprises can give feedback to society with solid contribution to a more sustainable environment. We deeply believe that creating the opportunities for environmental protection and economic development is a win-win option. It is not just a matter of corporate commitment to mitigate global warming but also a new direction for reinforcing the competitiveness of product value.

In consideration of environmental protection and the industrial development for the future, Lite-On has proactively taking advantage of its information and communication technology strength to expand into the new energy and new lighting sources technologies in recent years. The synergy of the supply chain of new energy and new lighting sources has incrementally demonstrated its strength in different industries, including outdoor LED lighting, cloud computing power management system, other energy saving products such as power systems and battery storage products. The Lite-On Group has created the momentum for another wave of corporate growth. The Lite-On Power Business Group's mission is to manufacture energy saving products, and its strong international R&D team endeavor in the development of power conversion technology for the next generation to further improve the power density and efficiency. At the same time, Lite-On has also developed the cooling plate free technology to lower the operating temperature to reduce energy consumption as well as use of materials which in turn help to achieve

Raymond Soong
Chairman of Lite-On Group

Letter from the Chairman and Group CEO

the goal of energy saving and carbon reduction. The Optoelectronics Business Group is primarily engaged in the production of LED application components. The LED products feature like low temperature, energy saving, fast starting, small size, mercury free and longer product life span, which are vital to environmental protection. In the development of the application of high efficiency lighting equipment, Lite-On has successfully developed high, middle and low Power LED full rage components for indoor and outdoor lighting, and positively developed energy saving and environmental friendly products.

Furthermore, Lite-On has also made efforts in upgrading all forms of environmental work to reduce the influence on earth, such as its optoelectronics semiconductor, white PLCC SMD LED (LTW-089 series & LTW-006 series) products obtained the ISO14045 eco-efficiency assessment of product systems verification; the building at Neihu obtained the ISO 50001 energy management system certification; the greenhouse gases emission intensity from the company's facilities in 2012 was 2.29 tons CO_2 e/million NT$, decreased 2.14% comparing to the emission intensity 2.34 tons CO_2 e/million NT$ in 2011 (base year).

We make every effort to raise awareness of eco-friendliness and sustainability. Founded over 12 years, Lite-On Award is now considered one of the major international industrial design competitions in global Chinese community. The theme of the year of 2012"Tech it Easy" can be seen as an extension of green design. We not only wish to remind designers that "Less is More" and "Less is Better" but also guide them back to the true spirit of simplicity. "Tech it easy" means that technology can be simple. In other words, technology can have a simple design with easy to use functionalities and energy-saving features. We successfully attracted over 2,000 participants to submit their works, as well as more than 100 audiences to attend free innovation forum. The Lite-On Award is very pleased to see that through this competition both designers and consumers were able to foresee a smart and simple life still focused on eco-friendliness and technological development in the future.

Lite-On has made its feedback to the society for long time. Further to the annual Lite-On Award, it has also established the Lite-On Cultural Foundation 20 years ago. All Lite-On group companies appropriated about NT$10 million from their earnings every year to the foundation as charity fund to advocate lifelong learning. This is the cause for personal development, family learning, community and organizational development, and social improvement. In 2012, Lite-On Cultural Foundation was cited by the Department of Education of the Taipei City Government as "Model of Learning in a Learning City of Taipei 2012".The Xinyi Community College run by the foundation is the only Community College run by the foundation of an enterprise. The school is properly managed as an enterprise and the curricula offered have innovative elements that are updated all time, including an adult education platform for the mentally-impaired called the "I go to college too", which is the only platform of its kind in the country. The green rooftop of the campus building has also been transformed to a site for the practical training for organic produce, the only facility of its kind in Taipei. The advocacy of "city farmers" with the launching of organic produce plantations has attracted many students from the community.

Lite-On highly values its employees and treat them as vital assets of the

Letter from the Chairman and Group CEO

Company. Conceived with the notion of "people first", Lite-On pro-actively shows its concern for its people in the workplace, living and health, and creates an "enthusiastic, excellent, innovative and growth" working environment for the care of its people. These help to improve the physical and psychological health of the employees to achieve a proper balance between work and living. As such, we also adopted the mode of teaching at the community college to the physical and mental health plan of the employees. We rally the employees to enroll in the "Lite-On Forest Park – LOHAS Organic Farming" class at Shuang Xi of New Taipei City. This class promotes the venue for family participation, which helps to improve parent-children relationships of the employees and allow for recreation through practical training of green living. The employees have responded positively. Lite-On aims at building a healthy and friendly workplace for the employees so that they can have peace of mind at work, and hopes that each and every employee is a happy person at Lite-On.

Lite-On has performed its corporate social responsibility for a long time and has been recognized once again by global and local third party organizations and media in 2012 such as Lite-On was consecutively selected as a member of Dow Jones Sustainability Index (DJSI) as well as ranked as the Sector Leader of Electronic Component & Equipment two years in a row; won the Corporate Citizenship Award from Common Wealth Magazine for 6 consecutive years; awarded 1st Place in Overall Effects Sector and Paragon Prize in Education Sector CSR Awards from Global Views Magazine. The recognition by any sector at each time has implied that Lite-On has tried its best to make corporate governance transparent and demonstrate its determination to be a result-oriented enterprise in realizing corporate social responsibility while seeking operational performance and growth.

In the future, we shall continue the fulfillment of our commitments to society, including labor relations, employee care, corporate governance, environmental protection and social welfare. We shall plan for sustainable and profitable growth, fortifying our core products as a world leader in the market and paying utmost attention to environmental protection to create revenues and profits, and feedback to the employees, shareholders, and society, and be an enterprise for another century.

Warren Chen
CEO of Lite-On Group

Chairman of Lite-On Group

CEO of Lite-On Group

Chapter 1

- Corporate Commitment and Stakeholders Engagement

1.1 Corporate Social Responsibility Viewpoint and Commitment

Lite-On creates "Corporate Sustainable Development" through its corporate value of "Customer Satisfaction", "Excellence in Execution", "Innovation" and "Integrity". Making every effort to be a good corporate citizen, while simultaneously concentrating on sales and profits as engines of growth, Lite-On will play the role as corporate citizen to perpetuate the force driving the company's operation, value and competiveness forward.

For many years, the Chairman of Lite-On Group, Mr. Raymond Soong and the executives of the top management established the Corporate Social and Environmental Responsibility Committee (CSER Committee) and designated personnel to develop a Corporate Social Responsibility (CSR) dedicated team and internalize CSR as the "Core Competence" and "Corporate Culture" of the Lite-On Group.

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 (Corporate Social and Environmental Responsibility) for sustainable operations.

The vision of Lite-On in CSER: We will make the best effort to build up a society of diverse culture, humane care, innovation drive and environmental sustainability. In order to have overall employees proactively realized environmental protection and corporate social responsibility, we established the CSER code of conduct for the operations of the Company based on SA 8000 (Social Accountability 8000) and the Electronic Industry Code of Conduct (EICC). The company's CSER code of conduct covers all subsidiaries of the Lite-On Group (Lite-On is the major shareholder and participates in the operations) and commits to comply with the CSER code of conduct, which covers trade, investment, outsourcing, supply, business development, and all business and employment relations. This CSER code of conduct highlights the substantive commitment of Lite-On to all CSER issues, including business ethics, labor relations, environmental protection, safety and health, management systems, corporate governance and community participation. Our performance shall be subject to the validation by the customers and the third parties appointed by the customers. Please refer to Lite-On company website for further information about the CSER Code of Conduct.

In responding to the changes in the environment, the issues of critical concerns for the stakeholders and the trend in development, we considered the core competence of Lite-On by developing 6 major processes of CSER and incorporated them into daily operations to deploy CSER in place. The 6 processes are the EICC enforcement, supply chain CSER management, green operation, green design, transparence and reputation, and community involvement.

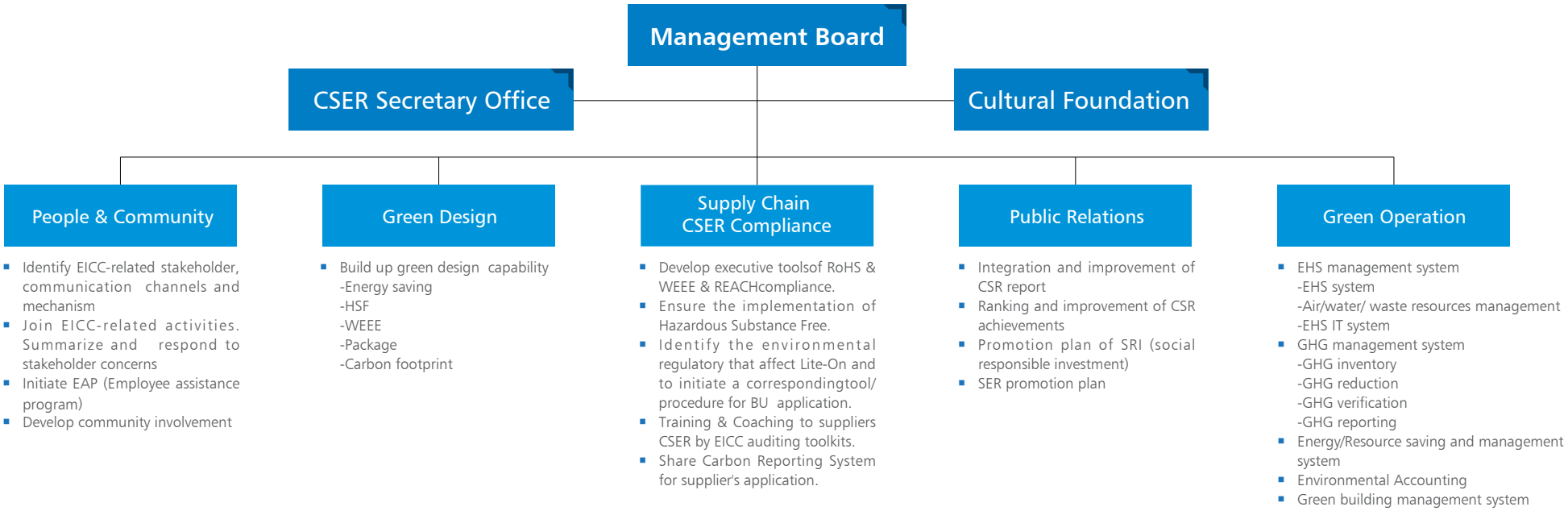
1.1

1.1.1 Lite-On CSER Committee

The purpose for the establishment of the Lite-On Corporate Social and Environmental Responsibility Committee (CSER Committee) is the proper realization of all commitments of Lite-On to society, including labor relations, employee care, corporate governance, environmental protection and social welfare. This is particularly the case in the compliance with applicable laws of the government, protection of the right to work, reinforcement of health and safety at the workplace, mitigation of damage to the environment, assumption of corporate social responsibility and the satisfaction of customers.

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

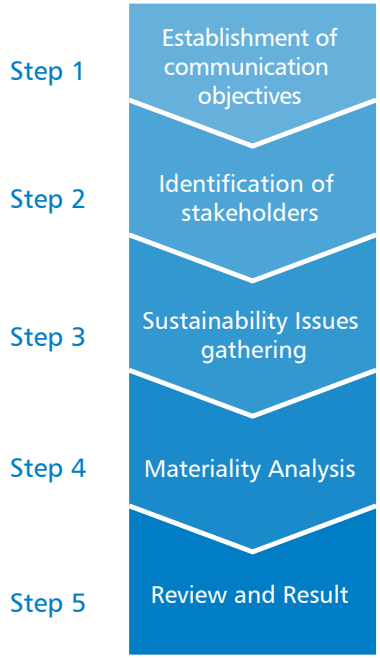
In Lite-On, we view the implementation of CSER from the investment perspective. As such, we value the investment efficiency and review each stage of development from the project planning perspective. We always adopt the London Benchmark Group (LBG) model as the tool for analysis and assessment. This focuses on three dimensions of the CSER investment project, namely, input, output, and impact.

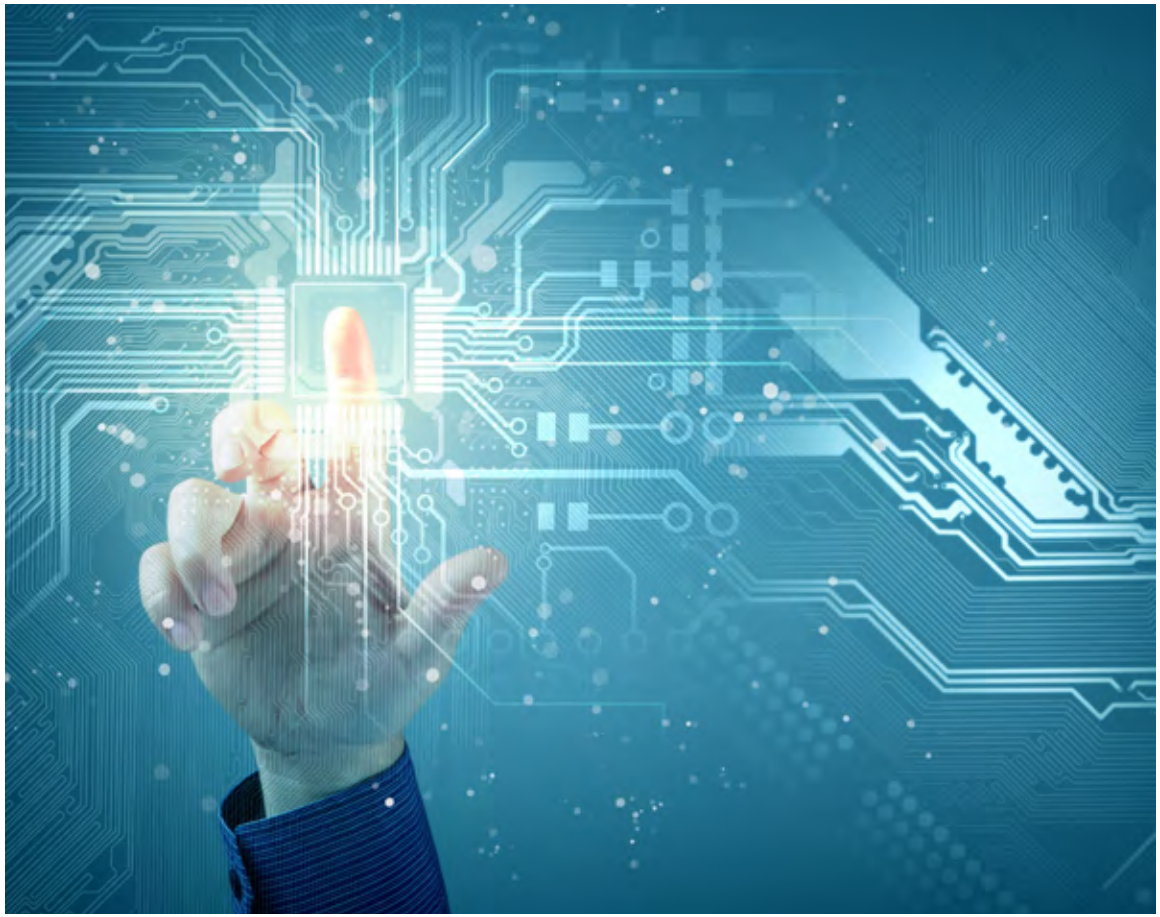


1.2 Identification of Stakeholders

1.2.1 Materiality Analysis Process

Lite-On adopted the Materiality Analysis Process in identifying the issues of sustainability that the stakeholders concern or interest most as the foundation for disclosure in the corporate social responsibility report for effective communications with the different stakeholders.





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Step 1: Establishment of Communication Objective

Lite-On takes the corporate social responsibility report as a strategy for sustainability management thereby setting forth 7 objectives specified below for communications. Lite-On expects that the disclosure in the corporate social responsibility report can attain the objective of communication.

- To enhance the energy saving and carbon reduction to improve efficiencies and results of Lite-On's environmental protection.
- To enhance the capacity of Lite-On in risk management.
- To reinforce customer recognition and satisfaction with the CSER/EICC as implemented by Lite-On.
- To boost the enthusiasm of Lite-On employees in their CSER participation and make it rooted as the DNA of corporate culture.
- To strengthen the sense of identification with and convergence of the employees at Lite-On.
- To reinforce the two-way communication and interaction between the Company and media, and investors.
- To reinforce the two-way communication and interaction between the Company and non-profit organizations.

Lite-On integrated its 7 communication objectives and took into account the external and internal dimensions in developing 23 issues of communications:

- External factors: questionnaire for assessment in line with G3.1 of The Global Reporting Initiative (GRI), Electronic Industry Code of Conduct (EICC), Dow Jones Sustainability Index (DJSI).
- Internal factors: corporate vision, Lite-On CSER code of conduct, the contents of the sustainability reports over the years.

The 23 issues of communications between Lite-On and the stakeholders

Item	Aspect	Dimension	Explanation
1	Hazardous substance	Environmental	Hazardous substance management of products, management of the treatment of hazardous substances in the production process
2	Environmental performance	Environmental	Data of energy consumption, greenhouse gas, air, water pollutants, and hazardous waste.
3	Occupational safety and health	Social	The disability frequency rate, occupational disease frequency rate and fatality rate.
4	Green product stewardship	Environmental	The contents of green product design, assessment of the impact of the product life cycle and Product Environmental Declaration.
5	Environmental Policy/ management system	Environmental	Examples are the contents of environmental protection policy, qualitative and quantitative information, audits and verification.
6	Labor indicators	Social	Examples are labor index, resolution of labor complaints and the open commitment to labor rules
7	innovation management	Economic	The contents of innovation on products, the production process and society/environment.

1.2

The 23 issues of communications between Lite-On and the stakeholders

Item	Aspect	Dimension	Explanation
8	Carbon management	Environmental	The contents of carbon management and policy, the intensity of carbon emissions and objectives for reduction, the research and development of low carbon products.
9	Water resources management	Environmental	Examples are the water/sewage resources management, supplies water resources management and product life cycle.
10	Financial performance	Economic	Information on revenues, expenditures and earnings
11	Stakeholder engagement	Economic	The means and results of communication with different stakeholders
12	Customer relations management	Economic	Customer satisfaction, procedure for problem solving, quality management
13	Human rights	Social	Examples are the contents of gender and racial discrimination.
14	Code of Conduct	Economic	The institution of the code of conduct (e.g., corruption, confidentiality), policy and violation of the code.
15	Employee benefits	Social	Activities for the care of employees and the results
16	Corporate Governance	Economic	The contents of the organization and operation of the Board, review and audits, and the status of shareholdings by the directors and supervisors.
17	Corporate citizenship and philanthropy	Social	The strategy of the Company in social charity and community involvement, types of charity events and the input of resources.
18	Supply Chain Management	Economic	Supply chain management policy, standards (e.g., green purchase standards, EICC standards), practice and status (the effect of audits)
19	Labor-management relations	Social	Examples are labor-management communication and employee satisfaction survey.
20	Talent attraction and retention	Social	Examples are employee performance evaluation, remuneration and reward system.
21	Talent development and training	Social	The contents of professional training plans and implementation results
22	Human resources development	Social	Examples are HR performance indicators, organizational learning and development.
23	Risk management	Economic	The contents of corporate risk management in the organization, analysis and risk control

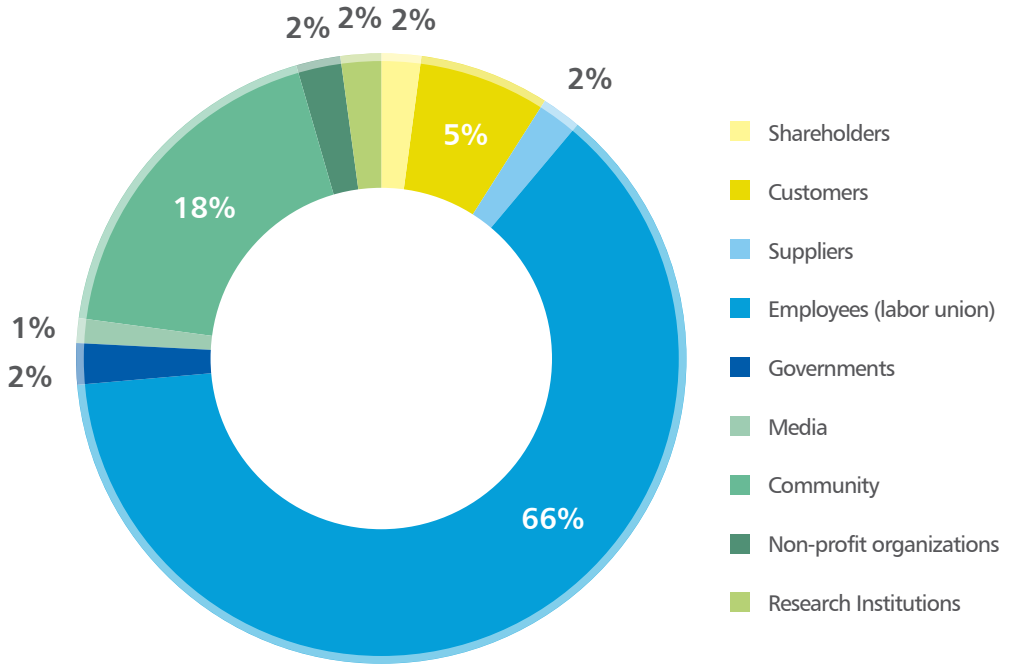
1.2

Step 2: Identification of Stakeholders

Lite-On has identified 9 categories of stakeholders for communications. They are the employees (labor union), community, customers, governments, research institutions, supplies, non-profit organizations, shareholders and the media.

Step 3: Sustainability Issues Gathering

The issues contained in the "Corporate social responsibility report" covers a wide range of topics. Lite-On makes use of the questionnaire survey for the analysis of the issues of critical concerns to the stakeholders as the foundation for disclosures in subsequent corporate social responsibility reports. The following shows the weight and distribution through engagement with the stakeholders.



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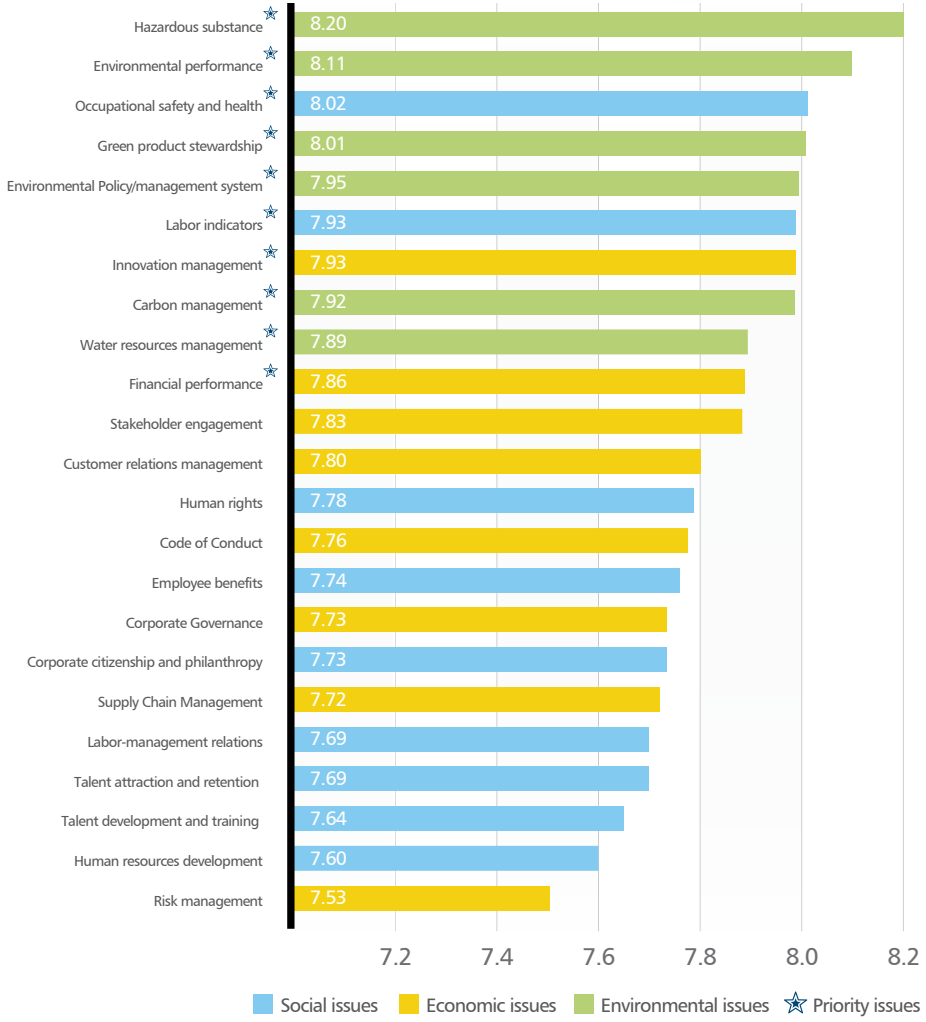
Step 4: Materiality Analysis

Risk-oriented materiality analysis has been conducted to identify the substantive issues of vital concern to the stakeholders. As such, we adopted the Failure Mode & Effect Analysis (FMEA) to identify the materiality through occurrence, detection and severity: "The scope of stakeholders for communications on the issues", "the level of concerns of the stakeholders about the issues" and "the intensity of influence over the strategic communication objective".

Step 5: Review and Results

Lite-On released a questionnaire to different stakeholders for the survey of their level of concerns on various issues and based on the responses from the questionnaire to determine the weighted value of the assessment criteria through the Analytic Network Process (ANP). Finally, the score assigned to each issue under said assessment standards multiplies by the respective weight, and yields the Risk Priority Numbers (RPN) for each issue, to define the priority of disclosure.

Conduct analysis of level of concerns of the stakeholders for different issues on the basis of the materiality analysis process results and consider the effects of the weight to identify the top 10 issues of vital concern at Lite-On. They are "hazardous materials", "environmental performance", "occupational safety and health", "green product stewardship", "environment policy / management system", "labor indicators", "innovation management", "carbon Management", "water resources management" and "financial performance". Lite-On proceeds to effective communication based on these issues.



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1.2.2 Communication Mechanism

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

Stakeholders	Issues of Concern	Communication Platform
Employees (labor union)	1. Recruitment and Retention 2. Labor-management relations 3. Employee benefits	1. The Chungho Plant in Taiwan regularly holds the annual committee meetings of the industry union. 2. Two-way communication hotline has been established in Taiwan for two-way communication 3. The functional unit dedicated to employee relations is set within the human resource organization to enhance the positive interaction with employees and well found the communication mechanism between the enterprise and employees.
Investors (shareholders)	1. Corporate Governance 2. Financial performance 3. Innovation management	1. Call the shareholders' meeting in the middle of year annually, and communicate the complete financial information and the company's development orientation to all shareholders honestly. 2. Attend investors forum at a specific time as needed to communicate one-to-one with the institutional shareholders. Hold telephone conferences with institutional shareholders regularly and quarterly conference; share with them the financial information of the company and the status of corporate development. 3. An Investor Relation Department has been established and maintains positive and long-term interactions with the investors.
Customers	1. Financial performance 2. Risk management 3. Supply Chain Management	1. Disclose the EICC self-audit status to EICC member customers through the EICC-ON platform 2. Hold vendor training events at any time as needed on topics of "corporate social responsibility", "hazardous substance management", "EICC" requirement and "greenhouse gas emission inspection and reduction" requirements.
Suppliers	1. Code of Conduct 2. Customer relations management 3. Environmental performance	Hold annual vendor conferences to communicate with supplies on the operating performance of the previous year and the corporate development goal of the current year. Lite-On cites the suppliers of outstanding performance in order to encourage them to continue to develop innovative operational systems to mitigate environmental impact which are in line with the major trends of rules and policies from international brand customer.
Media	1. Corporate Governance 2. Financial performance 3. Customer relationship management	1. We issue operating revenue news on a monthly basis, and hold quarterly investor conferences to announce operating results. We also provide our business results and development plans to the media. We may occasionally hold press conferences or issue press releases concerning other issues. 2. The company has established a Public Relations Department for liaison and interaction with the news media.

1.2

Stakeholders	Issues of Concern	Communication Platform
NPO/NGO	1. Water resources management 2. Environmental performance 3. Human rights	1. We actively participate in regular or special conferences held by industry groups including Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association, and Taiwan Optoelectronic Semiconductor Industry Association and thereby establish the intensive communication mechanism with other industry members. 2. We also cooperate with NGOs in the advocacy of employee care and environmental adaptation activities.
Community	1. Hazardous substance 2. Water resources management 3. Corporate citizens and social charity	1. Lite-On makes positive efforts in community involvement and environmental protection through the Lite-On Cultural Foundation, employee care functional units and its Public Relations Department, including the integration with the community and schools in the training of volunteers, assistance to disadvantaged children and youths, donations, sponsorship of arts and cultural events. The Xinyi Community College, which is run by the foundation, has integrated with community functions for a long time and launched green living-related workshops, like the community plantation of organic produce, conservation of indigenous plants in the community, the ecological trips to the rice transport route, the Xinyi District parent-children walking trail aesthetic, etc. Furthermore, the Company has also shown its concern for the aged who are living alone by holding banquets on the 3 important festivals of the year. Aerobic classes and courses on skill development have also been arranged for the physically and mentally impaired in the community. Lite-On makes its feedback to society positively and loves the earth in the form of informal social communication mechanisms. 2. The CSR report, greenhouse gas report, and environmental management policy and objectives were posted at the official website of Lite-On for the disclosure of information on environmental management for the reference of the residents of the community.
Governments	1. Environmental performance 2. Corporate citizens and social charity 3. Occupational safety and health	1. Actively disclose information on corporate social responsibility at the official web pages of the company and actively responds to the inspection by the labor affairs authorities and declaration of certain statistical figures. 2. Disclose financial information, including revenues, financial quarterly reports, interim reports, annual reports and annual reports to shareholders at MOPS and the official company website.
Research Institutions	1. Hazardous substance 2. Human rights 3. Innovation management	1. Green product development (carbon footprint, ecological footprint) 2. Assistance to CSR research project interview and survey 3. Disclosure of the Lite-On Corporate Social Responsibility web pages 4. Our business units and R&D units are establishing ties with university researchers for the sake of jointly performing technology development, and we are providing funding for relevant research aligned with our development directions. This positive interactive model provides a non-systematized mechanism for communication with experts and researchers.

Chapter 2

Development of Corporate Operations

2.1 Company Overview

Name	Lite-On Technology Corporation
Date of establishment	1975
Headquarters	Taipei, Taiwan
Revenues in 2012	NT$121,452 million (Lite-On Technology parent company worldwide consolidated revenue)
Earnings per share in 2012	NT$3.33
Total number of employees in 2012	40,607 persons (total employee of Lite-On Technology parent company worldwide operations)
Stock code	2301

Lite-On was founded in 1975 as the first LED product manufacturer in Taiwan. Since it was incorporated, it has established many firsts among companies in Taiwan. Lite-On became the first listed electronic company in Taiwan when it was listed on TWSE, the stock market in 1983. The stock code 2301 symbolizes the Company's entrepreneurial spirit of being "the first". In 2002, Lite-On Electronics, Silitek, Lite-On Technology and GVC were merged and became known as the Lite-On Technology Corporation. This "four-in-one" corporate merger marked the history of TWSE in mergers and acquisitions.

Lite-On has successfully maintained a "profitable growth" strategy, and has focused on the development of core components, including Power Supply, Optoelectronics, Mechanical Competence and Connected Devices and Systems Solution businesses. The products provided by Lite-On covered the 4C products extensively, including computers, communications, consumer electronics and car electronics markets. In consideration of environmental protection and industrial development, Lite-On has been proactively emerging itself from an information and communication enterprise to new energy technologies. The new energy supply chain has gradually shown synergy with the different industries, including LED indoor and outdoor lighting of new lighting source products, cloud computing data center power management systems of energy saving products and power systems and battery management systems of energy storage products which have become as the driving force of Lite-On for a new wave of business growth.

2.1

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.

Lite-On Power SBG is dedicated to the production of energy saving products as its mission. 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 has successfully developed intelligent power management technology, slim NB PC high performance power adapters, cloud computing data center power management system, new power supply for game console and smart phone power chargers. Lite-On will continue the development of high voltage, high efficient server power supplies and battery/fuel cell backup power supply systems, high density cloud computing data center power management systems.

In persisting in the upgrading of the efficiency of its existing power supply product lines, Lite-On also focuses on the development of second generation power conversion technologies with features such as high power density, high efficiency, low standby power consumption, etc.. 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 two global power supply manufacturers.

2. Optoelectronics SBG (Strategic Business Group)

Optoelectronics LED Business

The opto-electronic semiconductors of Lite-On can be classified into two categories, namely, Visible LED and Invisible LED. Visible LED products are LED lamp, White SMD LED, SMD LED and LED display which are extensively used in indoor and outdoor lighting modules, backlight modules of LCD displays, high definition LED backlight, indicators and displays in household electronic appliances, electronic display boards and backlights for portable devices or IT products. LEDs are environmental friendly, being low-temperature, energy efficient, quick to light, small in size, mercury-free and high longevity etc... In the application of high power lighting equipment, Lite-On has successfully developed high, medium and low power LED full range lighting component series, and made positive efforts in the development of energy saving and environmental friendly new lighting source products.

Invisible LEDs include photo-couplers and infrared components widely used in power supplies, touch screens, high resolution printers, hand-held devices, industrial automation control equipment. The products also include high speed photo couplers, optical emitters and receivers, high resolution optical encoders, infrared data transmission products, ambient light sensor and proximity sensors.

Lite-On makes continuous efforts in the development of new technologies for Optoelectronics LED such as ceramic packaging, COB (Chip on Board) packaging, lighting LED component with high reliability, low thermal resistance packaging and digital light sensors.

2.1

Camera Module Business

The Lite-On Portable Image Device SBU (Strategic Business Unit) mainly produce camera modules which is extensively used in computers (including NB PC, tablets and AIO computers) 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.

Lite-On leverages its comprehensive product lines for high-end smart phones market with its unique designs and superior quality to fulfill the needs of the customers. Lite-On has successfully developed 8M and 13M pixels close-circuit automatic focus camera modules to enhance resolution and focus speed leading in the industry. Through the special design of the circuit board and the stacking of modules, Lite-On has also successfully developed the ultra slim 8M and 13M pixels camera modules without compromising the quality of the image. Lite-On has also introduced the 5M+ wide lens for the front camera upgrading the resolution and view simultaneously.

As for camera modules of computing application, Lite-On has engaged in mass production of ultra slim 1M pixels and 2M FHD pixels applied to the Ultra book camera module with its comprehensive technologies. It has been certified by Microsoft Lync and Skype. For camera modules used in tablets, Lite-On has successfully developed and engaged in the mass production of 5M, 8M pixels auto focus modules, which can fully satisfy the needs of the tablet customers in upgrading the resolution of images as demanded by the market.

3. Mechanical Competence SBG (Strategic Business Groups)

Image Business

Lite-On cooperates with brand customers in Europe, USA and Japan in development, and manufacturing different imaging products for office use, such as mono or color multifunction peripheral, scanner modules, control boards, flatbed scanners, and feed-type scanners...etc. In the development of new products, Lite-On works with several international firms in the development of ATM machines. In the near future, this device can be launched to be mass produced.

The pico projector business is in the developing stage. Android high definition pico projectors and wireless audiovisual stream pico projectors are already in mass production. Lite-On is actively developing embedded optical engines applicable to camcorders, digital cameras, smartphones, NB PC and gaming devices. Moreover, Lite-On has also prepared for the development of wireless audiovisual streaming devices and portable high definition linkage technologies. The wireless display dongle is also under development. This product will be extensively used in different displays (projectors, TVs and monitors) and smart portable devices for high definition images and voice streaming, and integrated with different advanced application technologies for more choices of added value to the customers.

HIS (Human Input Solutions) Business

The premium products of the input devices business group are desktop PC keyboards, tablet PC keyboards, NB PC keyboard modules, computer mouse and high-end smart remote control, and other peripherals. Further to the conventional keyboards for desktop computers, Bluetooth keyboards are also

produced with the continuous development of products new structure and materials. In the area of new product development, Lite-On makes effort in the research and development of cloud computing application products further to the ultra slim NB PC keyboard, and has successfully developed keyboards for tablets. Lite-On will continue its development of smart phones and smart TV input devices and human interface devices.

Enclosure Business

Lite-On manufactures the enclosures for desktop PC and servers as its premium products and will continue to develop energy saving, recyclable, and hazardous substance free enclosure products. In the area of new application products, Lite-On has successfully manufactured enclosures for workstations, servers and rack servers.

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

Network Access Business

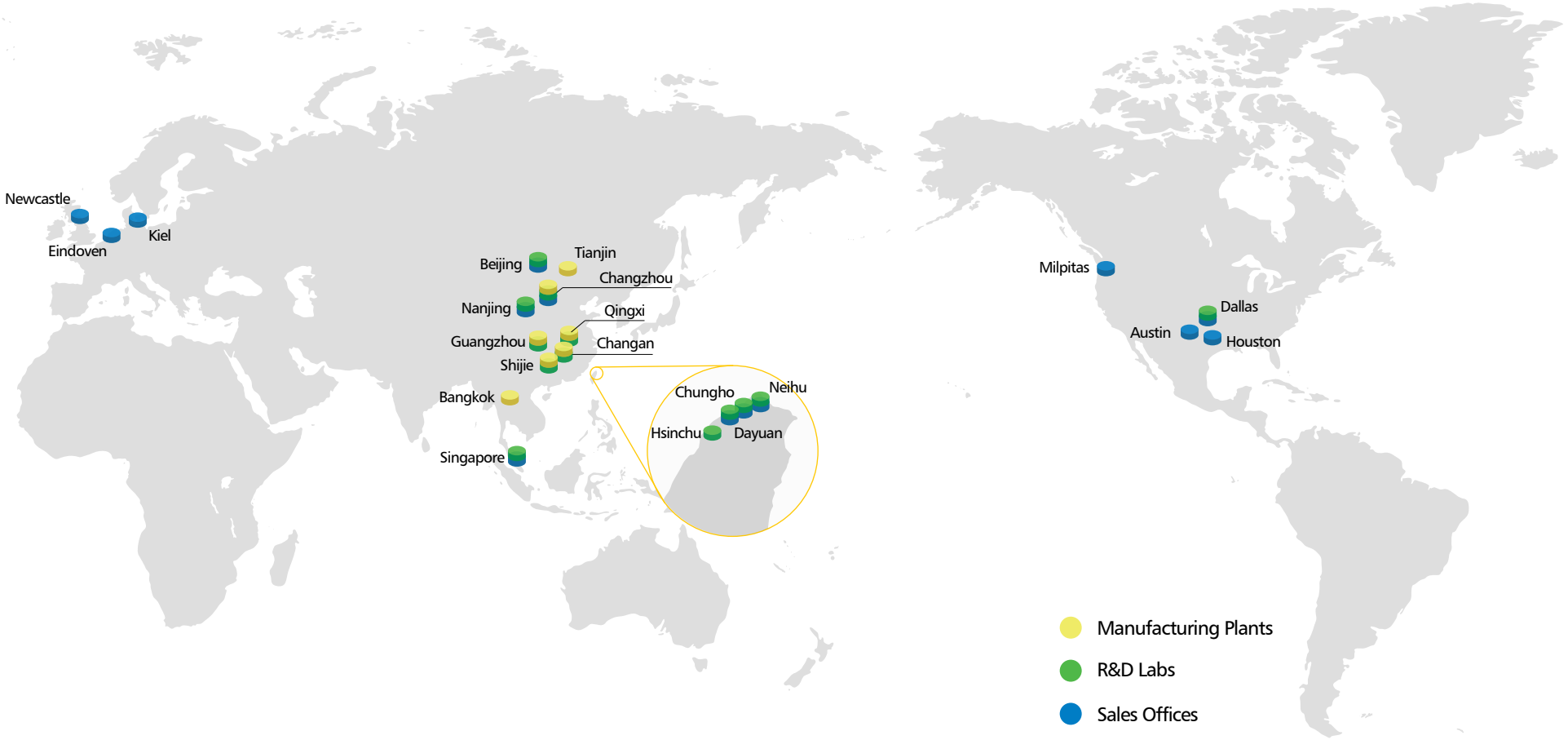
This division mainly manufactures different wireless communication modules, wireless routers and networking devices, and has emerged as a world leader in the manufacturing of NB PC wireless modules. Meanwhile, Lite-On has been expanding its production lines in consumer products like the wireless home video and audio system, high performance Bluetooth headsets and automotive Bluetooth hands-free devices. These products will create another wave of business opportunities in wireless devices. Lite-On has successfully completed the development of a number of new products, such as enterprise high power and high performance wireless receivers, SME routers, high performance WiFi receivers for service providers, smart power grid 3D remote controller, wireless set top box for OTT, wireless home audio system platform supporting iOS/Android, digital home automatic controller and remote control, high performance Bluetooth speakers and conference terminal, automotive wireless hands-free devices.

System Solutions Business

The premium products are desktop PC, Kiosk, ATM, POS and related computing products. This division has pro-actively developed a wide range of products in recent years and cooperated with leading firms in the US market with mass production in Smart Life products, including smart home control devices and wireless tablet control devices.

2.1

2.1.1 Lite-On Technology's Major Operations Centers Worldwide 2012



2.1

2.1.2 Major Products and Manufacturing Sites

Switching Power Supplies

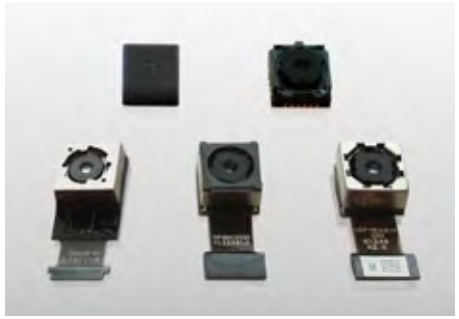
applications of Desktop PC, Server, Networking Devices, TVs, Industrial Computing products.
Manufacturing Sites | Dongguan(Changan), Guangzhou

Optoelectronics LED Products

Visible LED：LED Lamp, White LED, SMD LED and LED Display
Invisible LED： Photo Coupler, Infrared Components
Manufacturing Sites | China：Tianjin, Changzhou
Thailand：Pathumthani

Switching Adapters

applications of Notebook PC, Monitors, TVs, Game Consoles, Set Top Box and Multi-functional Peripherals.
Manufacturing Sites | Dongguan(Changan), Changzhou



Cameral Modules

applications of Mobile PCs, & Phones
Manufacturing Sites | Guangzhou

Data Center Power Shelf

Manufacturing Sites | Dongguan(Changan)

Multi-functional Peripherals

Manufacturing Sites | Guangzhou

2.1

Pico Projectors and Optical Engine

Manufacturing Sites | Guangzhou

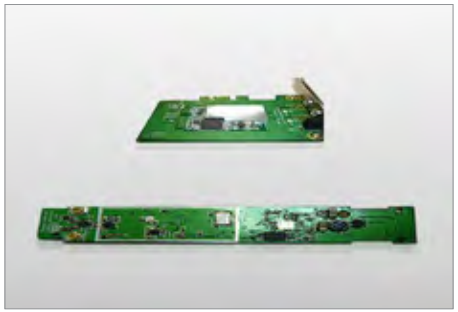
Smart Life Products

Manufacturing Sites | Changzhou

Human Input Solutions Products

Desktop PC Keyboard, Notebook Keyboard Module, Keyboards for Tablet PC, Mouse and Smart Remote Control etc.

Manufacturing Sites | Dongguan(Shijie), Changzhou



Wireless Modules

Manufacturing Sites | Changzhou

Enclosure

Desktop and Sever Enclosures

Manufacturing Sites | Dongguan(Qingxi), Guangzhou

Bluetooth Headsets

Manufacturing Sites | Dongguan(Qingxi)

2.1

2.1.3 Financial Results and Outlook

Despite the global economic slowdown in 2012, Lite-On's annual consolidated sales reached NT$121.5 billion, up 2% Y-o-Y. Lite-On's core business units showed steady growth. Thanks to high demand for Cloud Computing, Mobile Devices and LED Lighting applications, Camera Module revenue grew by over 30% Y-o-Y, supported by its production capacity expansion and the smooth delivery of high-end products, as well as ongoing gains in the global market share of smartphones and tablet PCs. Meanwhile, revenue from LED lighting components increased tremendously by over 300% Y-o-Y for substantial demand from branded customers and delivery growth. As a result, the Optoelectronics SBG posted a yearly revenue growth of approximately 20% Y-o-Y. Additionally, the HIS business unit also enjoyed a growth of approximately 20% Y-o-Y, resulting from increased shipments of keyboards for tablet PCs and ongoing global market share gains in desktop and notebook PCs, while the Power Supplies SBG showed a continuous revenue growth.

For its profitability, Lite-On's gross margin and operating margin were 13.2% and 6.1% respectively, and the gross profit and operating profit increased 9% and 14% Y-o-Y respectively, both hitting new 5-year record yearly highs. The non-operating items posted a net income of NT$1.24 billion, decreased 35% Y-o-Y, but the profits before tax were NT$8.69 billion, and after deducting tax expense NT$1.15 billion, the net profit were NT$7.53 billion, up 4% Y-o-Y with EPS of NT$3.33, increased NT$0.11 over last year demonstrating the company's profitable growth. These profit increases were attributable to improved operating efficiency, productivity and SCM. Meanwhile, R&D increased 13% Y-o-Y, further strengthening Lite-On's leading position in the areas of advanced power solutions, optoelectronics and mechanical competence.

Unit: million NT$

	2012	2011	2010
Sales Revenue	121,452	118,882	123,457
Gross Profit	16,029	14,668	15,990
Gross Margin	13.2%	12.3%	13.0%
OperatingProfit	7,451	6,530	7,264
Operating Margin	6.1%	5.5%	5.9%
Other Income/Expense	1,236	1,891	2,967
Profit Before Tax	8,685	8,421	10,232
PBT %	7.2%	7.1%	8.3%
Tax	1,149	1,195	1,246
Tax %	13.2%	14.2%	12.2%
Profit After Tax	7,535	7,226	8,986
After Tax EPS	3.33	3.22	4.06

Note：Sales Revenue, Gross Profit and Operating Profit are Lite-On's parent company's consolidated figures

Lite-On's Board has proposed a 2012 dividend plan offering NT$ 2.4 per share. Of that sum, the cash and stock dividend portions will be NT$2.35 and NT$0.05 per share respectively, based on NT$3.33 EPS in 2012, maintaining a stable and generous dividend policy.

In 2013, sequential growth from Cloud, Mobile and LED Lighting applications is expected through integrated synergies, whilst increasing value-added products and market share in IT applications.

2.1

2.1.4 Membership in Groups and Associations

Lite-On Technology actively participates in the activities of industry associations and organizations, and communicates extensively with other industry members by joining regular or irregular industry association conferences. Moreover, Lite-On also took a lead on establishment of "Taiwan Corporate International Sustainability Coalition" in order to improve the CSR (Corporate Social Responsibility) competitiveness of Taiwanese companies.

2.1.4.1 Participation in Associations / Organization

Name of Association / Organization	
China Solid State Lighting Alliance	Taipei Neihu Technology Park Development Association
Climate Savers Computing Initiative	Taiwan Corporate Sustainability Forum
Digital Living Network Alliance (DLNA)	Taiwan Electrical and Electronic Manufacturers' Association
The International Commission on Illumination	Taiwan Semiconductor Industry Association
Member of UPnP Forum	Taiwan Optoelectronic Semiconductor Industry Association, TOSIA
Member of Wi-Fi Alliance	Taiwan Thermal Management Association
Photonics Industry and Technology Development Association	Zhaga Consortium
Rensselaer Polytechnic Institute	ISA(International Solid State Lighting Alliance)
Sinocon Industrial Standards Foundation	Electronics & Communications Association of Guangzhou (Development District)
Taipei Computer Association	Dong Guan Taiwan Business Association

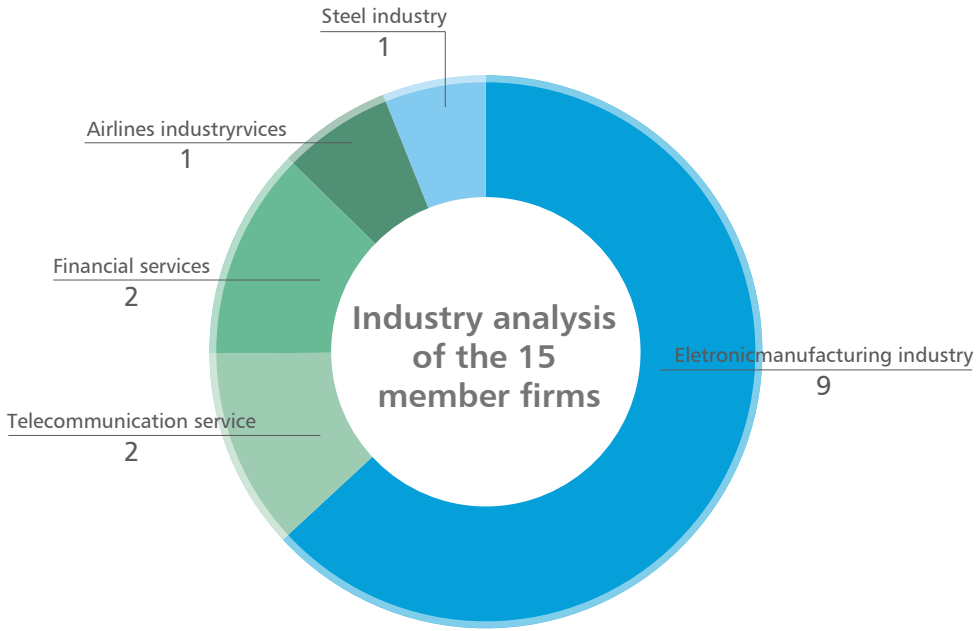
2.1

2.1.4.2 The Advocacy of Sustainability

Leading the Establishment of "Taiwan Corporate International Sustainability Coalition"

By participating in international sustainability indexes, enterprises not only can link with international benchmark standards for enhancing competitiveness but also can attract international Socially Responsible Investment (SRI) firms. Domestic enterprises are in different categories of the Dow Jones Sustainability Indexes (DJSI), and mainly competing with enterprises in Europe, USA, Japan, Korea and Mainland China. If the enterprises in Taiwan can be selected as the member of the DJSI through the supervision of the coalition, they can upgrade the overall competitive power as well as strengthen the competitive power of the country. With the support of the government and Taiwan Corporate Sustainability Forum (TCSF), Lite-On took leading the Establishment of "Taiwan Corporate International Sustainability Coalition" in 2010. This is a platform for the cooperation and sharing for the enterprises in Taiwan. Through benchmark learning, experience sharing and joint training, this platform assists the enterprises in Taiwan to launch CSR and obtain qualification of international sustainability indexes and attracts Socially Responsible Investment (SRI) firms. Eventually, the competitive power of the enterprises and Taiwan can be upgraded.

At the initial stage of the establishment of the coalition, enterprises being invited to DJSI rating were the targets of invitations to the coalition. So were the enterprises that had the most internationally reputable sustainability rating, DJSI, have expressed their concerns and attention. As of the end of 2012, there were 15 big enterprises become the member of the coalition, including TSMC, UMC, AUO, Chi Mei Electronics, Chunghwa Telecom, Taiwan Mobile, Compal, Pegatron, Chinatrust Financial, Cathay Financial, China Airlines, China Steel, ASE and Lite-On. The majority of these enterprises are from the electronic industry, but the participants also include enterprises in telecommunications services, financial services, airlines, and steel industries further to the electronic industry.



Dow Jones Sustainability Indexes
Member 2012/13

2.1

Lite-On has introduced the resources from the academic circles, consultant sectors and verification and validation firms to the coalition. The scale of industrial development in Taiwan could be viewed from the growing number of firms being invited to DJSI, which indicates that the big enterprises in Taiwan have attracted increasing international attentions. Before the operation of the Coalition, there were only 3 enterprises in Taiwan selected as members of DJSI. In 2012, there were 7 being selected, a historical best result in Taiwan. These 7 firms are all from the Coalition. Of these enterprises, 4 have been rated as Sector Leaders at the same time. Enterprises in Taiwan have won the leadership in 4 out of 58 categories of the rating, which performed much better than those in many other countries.

In 2012, Lite-On was awarded Paragon Prize in Education Sector CSR Awards from Global Views Magazine for its outstanding operations of the coalition being fully recognized.

Statistics of Taiwanese enterprises qualified as DJSI firms in the last 3 years.

Year	2010	2011	2012
Number of firms invited	55	60	92
Number of firms qualified	3	5	7

Taiwanese Enterprises selected as members of DJSI in 2012

Company name	Sector	Remarks
Lite-On Technology Corporation	Electric Component and Equipment	Sector Leader
TSMC	Semiconductors	Sector Leader
United Microelectronics Corporation	Semiconductors	-
AU Optronics Corporation	Computer Hardware & Electronic Office Equipment	Sector Leader
Delta Electronics Inc.	Electronic Component	Sector Leader
China Steel Corporation	Steel	-
Chung Hwa Telecom	Fixed Line Communication	-

Note: All of the above firms are members of the coalition.

2.1

2.1.5 Lite-On Corporate Values

Customer Satisfaction, Excellence in Execution, Innovation, and Integrity are the guiding principles, commitments, and beliefs of Lite-On. 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

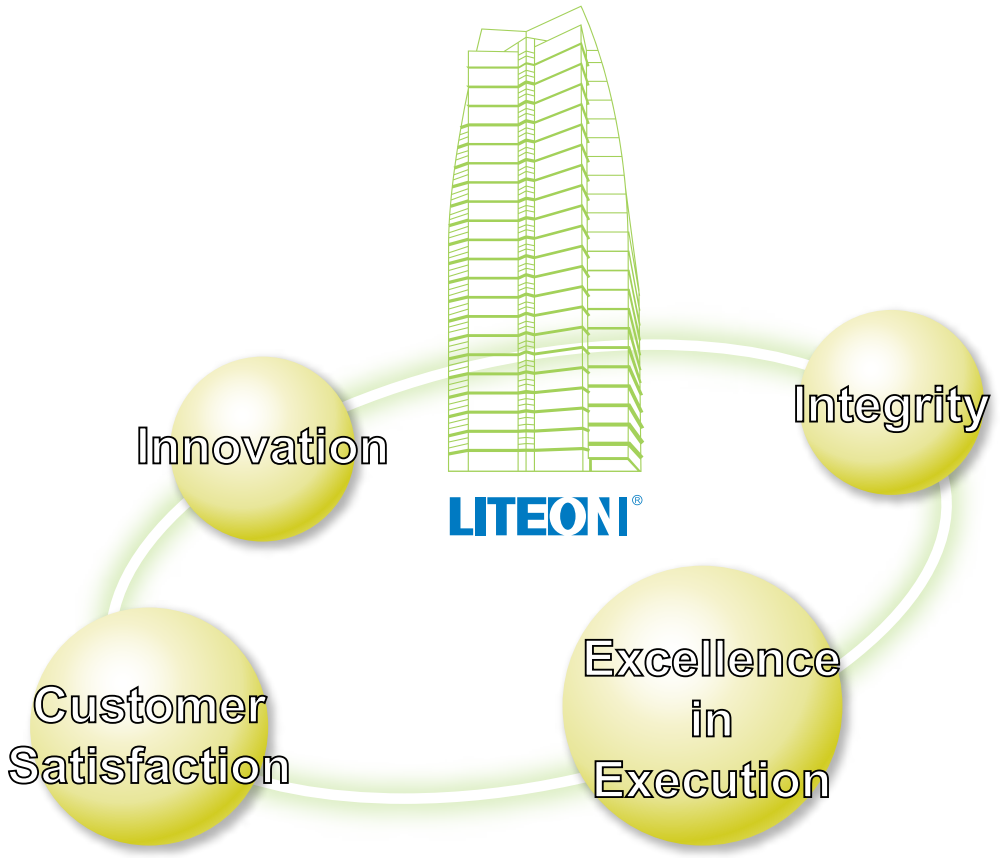
First movers in the market always capture the value of future trends. Formulate strategies accordingly and execute effectively in advance of competitors.

Innovation

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

Integrity

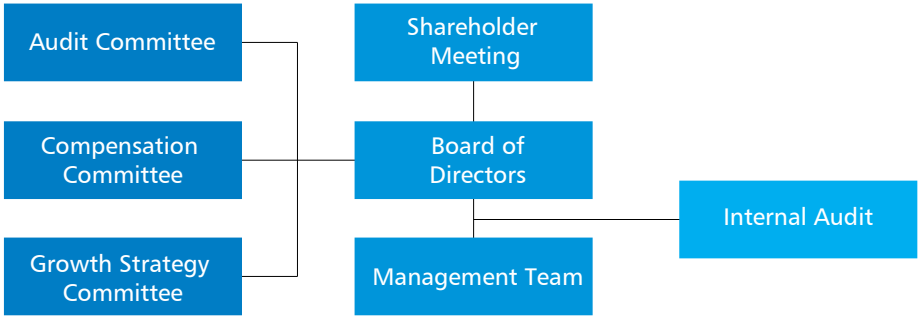
Trust from shareholders, customers, employees and suppliers.



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 Company Act, Securities and Exchange Act of the ROC, and other applicable laws and regulations, in order to continue improving our management performance and protecting the interests and rights of investors and other stakeholders.

Governance Structure



The following solid corporate governance actions were taken:

1. Lite-On set up independent directors and established the "Audit Committee" in 2007, followed by the accomplishment of establishing "Compensation Committee" in 2008 and "Growth Strategy Committee" in 2010.

2. Highly values disclosure in compliance with the principles of integrity, timeliness, fairness and transparency. Further to disclosure at MOPS, all related financial information, annual report, and important messages are accessible through the Company corporate website of (www.liteon.com) for the reference of domestic and foreign investors.

3. We will continue to pursue good corporate governance and transparency, timeliness and fairness of financial information disclosure. In 2012, Lite-On was ranked a grade of A in the Information Disclosure Assessment by the Securities and Futures Institute.

The Board of Directors, Audit Committee, Compensation Committee, and Growth Strategy Committee operate in accordance with the "Parliamentary Regulations for Board Meetings", "Organizational rule for Audit Committee", "Organizational rule for Compensation Committee", and "Organizational rule for Growth Strategy Committee". The committees' functions and responsibilities are specified respectively.

2.2

2.2.1 Board of Directors

The Board of Lite-On consists of 11 directors and all directors were elected directly by in the shareholders. The Board is staffed with a Chairman, a Vice Chairman, 6 representatives from institutional investors, namely, Lite-On Capital, Dorcas Investment Co., Ltd., Da-Song Investment and Yuan Pao Development, and 3 independent directors. The responsibility of the Board of Directors include establishment of a good corporate governance system, monitoring, appointment and supervision of the management of the Company, reinforcement of the management mechanism. It is also responsible for the Company's overall operations including economic dimension, social dimension and environmental dimension a dedicated to maximize the stockholders' rights and interests.

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

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 which can be accessed on the Taiwan Stock Exchange's Market Observation Post System (MOPS) and the Company's corporate website (www.liteon.com).

According to Board of Directors Meeting norms, the Board of Directors shall hold at least once quarterly, and a total of 7 meetings were held in 2012.

2.2.2 Audit Committee

Chairman: Kuo-Feng Wu, independent director
Members: Harvey Chang, independent director; Edward Yao-Wu Yang, independent director

The Audit Committee consists of all 3 independent directors of the Company. They are responsible for assisting the Board of Directors to review the financial reports, internal control system, internal audits, accounting policy and procedure, transaction of major assets, appointment of Certified Public Accountant (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.

According to the "Audit Committee Organizational Rule" of Lite-On, the Audit Committee shall convene at least once quarterly. In 2012, the Audit Committee convened 7 times.

2.2

2.2.3 The Compensation Committee

Chairman: Harvey Chang, independent director
Members: Kuo-Feng Wu, independent director; Edward Yao-Wu Yang, independent director; Keh-Shew Lu, director.

In order to continue strengthening the corporate governance meeting international standards, Lite-On established the Compensation Committee in 2009. The committee supervises and deliberates the Company's overall compensation policy and plan, as well as makes resolutions with the authorization given from the Board of Directors. As the first one to establish the compensation committee and possessing a highly-authorized compensation committee system, Lite-On become a benchmark company with respect to corporate governance among domestic enterprises.

The Compensation Committee's supervision extends to the compensation of directors, all high-rank management, and employee compensation policy system as well as incentive and bonus plans. The Compensation Committee consists of 4 members, including 3 independent directors and 1 director to maintain the independence, professionalism and fairness of the committee avoiding potential risks from conflict of interest between the committee members and the Company.

The committee shall regularly review the Company's compensation policy and plan to ensure recruiting, encouraging and retaining of professional human resources for the Company. The committee shall annually deliberate and resolves the performance appraisal and compensation of directors, presidents, vice presidents and CEO, as well as employee bonus.

According to the "Compensation Committee Organizational Rule" of Lite-On, the Compensation Committee shall convene at least once semi-annually. In 2012, the committee convened 3 times.

2.2.4 The Growth Strategic Committee

Chairman: Edward Yao-Wu Yang, Independent Director
Members: Raymond Soong, director; David Lin, director; Warren Chen, director; Keh-Shew Lu, director.

In order to enhance and accelerate the growth strategy of Lite-On and the Group, the Growth Strategy Committee was established in 2010. The Committee is authorized by Board of Directors to direct and review the Company and the Group's overall growth strategies, and to preview the important investment projects, and periodically reports the resolutions to the Board of Directors. The Committee's instructions and assistance extend to Lite-On and its subsidiaries and business units designated by Lite-On. The Committee consists of at least 5 directors from Lite-On. The convener and members shall be nominated by the Board of Directors.

In 2012, the Growth Strategic Committee has convened once.

2.2

2.2.5 List of Major Shareholders

2013/4/21

Names of major shareholders	Holding Shares	Proportion of shareholdings
Raymond Soong	77,738,111	3.37%
Ta-Rong Investment Co., Ltd.	67,978,071	2.95%
Labor Insurance Bureau	56,536,834	2.45%
Capital Asset Management investment account under the custody of Citibank Taiwan	46,939,412	2.04%
Ta-Sung Investment Co., Ltd.	46,159,459	2.00%
Vanguard Asset Management investment account under the custody of Citibank Taiwan	42,982,476	1.86%
Labor Pension Fund	37,617,177	1.63%
Singapore Government investment account under the custody of Citibank Taiwan	37,510,975	1.63%
Yuan Pao Development & Investment Co. Ltd.	36,527,518	1.58%
Saudi Arabian Monetary Fund under the custody of JPMorgan	34,870,435	1.51%

2.2.6 Dividend Policy of the Company and the Status of Implementation

1. Dividend Policy

The Company is now at the growth stage of the enterprise life cycle. In consideration of future expansion, capital requirements and the effects of the taxation system on the Company and the shareholders, the Company will appropriate cash dividends of no less than 10% of the total dividends to be appropriated in current year.

The Company shall appropriate its earnings for income tax payments and write off losses carried forward, followed by the appropriation of 10% as mandatory reserve. As required by law and the regulations of the competent authorities, the remainder shall be subject to recognition or reversal as special reserve, plus the unappropriated earnings of the previous year, and retain a portion of retained earnings as corporate operation and development fund. The remainder net of the above appropriations shall be paid out as follows:

(1) Employee bonus: no less than 1%
(2) Compensation to directors: no less than 1.5%
(3) The remainder is dividend for shareholders

As mentioned, employee bonus may be paid in the form of stock dividends, in which case the recipients shall include the employees of the subsidiaries. The terms and conditions for appropriation shall be determined at the authorization of the Board.

2. Proposal for appropriation of dividends in current year

The Board of Lite-On resolved the motion of the appropriation of 2012 earnings on March 29 2013, thereby shareholders of every 1,000 shares shall be entitled to 5 shares of stock dividends and NT2,350 cash dividends to shareholders registered on the record day. Fractional shares in stock dividends

shall be paid in cash and the fractional shares shall be sold to particular parties at face value under the arrangement of the Chairman through private placement. The total of 11,490thousand new shares has been issued at NT10/share.

2.2.7 Employee Bonus and Compensation to the Directors

1. As stated in the Articles of Incorporation, the information on the percentage or scope of employee bonus and compensation to the directors is disclosed in the Notes of dividend policy.

2. The accrued basis for the employee bonus and compensation to the directors were based on the practice in preceding years. The calculation of the quantity of shares for the payout of stock dividends is based on the closing share price on the day before the day of the shareholders meeting in consideration of the ex-dividend and ex-right effects. Fractional share shall be paid in the form of cash to employees. In case of variations between the actual amount paid and the accrued amount, and there is a material change in the amount for appropriation after the resolution of Board at the end of the year, the change shall be recognized as expenses for the fiscal year. As of the day of the shareholders meeting, any changes in the amount shall be subject to changes in the accounting estimate and to be booked in the fiscal year of the shareholders meeting resolute.

3. Information on the proposal of employee bonus resolute by the Board:
   (1) The Board resolved the appropriation of earnings in 2012 on March 29 2013 whereby employee cash dividends shall amount to NT897,799 thousand dollars and compensation to the directors shall amount to NT61,420 thousand dollars. Employee stock dividends for the appropriation shall amount to NT171,009 thousand dollars. The quantity of shares issued is based on the closing price on the day before the shareholders meeting in consideration of the ex-dividends and ex-rights effects. Fractional shares shall be paid in the form of cash to employees. There is no discrepancy between the estimated amount of employee bonus and compensation to the directors and the amount accrued in financial statements of 2012.

   (2) Employee stock dividends for appropriation shall amount to NT171,009 thousand dollars which accounts for 2% of the net profit after tax for NT7,534,860 thousand dollars, and accounting for 16% of the total employee dividends amounting to NT1,068,809 thousand dollars.

   (3) Earnings per share are estimated at NT3.33 with reference to the planned appropriation of employee bonus and compensation to the directors. This amount is identical with the EPS stated in the financial statements of 2012.

4. The actual appropriation of employee bonus and compensation to the directors in previous year:

   In 2011, the Company has appropriated employee bonus amounting to NT819,420 thousand dollars in cash and compensation to the directors amounting to NT61,420 thousand dollars. The Company has also appropriated employee bonus amounting to NT156,080 thousand dollars to the employees on the basis of the closing price of NT37.75/share on the day before the shareholders meeting. In consideration of the ex-dividends and ex-rights effects, a total of 4,422 thousand shares were issued. The actual amount of employee bonus and compensation to the directors appropriated and the accrued amount in the financial report of 2011 were identical.

2.2

2.2.8 Anti-corruption

Lite-On commits to and complies with the legal rules and ethic codes applicable to the countries of operation in order to maintain its goodwill and regulate its business activities. Lite-On does not allow any violation of the ethic code and laws in return for an increase in the size of revenues, profits, or sales performance. In addition, the Company has also provided relevant education on anti-corruption aiming at the operating procedures of routine business activities exposed to the risks of corruption to prevent corruption.

In light of the aforementioned pre-conditions, Lite-On has instituted the "employee code of conduct" further towards "integrity", which is one of the four value systems of the Company. The employee code of conduct aims at helping the employees to understand certain situations and questions that may confront them in their routine operations. All new employees will also receive training on anti-corruption in their orientation so that the Company can maintain its reputation; comply with applicable laws and ethic code. The "Ethical Code of Conduct for Employees" contains the following ethical requirements:

1. Gifts and Treats

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

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

(3) The Company's employees should avoid any improper conduct, and in no event should give or accept any kickbacks in any form. While engaged in private shopping, the Company's employees and their family members may not accept discounts from suppliers given due to their relationship with his company, unless such discounts are given to all employees of the Company.

2. Principles Governing On-the-job Payments

Any employees who discover an abnormality affecting the Company's assets or monies that may disrupt payments must immediately notify their supervisors. If the abnormalities involve a supplier, they shall notify the purchasing manager. No bribes of any kind may be given to any person. There are no excepts 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.

2.2

(1) The payment by the vendors: Payments may be effected in favor of the vendors whose goods have been purchased by the Company following due procedure and are in compliance with relevant standards governing the origins.

(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.

(3) Payment to consultants, distributors or agents: payment effected in favor of the consultants, distributors or agents shall be done in a manner relevant with the value of services being rendered.

(4) Payment to customers: there shall be no direct or indirect payments to the customers or the employees of the customers of the Company with an attempt to influence such parties to engage in illicit acts.

(5) Payment to any other parties: payment to persons who are not government officials or those who are not the customers of the Company and are made in compliance with the legal rules of the countries or regions of payment for non-business purposes shall be effected in accordance with the standard procedures of the Company.

(6) Payment to countries outside the country of residence of the recipients: if payment or salary is requested to pay to the bank account of the recipients in countries outside the country of residence or operation of the recipients (also known as "appropriated funds") is acceptable only on condition that such payment is not in violation of applicable laws and causes no damage to the ethnic code of the Company.

(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.

The contents of the code of ethics is incorporated into the training of Electronic Industry Code of Conduct (EICC), including: business integrity, no illicit receipts or payment, transparency of information, intellectual property rights, fair trade and fair competition in advertising, fair trade, confidentiality, responsibility in buying minerals, privacy, fight any act of revenge, leading to 9 ethical standards as the subject of education.

For buttressing the education initiatives of anti-corruption, the Company has launched the e-Learning program. In the future, the Company will require all employees to engage in e-Learning on topics of anti-corruption so that they could understand the issues better and be alerted to any violations of the rules of the Company in its anti-corruption policies.

Further to training, the inspections of corruption and violation of the code are verified through self-audit of "Electronic Industry Code of Conduct (EICC) Committee" in each business unit/site as well as the annual cross-site audits of EICC committees. In 2012, all sites have been subject to internal audits and no corruption or violations of the code have been found.

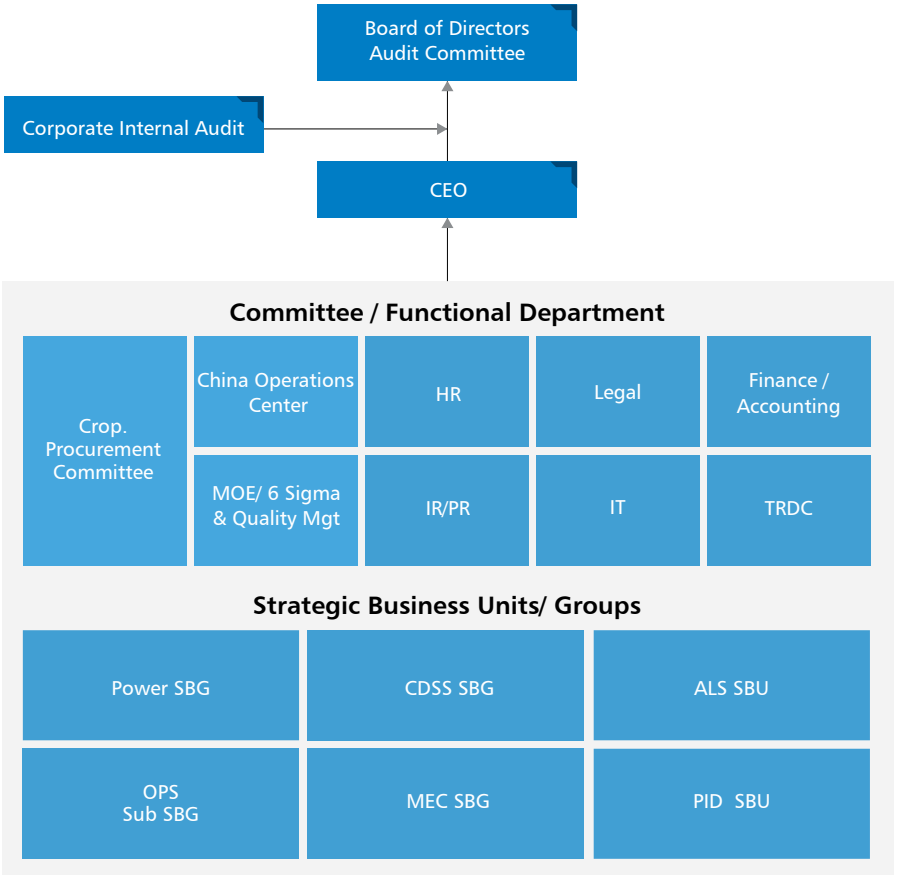
2.2

2.2.9 Corporate Risk Management

Lite-On will continue sparing no effort to achieve the objective for creating economic, environmental and social sustainable value for such stakeholders as customers, shareholders, employees and communities. In the process of realizing the objective, Lite-On will identify and control the risk concerned by the corporate management with the complete risk management organizational framework and promotion, and mitigate the potential risk as possible as it could transfer, mitigation or avoidance of risk. This is one of the main reasons that Lite-On is able to continuing growing stably and achieving outstanding business performance.

Risk Management Organizational Structure

Lite-On complies with the system of management organization and internal control cycle to proactively confront and control the risks arising from the process of operation in the most cost-efficient manner. The head of risk management is the CEO.



2.2

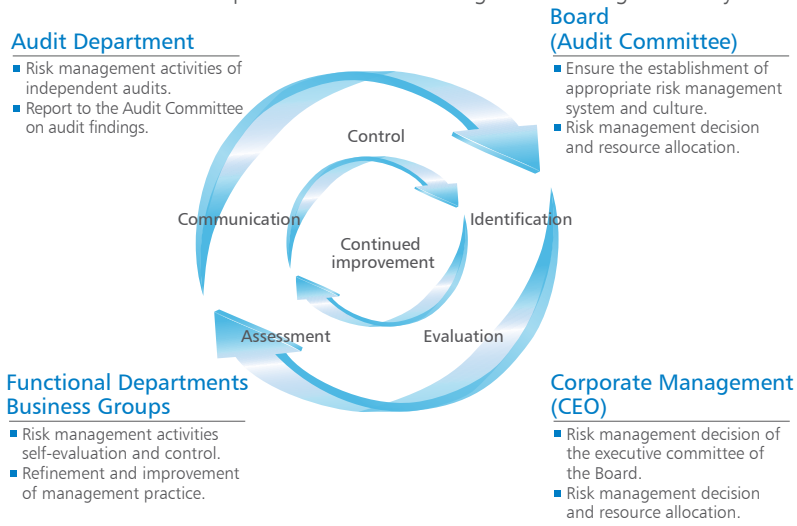
Risk Management Cycle

With the many years of experience in operation management, Lite-On has developed a suitable risk classification framework from its explicit division of labor to ensure that it can cover risks at different levels and different areas in the process of risk identification, and summed out all risks into 3 categories, namely, "External risk", "Operating risk", and "Disclosure risk".

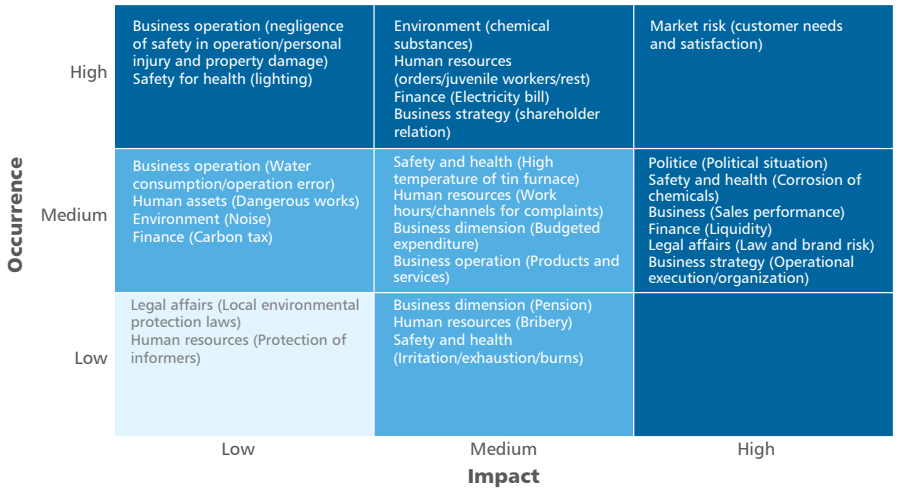
"External risks" are derived from external factors, including poor sales of products, changes in the competitive power of the enterprise, softening of market demand, changes in the preferences of the consumers, technological innovations, competition from new products, international accidents, economic recession, undue mergers and acquisitions, changes in and control of foreign exchange, political party substitution, extortion, climate change, pollution and natural disasters. "Operating risks" are derived from the operation of related functional organizations, including delays in delivery, product defects, unresolved technical problems, high cost of purchases, excessive inventory, improper production design, facility failure, occupational accidents, fires, bad discipline of employees, disputes in worker human rights and labor-management problems, damaged and missing data, erroneous electronic information, and negligence in financial information. "Disclosure risks" are derived from the disclosure of information on operations, including pricing mistakes, disclosure of confidential information to the media, inaccurate financial forecasts, frequent and several revisions of financial forecasts, failure to provide financial statements on time, failure of disclosure and revision of errors.

Lite-On identified the risks by category as high, medium and low, and built up the Risk Map for facilitating subsequent risk identification so that the organization can take further action in the transfer, acceptance, reduction and avoidance of risks. Through the management cycle of PDCA, Lite-On continues to improve and control the factors that cause the risks and to minimize the probability and intensity of losses caused by the risks.

Continued improvement in risk management through PDCA cycle



Risk Map



Chapter 3

- Lite-On and the Environment

3.1 Lite-On's Green Commitment

Lite-On realizes the influence of the enterprises on the environment thereby undertaking concrete action to perform its responsibility in environmental protection. For this purpose, Lite-On commits to environmental protection in its Corporate Social and Environmental Responsibility (CSER) code of Conduct and hopes to mitigate the impact on the environment through product design, production process management, supply chain management and after sales services to aim at corporate sustainable development. In addition, Lite-On will continue its cooperation with the customers, the industry (coalition) and the supply chain in a joint effort to enhance the performance of environmental protection.

Lite-On Environmental Protection Code of Conduct

Lite-On commits to make its best effort in designing and manufacturing products that are ecological friendly to the earth, and educates its employees on the importance of environmental protection. In order to reduce the impact on environment, Lite-On and its subsidiaries rely on environmental management to control air pollution, hazardous waste, energy consumption and noise pollution during the design and manufacturing process. In addition, Lite-On commits to build up, maintain and make continuous improvements of its environmental management system with the establishment of related operating process for environmental control and monitor the performance of the process.

Specifically, Lite-On is committed to:

- Augmentation of energy saving and environmental protection efforts in all sites.
- Reduce the use of paper, water and all natural resources in all office locations and production facilities.
- Lite-On has established, maintained and made continuous improvement of its SOP in accordance with ISO 14001 for the effective control of air pollution, hazardous waste and noise.
- Reduction of all air pollutants, hazardous waste and noise in all operating sites.
- To comply with applicable legal rules governing environmental protection and the requirements of the customers and others.
- Communication with the employees, vendors and customers so that they could understand the environmental policy of Lite-On and the efforts that have been made.

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

- Supply chain management: Lite-On continues to encourage its vendors to develop innovative operations for mitigating the impact on the environment.
- Product design: Lite-On applies ecological principles in the design of all products and services to mitigate the impact on the environment.
- Production procedure and shop floor management: Lite-On makes continuous improvement in its environmental management system for both manufacturing and non-manufacturing facilities.
- After sales service: Lite-On makes the best of its effort to minimize the impact of product packing and operations such as shipping of goods and sales process on the environment and will provide information on the environment to its customers as far as possible.

3.1

3.1.1 Environmental Protection Management Goals

Lite-On has set the goals of environmental protection and energy saving with the proper environmental management systems regulating the use of resources and the emission of all pollutants for continuous improvement. In addition, there is also the management goal for each dimension of environmental protection specified as follows. Lite-On seeks to achieve the objectives of low pollution, low energy consumption, easy recycling and environmental friendly in the process of product development, production, use and disposal.

1. Carbon Reduction Goal:

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 Greenhouse gas, and the setup, and announced the annual carbon reduction objective. Lite-On set 2011 as the base year for carbon reduction as its continuous effort in the reduction of greenhouse gases, and Lite-On committed to reduce carbon emissions 6% per unit revenue by 2014 in order to generate sustainabledevelopment both economically, and environmentally.

2. Energy Saving Goal:

Lite-On has identified electric power consumption as the primary source of greenhouse gas emission in accordance with ISO 14064. The emission of greenhouse gases from power generation accounted for 95% of the greenhouse gas. For this reason, Lite-On continues to improve its methods in the management of the energy system and has launched different programs for energy saving pro-actively. 2011 has been set as the base year and the goal for the reduction of carbon emission is set at 6% per unit revenue f in 2014.

3. Water Saving Goal:

Facing global climate change, water resources are becoming scarcer day by day which become another wave of impact on the environment that human beings are bound to face for energy saving and carbon reduction. In consideration of the need to protect water resources and maintain sustainable operations, Lite-On already implemented various water saving programs. By improving production process, saving water and recycling water, Lite-On is dedicated to reducing waste water generated from the production process.The water saving plan covers a period of 3 years with 2011 as the base year. In 2014, Lite-On shall reduce water consumption by 10% per unit revenue.

4. Product Power-Efficiency Goals:

Further to its positive efforts in energy saving and carbon reduction in the production process, Lite-On discovered from its analysis of the carbon footprint that the maximum amount of carbon emission in the entire life span of a product is the product using phase. As such, the design of power efficient products is critical to carbon reduction. Lite-On makes positive efforts in the development of power efficient products and challenges itself by upgrading the goal of efficiency of products every year. In practice, Lite-On makes the achievement of the Platinum Class in 80 Plus of USA, the highest standard of desktop PC power supply, among other major power supply products, as the goal in 2013. At the same time, Lite-On set 2011 as the base year for energy saving and set the goal of power efficiency to be increased 2% in 2013.

3.2 Adoption and Deployment of Management Tools

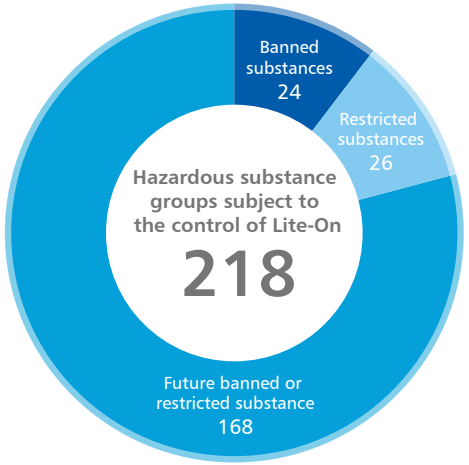
3.2.1 Hazardous Substance Use Management

Lite-On strictly requires all its suppliers to comply with Lite-On Standard of Controlled Hazardous Substance (LS 301) in order to achieve the goal of using environmental friendly materials only, fully in compliance with the requirements specified in global regulations and customer's standards. The controlled hazardous substances can be categorized to three levels, they're banned substances, restricted substances, and future banned or restricted substances (including the substance of very high concern (SVHC) monitored under REACH). There are 218 hazardous substance groups subject to control for the time being. We are dedicated to provide low toxic and low pollution products to our customers through green supply chain management in order to reduce hazards to the environment or human bodies.

Lite-On has established the GMS (Green Management System) and HSF Committee for the control of hazardous substances. In addition, Lite-On has also established and circulated "Lite-On Standard of Controlled Hazardous Substance". The standards are the integration of information on the parts, international rules and regulations, customer regulations, and vendors, and also the content on green product tests declared directly by the vendors in the system, and the status of control. Such content is subject to the analysis of related functional departments with confirmation on conformity to green product specifications and compliance with the requirements of international leading firms. The information can also be served as reference for the customers in green product management and incorporated the green clauses and environmental requirements on products of the customers into our existing management system, including the ErP, 3R(Reuse, Recycling, & Recovery), and WEEE of the EU. Such information can be served as the reference for green product design.

The GMS helps to make the green product management system of Lite-On more efficient, convenient and integral, and making it an extension of competition strength, not a barrier to competition power. The function of supply chain management can help sort out competent vendors that can continue to supply conforming electronic and mechanical parts for the production of green products and for earning the trust of big international firms. Since its launch in 2010, the system has been fully introduced into all sites of Lite-On. There are 28,179 entries into the materials database of the Company.

Built upon the dimensions of integration, team spirit, regulation and scalability, the HSF Committee of Lite-On provides a platform for routine cross-function communications, sharing of information on international rules and regulations updates and environmental audit and corrective action for platform improvement through the integration of research and development, quality and supply chain management. The HSF Committee is organized under the corporate headquarters with members from IT department and business units. To include environmental factors at the product design phase, Research and Development are fed with real-time data for the ecological design with support of information from the GMS database. This effectively helps to minimize the impact on the environment during the life cycle of the products and continue the upgrading of environmental performance of the products.



- Prohibited substances| Lead and its compounds (Pb), Chromium VI and its compound (Cr(VI)), Azo compounds, Cadmium and its compounds (Cd), Polybrominated byphenyls (PBBs), Short-chain chlorinated alkanes, Mercury and its compounds (Hg), Poly Brominated Diphenyl Ethers (PBDEs)
- Restricted substances| Halide(BFRs/PVC), Arsenic (As), Nickel (Ni), Trichloroethylene, Phthalate Esters (DEHP/DBP/BBP/DINP/DIDP/DNOP), etc.....
- Substances to be prohibited in the future| Lots 1-8 of SVHC under REACH of EU, Beryllium and its compounds (Be), Bismuth and its compound (Bi), Medium-chain chlorinated paraffin (MCCP), Dimethyl fumarate (DMF), etc.....

3.2

3.2.2 Environmental Accounting

Lite-On sets its environmental management objectives in the short, mid and long-terms perspectives and maps out corresponding strategies for the attainment of the objectives at different stages. For effective environmental management, Lite-On has attained the objectives and upgrades the performance of environmental protection annually. This is reflected in its performance evaluation, as Lite-On gradually integrates environmental protection in its operations. All sites have established their own environmental management system and have been certified to the ISO 14001 standards in the environmental protection system and also the ISO 14064-1 system governing greenhouse gas emissions. The production process and the materials used in all sites of Lite-On are unlikely to cause pollution and comply with applicable laws of most countries in environmental protection. Different types of wastes were cleaned by qualified firms in accordance with applicable legal rules governing environmental protection. In 2012, Lite-On has kept its record of no violation of environmental laws and no pollution incidents. As such, the fine imposed is zero. Lite-On has also completed its installation of the computer management system for tracking monthly the expenditures on environmental protection of each site in full detail. This system also helps to track the total amount of fine imposed due to violations of environmental protection laws for optimizing the efforts of management. The Company will make continuous improvement of the system for data analysis and effective management, which will serve as reference for upgrading the environmental protection performance and for the facilities to assess their inputs in the prevention of pollution and energy saving. Prevention of pollution mainly aims at the prevention of pollution from wastes, water and air pollutants, vibration and noise. This also applies to energy saving and reduction of carbon emissions and the efficient use of resources which deals mainly with the replacement, testing and maintenance of equipment for the water supply and power supply. In 2012, the total expenditures of the Lite-On for environmental protection amounted to NT$101 million, which was an increase of 2.37% from NT$99 million as compared with the same period of 2011.

	Expenditure items		2012 (NTD)	Proportion (%)
1	Cost of operations	NT$	60,755,559	59.95%
2	Cost of social activities	NT$	11,644,826	11.49%
3	Cost of linking the upper and lower courses of operations	NT$	25,153,523	24.82%
4	Cost of management activities/R&D	NT$	3,789,462	3.74%
5	Loss and compensation cost/fees and taxes, energy tax and other expenses	NT$	0	0.00%
	Total	NT$	101,343,371	100.00%

Remarks:

1. Cost of operations

(1) Pollution prevention costs (for cut down the costs incurred from the impact on the environment caused by the production process. For example, the failure to install devices and equipment for the prevention of pollution or treatment).

3.2

(2) Global environmental protection costs (cost incurred from activities in the form of corrective action in response to the negative impact of the operations on the environment globally or covering a wide geographic area).
(3) The cost of sustainable use of resources.

2. Cost of social activities
(1) Expenses incurred from conservation, plantation, landscape and other activities for the improvement of the environment.
(2) Expenses incurred from the funding of the residents of the local community in social charity concerning environmental protection, including seminars and promotional events.
(3) Expenses incurred from joining institutions related to environmental sustainability.
(4) Expenses on environmental protection/CSER promotional events.

3. Cost of linking the upper and lower courses of operations
(1) Expenses incurred from green purchase of products, goods, fuels and raw materials (perhaps for the reduced use of toxic chemical substances).
(2) Expenses incurred from recycling, remaking and re-use of products being manufactured or sold, including the containers.
(3) Expenses incurred from products or services for environmental protection.

4. Cost of management activities / R&D
(1) Expenses incurred from the education and training of personnel on environmental protection.
(2) Expenses incurred from the development and implementation of the environmental management system and for the accreditation of the system.
(3) Expenses incurred from the monitoring, testing and measurement of the impact on the environment.
(4) Expenses incurred from environmental protection related insurance, human resources required for related activities and the sharing of electricity and water supply bills.
(5) Expenses incurred from the research and development of products for environmental protection and for the mitigation of the impact on the environment during the manufacturing stages.

3.3 Responses to Climate Change and Global Warming

The effect of climate change and global warming becomes increasingly serious and has emerged as a common issue critical to the governments all over the world and Lite-On for the time being. We will pay close attention to the changes in global climatic change and the responses from the international community. Lite-On defines climate change as one of the major risks of the enterprise and will continue its analysis and control of the changes. Senior executives of Lite-On will conduct routine reviews and will report to the Chairman of the "Lite-On Environmental Protection and Corporate Social Responsibility Committee"

1. Climate Change Policy

In response to climate change, we usually adopt the "mitigation" strategy by energy savings and carbon reduction. But there is still another necessary strategic option, which is "adaptation"! In other words, it is the adjustment of corporate management policy or activities to cope with climate change in order to mitigate damage or create a positive opportunity. We must mitigate the impact of climate change on the operations of Lite-On through "adaptation" and related responses.

2. The Impact and Challenge of Climate Change

Lite-On takes climate change as a major risk. As such, the Company must be prepared to mitigate its impact on the operations. The risk of climate change could be classified as legal requirements and the general impact and challenge. Lite-On must understand such risks in depth and support the government in taking related actions and take proper adaptive measures as early as possible.

- Legal risk control: On May 9, 2012, the Environmental Protection Administration in Taiwan announced 6 types of greenhouse gases as air pollutants. They are CO_2, CH_4, N_2O, HFC_s, PFC_s and SF_6 . In addition, the EPA also announced the "Regulation Governing the Declaration of Greenhouse Gas Emission" on December 20, 2012 and the "Announcement of the Pollution Sources of Greenhouse Gases for Declaration" on December 25, 2012. The former explicitly stated the frequency and deadlines for the declaration, inspection and verification of greenhouse gases and the principle of inspection by the competent authority and the authority in the inspection and the punishment of offenders. Effective from April 2013, the EPA requires all major firms in Taiwan to declare the emission volume of their greenhouse gases. The governments of many countries are in the process of studying the feasibility of imposing a carbon tax or energy tax. This resulted in the gradual increase of the prices of raw materials and energy, which contributed to the rise in the cost of production inside relevant countries.
- The overall impact of and challenges from climate change: climate change could be manifested in a rise in the temperature, the change in the rainfall pattern, increased severity and occurrence of extreme weather and the rise in

the sea level, which could result in: droughts, heat wave, heavy rain, storm surge, mudslides, typhoons, ecological change, change in land use and land surface coverage rate, subsidence, saltwater intrusion, deterioration of air quality and water quality.

- The adaptation in response to the changes and the challenges:

(1) Disasters

The disasters caused by climate change may include floods, landslides and drought. The geographic features of Taiwan make us more vulnerable to climate change with a higher intensity risk as compared with other regions. The foremost impact and challenges brought about by climate change are indeed the natural disasters inherent to this land, including floods, mud slides and drought. Climate change will make such natural disasters more severe and intensify the damage. In addition, our facilities in China and Thailand may also be vulnerable to floods.

(2) Damage to Infrastructure

The prolonged high temperature will pose severe challenges to buildings, oil refineries, power generation facilities and related public facilities for energy supply as a result of severe weather. Extreme rainfall will cause floods, which in turn will seriously affect the facilities. Rising temperatures will cause deformation of concrete blocks and expansion of materials which will make the original estimation of the machine design irrelevant. As a result, the production facilities will be damaged or covered by serious floods. Extreme rainfall will cause floods and the sediment of mud carried by the flood will cause problems to the water supply in the aftermath. The water supply network may consume more water due to the rise in temperature or to the extent that water supply at the pipe terminals pipe will be destabilized or malfunction. The hydrological system cannot handle the sudden and huge influx of water which can result in the rise of the water level, the increase in the quantity of sand and drift wood carried by the water flow, flood scouring and increased impact, and the increased impact of the current. Eventually, the river embankment, sea dike, water pumping stations, water gates and other hydrologic facilities will be damaged or malfunction. Floods will get even more serious. Typhoons can cause high tidal waves with strong winds which can affect the safety of the harbor structure. Strong winds and torrential rains may jeopardize the railway network and hence cut off the traffic lines. Under torrential rains, the road surface can be washed off at an increasing speed and severe the artery system. Heavy rainfall will easily cause flooding, and bring damage to telecommunication facilities installed in the lower floors of the building. High temperatures will accelerate the aging of telecommunications equipment which in turn will increase the cost of the telecommunication service providers.

(3) Water Resources

In the future, the rainfall volume, runoff rate and evaporation rate tend to be on the rise. The rate of increase tends to exceed the increase in rainfall volume. As such, diffusion into underground water also tends to be reduced. In the future, the water levels of rivers tend to polarize into two extremes. Water levels in the rainfall period (Summer) tend to be higher than before while the water levels during dry periods (Winter and

Spring) tend to be lower than before which result in an excessive flow or poor flow of water. The intensified variation between water levels during the rainfall season and dry season also affects the water supply capacity of reservoirs and flood handling capacity. In turn, the capacity of the water supply system will also be affected. The changes in temperature and rainfall patterns will affect agricultural irrigation. During the dry season, the pollutants being drained into rivers cannot be diluted or purified due to the poor flow rate of the water which incapacitates the rivers' purification and accommodation of pollutants. The result is higher concentration of water pollutants in rivers. During the rainfall season, rivers can purify and accommodate pollutants at a much higher level. However, heavy rains will wash off mud and sands, cause mudslides, and accelerate the corrosion of river beds. In addition, the floating particulates in the river will become concentrated and the nephelometric turbidity of river will get higher. Under such circumstances, the water supply system will be hampered.

(4) Land Use

Inadequate water resources and excessive pumping of underground water can lead to subsidence and salinization of soils which are challenges to the different uses of lands. Rising sea level will cause seawater intrusion into coastal lowlands. Floods caused by typhoons will claim lives and cause property damage. These can pose other challenges. The urban heat island effect will polarize the temperatures in high density urban areas and the suburbs by up to 10°C.

(5) Coastal Area

The rise in sea level can directly cause erosion of the coastline which will get rid of the habitats along the coastal areas and coastline deformation. Floods caused by typhoons intensified the occurrence of seawater intrusion, to the extent that drainage through river system will be impaired and the flood level will continue to rise. Greenhouse effect will affect up to 30% of the inhabitants on earth and can even bring them to the risk of extinction. In addition, sea water warming and the increased concentration of CO_2 also disturb the saturation level of calcium carbonate in the sea and in turn decelerate the calcification of coral reefs and retard their growth. In the worst case, the coral reef will disintegrate and the result is serious disequilibrium of marine ecology.

(6) Energy Supply and the Industry

Climate change tends to make the occurrence of floods and droughts more frequent. In case of droughts, both the manufacturers and the water resource authorities will have to bear the additional costs mainly deriving from the modification of the production process, reassignment of purchase orders, delay in delivery, the purchase of water and the cost of rush jobs. Floods will submerge the facilities, machinery and equipment, materials and finished items under water, which can incur additional costs for recovery, rebuilding and replacement. The urban heat island effect pushes up the cost of air-conditioning, operations and additional investments in energy savings.The prolonged duration of the high temperature season will result in the higher consumption of electric power during the summer season, which can make the power supply tight.

(7) Biological Diversity

Warming will cause the upward movement of the coniferous forest distributed in high altitude mountainous areas. As such, the area covered by coniferous forests will shrink. The frequent occurrence of extreme weather with high severity frequently causes disturbances to the rivers which can affect the physical and chemical structure of rivers and even its biological components. In effect, the biological system of rivers cannot perform their proper function. Furthermore, the impact of the maritime ecology also includes: the rise in sea water temperature can affect the survival of many marine creatures, the acidification of sea water can change the physical and chemical properties of sea water, the changes in the rainfall pattern can influence the salinity and soluble oxygen, and even change the directions of ocean currents and intensity of the flow. The result is a disturbance of the even distribution of salt deposits. High temperatures, droughts, floods, typhoons, and forest fires are examples of extreme weather. The high frequency occurrence of such severe natural disasters can give rise to pest problems. The intrusion of alien breeds or the increase in pest affected areas will worsen the situation. The conservation zone is bound to face more severe challenges in management.

(8) Health

The rise in temperature will lengthen the period for Insect-infected diseases (Dengue fever, scrub typhus, and JEV infection) during which infectious diseases will extensively spread out with a longer duration and in a larger area. Infectious diseases or vectors developed in climatic conditions relevant with Southeast Asia may be migrated (examples are malaria, chikungunya fever) and will be localized. Extreme rainfall patterns will make the occurrence of droughts and floods more frequent. This will result in a shortage of clean water supply and increase the opportunity for contacts with unclean water. As such, the risks of water related diseases will increase. Examples are skin infections, slow poisoning from drinking water, Hepatitis A, shigellosis, leptospirosis, and melioidosis and other infectious diseases.

3. The Vision of Adaptation Policy

Building up the company to be sustainable against the risks of climate change.

4. Map Out the Adaptation Policies in Different Situations

(1) Adaptation Strategy for Disasters

i. Intensify education on the response to disasters caused by climate change, information on the disaster situation, participation by Lite-On people and risk communication.
ii. Study on the feasibility of using insurance to buttress the prevention and remedy of disasters
iii. Establish the procedures for responding to emergency in all Lite-On locations.

(2) Adaptation Strategy for Infrastructure

i. For buildings or structures inside the plants of Lite-On still during the years of

use (including the sites in Taiwan, China and Thailand), check to review their resistance to the impact of disasters. It is acceptable if the resistance to the impact of natural disasters fall below the requirements for new buildings and structures.

ii. All existing infrastructures inside Lite-On sites shall be subject to diagnosis and assessment on their resistance to the impact of natural disasters and must be reinforced to ensure the capacity to resist such impact.

iii. Lite-On has already installed related facilities for continuity of the functions of the infrastructure in all of its facilities, and has established related procedures and regulations governing the monitoring, disaster prevention and maintenance of these facilities. Reinforcement shall be performed in case of damages to the facilities.

iv. Upgrade the management capacity and techniques of the personnel responsible for the operation and maintenance of the infrastructure.

v. Comply with the laws of the government governing buildings and construction by using new technologies to build up infrastructure, plants and buildings capable of surviving floods and inundation, droughts, strong winds and earthquakes.

(3) Adaptation Strategy for Water Resources

i. Vitalize the water storage capacity in all sites of Lite-On and make replacements, improvement and maintenance of facilities related to the water supply in a timely manner. Reduce the loss caused by water leakage and supply process in the existing equipment.

ii. All sites of Lite-On will intensify the use of rain water, recycled water as substitutes for the development, advocacy and application of water resources.

iii. All sites of Lite-On shall fortify their efforts and measures in responding to emergencies caused by a water shortage.

iv. All sites of Lite-On shall encourage the recycling and re-using water resources and in saving water.

v. All sites of Lite-On shall establish water efficient production processes and reduce the consumption of water per unit production capacity.

(4) Adaptation Strategy for Land Use

i. Determine if any of the sites of Lite-On is located at environmentally sensitive zones through simulation in approximated geographic conditions with data on areas of severe landslide over the years and the direction of mudslide flows, severe landslides and severe subsidence as the foundation.

ii. Check and review any inadequacies and weakness of the space design in all existing locations of Lite-On in adaptation to climate changes per the request of the government and requirements of the applicable legal rules. Examples are the construction of green infrastructure or green building in the plants.

(5) Adaptation Strategies for Energy Supply

Energy saving and renewable energy are within the scope of the mitigation strategy for climate change. All locations of Lite-On has already planned for the "Energy Saving Programs" for positive action in energy saving and related issues (for detail, refer to 3.4.2). As such, this area is defined as energy supply and adaptation strategy of the industry.

i. Lite-On participates in conferences of supply chain adaptation and

related topics and cooperation schemes to upgrade its capacity in withstanding climate change and international competitive power.

ii. Lite-On will appropriate funds and use related technologies to fine-tune necessary research and development, and replacement of old equipment.

iii. Research and develop or introduce technologies for the recycling and reuse of CO_2.

iv. Develop the industry of manufacturing regenerated energy equipment, parts and components.

v. Respond to new policies and measures in system perspective, as well as the products triggered off by environmental impact, which brought to Lite-On new opportunity and new market. Lite-On elects to research, develop and produce low energy consumption products or new energy products while enhancing or keeping the functions of existing products and continues to upgrade its competitive power. Examples are high efficiency power supply management system, LED new indoor and outdoor lighting products, and mechanic system and storage cells. These help Lite-On to launch a new wave of business growth.

(6) Adaptation Strategy for Biological Diversity

i. Lite-On participates in community service and cooperation schemes to build up the monitoring system, database and an information center for biological diversity. Lite-On monitors and collects related data regularly to assess the effects and revise its policy and action plan.

ii. Lite-On will develop an early warning system, and take preventive measures to deal with events that may cause a severe impact on biological diversity.

(7) Adaptation Strategy for Health

i. All sites of Lite-On have strengthened their actions in environmental protection, related rules and regulations for the prevention of infectious diseases and execute relevant orders on health to ensure the safety and health of its employees.

ii. Lite-On will set up a healthcare system to respond to emergencies and the prevention of diseases to seamlessly link healthcare, monitoring and reporting, prevention of diseases and remedy after disasters, into one goal.

iii. Lite-On will conduct exercise drills in order to make the prevention, mitigation, response and recovery to disasters and the capacity in the assessment of the Medicare and rescue at different stages of the incidents, and the activation of subsequent Medicare and related needs. In addition, Lite-On will incorporate different kinds of drills to upgrade its overall capacity in responding to disasters and epidemics.

iv. Lite-On will work in cooperation with government agencies in the prevention of disasters and epidemics at all levels in responding to emergency situations, including local health and welfare functions, local hospitals and clinics, emergency call hospitals and training in first aid and medical care in all areas.

v. Lite-On will install a disease reporting and monitoring system running round-the-clock in real-time for the effective control of diseases and maintenance of health.

3.4 Reduction of Greenhouse Gases

We are deeply aware of the fact that the situation of global climate and natural ecosystems are getting worse due to impact of increasing greenhouse gases which resulted in global warming and climate change. Being a global citizen, Lite-On is dedicated to the greenhouse gas inventory to control the greenhouse gas emissions and execute feasible programs for greenhouse gas reduction to fulfill the corporate responsibility. Lite-On.

Lite-On performs greenhouse gas emission inventory and the systematic preparation of a greenhouse gas list in accordance with the requirements of ISO in the control of greenhouse gases and in conformity with the requirements of greenhouse gas reduction in the future. At the same time, Lite-On also documented the data and established related verification and validation procedures as the foundation for subsequent effective reduction of greenhouse gases. This system also serves to advocate the reduction of greenhouse gas emissions and demonstrates the effort of Lite-On in approaching a low-carbon economy.

3.4.1 Greenhouse Gas Emissions Inventories

Lite-On performs regularly annual greenhouse gas emission inventory Lite-On in accordance with the standards of ISO 14064-1, and has prepared the greenhouse gas report. The report covers the results of greenhouse gas emissions in the previous year. In 2007, Lite-On released the "2006 Greenhouse Gas Report" for the first time. The last report covered the whole period of 2012 and details of the inspection on 18 business locations and plants. The report indicated total greenhouse emission volume at 278,656 tons. In May 2013, Lite-On was accredited by SGS Taiwan with the ISO 14064-1 (greenhouse gas inventory) statement. As compared with the total greenhouse gas emission volume of 277,842 tons in 2011, Lite-On has increased the emission of greenhouse gas by 814 tons (or 0.3%). In 2012, greenhouse gas emission intensity was 2.29 tons CO_2 e/million NT$, decreased 2.14% from 2.34 tons CO_2 e/million NT$ in 2011. Lite-On makes an effort to enhance energy efficiency to achieve the goal of greenhouse gas emission per unit revenue.

The inventory results will be posted in the Company website and the information platform of IDB at MOEA. Lite-On has participated in the Carbon Disclosure Project (CDP) since 2008 and has disclosed the data on its greenhouse gas inventory in the website of the project for reference of the stakeholders. Further, Lite-On has been rated the best performance by CDP for 5 consecutive years, from 2008 to 2011.

3.4

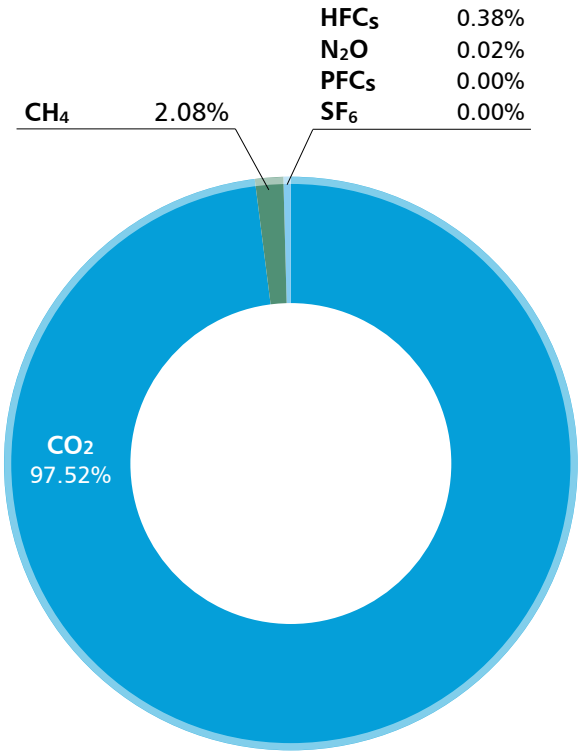
The table below shows the statistics of greenhouse gas inspections in 2011:

Inspection results of greenhouse gas inspection in 2011 (unit: ton)						Category1	Category2
CO_2	CH_4	N_2O	HFC_S	PFC_S	SF_6	Direct Emission	Indirect Emission
271,751	5,788	46	1,072	0	0	12,297	266,360
97.52%	2.08%	0.02%	0.38%	0.0%	0.0%	4.4%	95.6%
			278,656				

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 emission volume of 12, 297 tons of CO 2e/year, or about 4.4% of the total emission volume.

Note 2： Indirect greenhouse gas emissions (Category 2 emissions): Principal sources of emissions were energy purchases and steam purchases. Indirect emission from energy source was 266,360 tons CO_2 e/year, or about 95.6%of the total emission volume

Note 3： Emission of greenhouse gases from other indirect energy sources in 2012 (Category 3 emission) is just for the identification of the sources of emission and not data from the sources have been collected.



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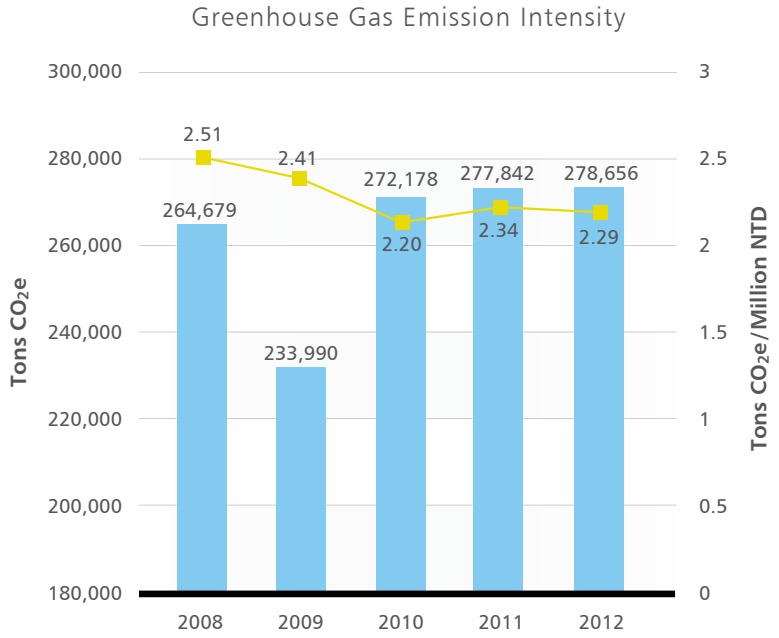
	2010	2011 (Base year)	2012
Greenhouse gas emission volume (Category 1), Tons of CO_2e	11,426	10,746	12,297
Greenhouse gas emission volume (Category 2), Tons of CO_2e	260,752	267,096	266,360
Greenhouse gas emission volume (Category 3), Tons of CO_2e	N/A	N/A	N/A
Types of greenhouse gases in Category 1 and Category 2 and emission from individual sources	CO_2 : 268,108 CH_4: 3,150 N_2O: 413 HFC_S: 560	CO_2 : 273,823 CH_4: 2,392 N_2O: 319 HFC_S: 1,308	CO_2 : 271,751 CH_4: 5,788 N_2O: 46 HFC_S: 1,072
Types of greenhouse gases in Category 1 and Category 2 and percentage of emission	CO_2 : 98.50% CH_4: 1.16% N_2O: 0.15% HFC_S: 0.19%	CO_2 : 98.55% CH_4: 0.86% N_2O: 0.11% HFC_S: 0.47%	CO_2 : 97.52% CH_4: 2.08% N_2O: 0.02% HFC_S: 0.38%
Bio emission volume (Category 1),Tons of CO_2e	0	0	1,425
Bio emission volume (Category 3), Tons of CO_2e	N/A	N/A	N/A
Exceeds the emission standard source at a significant level(3%)	No	No	No
Significant change after exceeding the emission standard source at a significant level	None	None	None

	2010	2011 (Base year)	2012
Standard and methodology	ISO 14064-1	ISO 14064-1	ISO 14064-1
Source of emission co-efficients	IPCC2006	IPCC 2006	IPCC 2006
Operation control/financial control (Category 1 and Category 2)	Operation control	Operation control	Operation control



3.4

3.4.2 Energy Saving Measures

1. **Organize training programs for the employees and advocate the energy saving and carbon reduction policies for the Company**

   Lite-On incorporated its CSR program as required training in the orientation of new employees and also buttressed its CSER Awareness Training by loading it in the e-Learning platform. In addition, CSER related activities were organized to reinforce the concepts and understanding of environmental protection and energy saving among the employees.The actions taken by Lite-On in environmental protection:

   - Keep the air-conditioning temperature at 27-28 degrees
   - Switch off the light after using
   - Save water
   - Prepare your own handkerchief
   - Prepare your own chopsticks and bowl
   - Do not prepare hard copy
   - No neck tie
   - Switch off the power and disconnect the cord after work, use selected elevators only during off-peak hours

2. **Energy Saving Policies Adopted by Plant Administration and the Offices**

   Lite-On has launched a number of energy saving programs and projects in its facilities located in south China since 2012. As verified by a third party institution at the appointment of Dongguan Government and Guangzhou Government, the facilities there have saved electric power by 9,273,410 KWh. The installations for energy saving in these facilities yielded the following results in energy savings.

Energy saving improvement programs in 2012

Site	Items	Energy saving projects	Quantity of electric power saved
Changan Plant in Dongguan	1	Replacement with LED lights in the plant.	1,115,915
	2	Inverters were installed at the air-conditioning water pumps and the wind blowers.	766,607
	3	In-line rinsing devices were installed at the central air-conditioning master device to enhance the COP value (the quantity of electric power saved by the ice water device of the air-conditioning system).	266,439
	4	The conventional resistor aging room has been modified as an electronic load energy recycling aging room.	467,188
	5	Consult with the customers to change from 1 load for 1 machine to 1 load for 2 machines, with cross-aging in the process (quantity of electric power saved in Parallel BI).	360,692
	6	Supply of hot water recycled from the heat generated from the air compressor to the employee accommodation facility.	145,850
G-tech Plant at Qingxi, Dongguan	7	The 40W lights used in the shop floor and office were replaced with 1175 T5 (28W) energy saving lamps.	84,639
	8	2 sets of air compressors were modified with a frequency variation function.	80,000
	9	14 sets of wind blowers were modified with frequency variation function.	185,000
	10	Reduce the office space and shut off 2 30P air-conditioners and 200 lights for energy saving.	87,939
	11	Use 710 28W T5 energy saving lamps to replace 40W T8 lights.	25,560
	12	Connect with the water supply lines provided by the city government for daily use and save the cost for running 3 sets of 7.5KW water pumps.	156,950

3.4

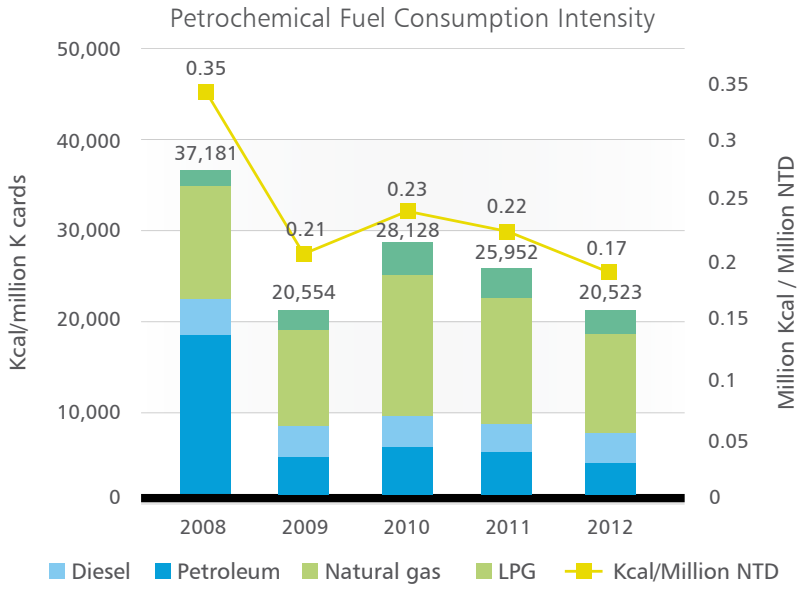
Site	Items	Energy saving projects	Quantity of electric power saved
G-tech Plant at Qingxi, Dongguan	13	Duly enforce the rules of 1 day off in 1 week as required by EICC and per the requirements of major customers like Dell, HP and IBM. These helped to reduced energy consumption of the peripheral devices (air compressors, 110KW+55KW*3; wind blowers, 1.5KW*20; light, 2600*0.8*0.028=58KW).	383,327
	14	In 2011 -2012, the Company introduced particle biofuel to replace LP gas for fuel and helped to reduce the consumption of LP gas.	101,082
Silitek Plant in Guangzhou	15	Eighty percent (80%) of the T8 lights in the factory were replaced with T5 energy saving lights, which helped to save electric power by 202,000 KwH.	202,000
	16	Replaced the 80kW humidifier with a BUS fog system (at the A-D 5 shop floor) which helped to save electric power by 1.3 million KWh.	1,300,000
	17	Renovation of the obsolete shop floor through PCBA (Phase 1/5 shop floor) which helped to save electric power by 1.2 million KWh.	1,200,000
	18	Replaced 100 sets of individual wall-mounted air-conditioners with inverter installed machines which helped to save electric power by 203,000 KWh.	203,000
	19	100 pieces of aged aluminum photovoltaic heat collection plates were replaced with energy saving copper plate heat collectors which helped to save electric power by 180,000 KwH (in the living areas).	180,000
	20	Recycling and 10°C of air flow, which helped to save electric power by 800,000 KWh.	800,000
	21	Renovation of Air-conditioned Plant B with inverter devices which helped to save electric power by 1 million KWh (living areas).	1,000,000
Lite-On Tech Plant in Guangzhou	22	Replacement of high powered air compressors with high efficiency air compressors.	63,645
	23	Connection of the 2 sets of cold water machines for coating and use 1 machine when the load is light, which helped to reduce power consumption for the equipment.	45,455
Shijie Plant in Dongguan	24	Replacement of 10 mercury-vapor lamps for roadside lighting with LED lamps.	11,344
	25	Replacement of all mercury-vapor lamps for lighting of the living areas and areas outside the walls with LED lamps.	7,776
	26	Check and clean up the water tower of the air-conditioning system regularly and adjust the belts of the fans to improve the efficiency of the heat exchange.	24,000
	27	Ventilation system has been added to the office area at 3F RD	9,000
		Total saving of electric power	9,273,410

3.4

3.4.3 Direct Energy and Indirect Energy Consumption

1. Direct Energy Consumption

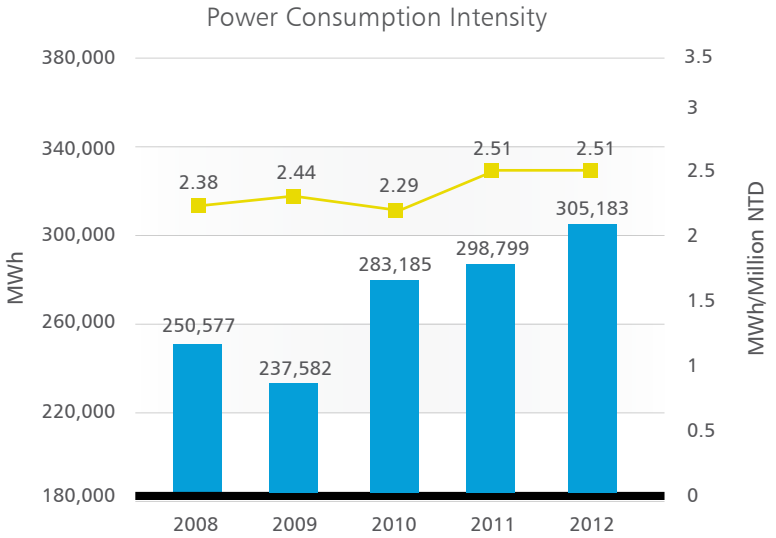
In 2012 the intensity of petrochemical fuels was 0.17 million Kcal/Million NTD, a decrease of 23% from 0.22 million Kcal/Million NTD in t 2011 (base year of energy saving). The consumption of petrochemical fuels was specified below:



- In 2012, diesel was consumed at 511 kiloliters, which was a decrease of 8% from the same period of 2011.
- In 2012, automobile gasoline consumption was at 454 kiloliters, which was an increase of 2 % from the same period of 2011.
- In 2012, natural gas was consumed at 1,165 K-M3, a decrease of 0.4% from the same period of 2011.
- In 2012, LPG was consumed at 152 tons, which was a significant decrease of 41% from the same period of 2011.

2. Indirect Energy Consumption

In 2012, total indirect consumption of energy (power consumption) by Lite-On was 305,183 MWh, which was a marginal increase of 2% from the same period of 2011. The power consumption intensity in 2012 was 2.51 MWh/million NTD, which approximated the power consumption intensity as compared with the same period of 2011 (base year for energy saving).



3.4

3.4.4 Prevention of Air Pollution

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

Lite-On complies with the ISO 14001 management system in the prevention of pollution from all sources (equipment, facilities), and assigned the duties of equipment maintenance and repairs to designated departments for routine inspection and testing on emission. In case of control malfunctioning or unusual emission, the Company will proceed to the emergency response and identify the problem very quickly and take proper corrective action to reduce pollution deriving from production activities.

	Prevention Management	Pollution Control
Indoor Air Quality Management	■ Reduction or substitution of highly toxic or highly volatile materials used in the production process zone (e.g., replacement of IPA with ethanol). ■ Avoid using solution-type consumable products in offices	■ Monitor the exhaust in the production process zone to maintain air quality. ■ Monitor and periodically replace/wash the air filter for air conditioning to maintain the indoor air quality. ■ Implant green plants in offices to upgrade the air quality.
Air Pollution Emission Control	■ Reduce or stop combustion. ■ Reduce or stop production process emitting pollutants. ■ Use low-sulfur fuels.	Classified as inorganic gas and two control systems. ■ Addition of activated carbon absorbent system to VOCs. ■ Addition of inorganic gas (acidic, alkaline) by moist rinsing system. ■ Addition of moist fume emission equipment with the diesel power generation process (emergency power generator) with a sulfur removal function.

3.5 Water Resources Saving

Lite-On spares no effort to keep implementing various water saving measures.. Further to the improvement of water supply facilities, it also educates the employees to use water efficiently by changing the habit of water consumption. Measures for saving water resources are shown below:

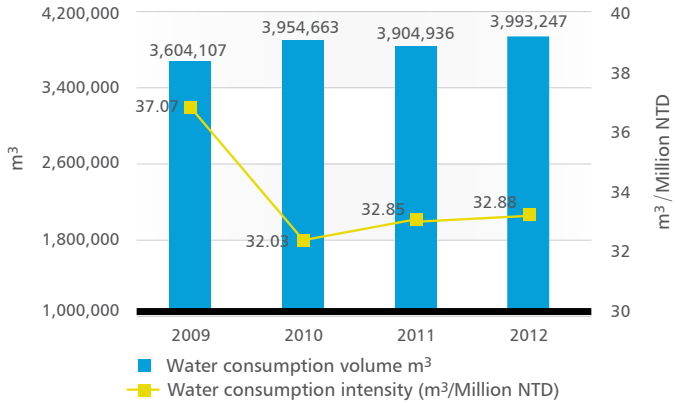
- Installation of water saving taps
- Use of medication to reduce water consumed by air-conditioning system
- Make improvement on the water distribution devices in the water tank to reduce uneven distribution of water that can result in wasteful use of water
- Adjustment of stool valves in toilets and check leakage on a daily basis
- Adjustment of urinal flush volume in the Gents
- Recycle the water for rinsing vegetables for mopping the kitchen floor instead of flushing the floor with running water
- 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

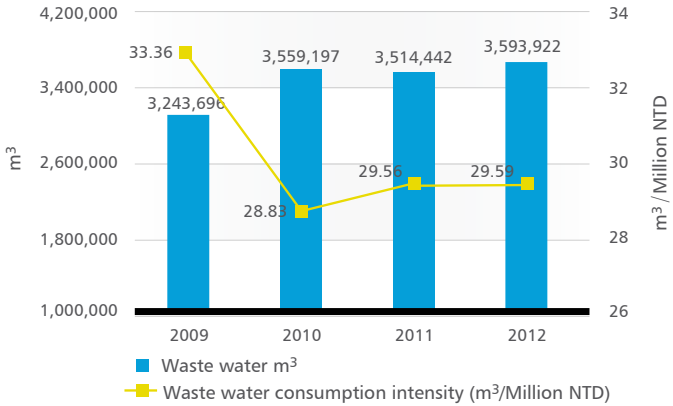
Lite-On does not need to consume massive water resources for its industrial characteristics. Water is mainly consumed for the basic plant facilities, like air-conditioners and compressors operating with recycling water and by employees in their daily lives. Each way of consumption constituted about 50% of the total water consumption. Lite-On has set the intensity objective in water consumption in order to continue its efforts in water saving. All facilities intensified their management of water consumption and make replacement of obsolete equipment to ensure that efficient consumption of water can be managed.

The total water consumption volume in 2012 was 3,993,247m^3 with increase of 2.26% or 88,311m^3, as compared with the same period of 2011 (base year). The water consumption intensity in 2012 was 32.88m^3/million NTD, slightly up 0.1% from 32.85m^3 in 2011 (the base year).

In all facilities of Lite-On, about 10% of the water consumed was in the form of loss and watering of the green zone. The remainder 90% of the waste water was from household use and the production cycle and has been properly treated in accordance with applicable standards or in compliance with applicable laws and the Vindustrial zone.The content of the effluents complies with the requirements of competent authorities in relevant industrial zones harboring the facilities and caused no significant impact on the ecological environment.

In 2012, the total volume of waste water (note) was 3,593,922 m^3, which was an increase of79,479 m^3 from 3,514,442 m^3 as was in 2011 (base year). In 2012, the intensity of effluents was 29.59 m^3/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.

3.6 Green Product Design

The important core value of Lite-On's research and development is green design.. The mindset of green design has covered the product life cycle, from the selection of materials, production process of suppliers, production process at Lite-On, product packing, transportation & logistics, consumption stage by consumers worldwide till the end of life, and disassembly and recycling. In addition, Lite-On continues its Environmental Product Declarations Type III and Product Carbon Footprint Declaration and also the "Eco-efficiency Assessment of Product Systems" as references for the monitoring and control of the impact of products on the environment during the entire life cycle.

3.6.1 Summary of Related Product Green Design in 2012

Green Product Design Cases

Product Category	Features of Green Design	Economic and Environmental Efficiency
Desktop Power supply	Reduction of power consumption at the standby mode	Reduce power consumption at a standby mode by 28%~40%. Each switching power supply can help consumers to save electric power by approximately 2 KWh annually.
Servers Power supply	Improvement of power efficiency	The average conversion efficiency of switching power supply is at 96% which far exceeds the legal requirement. Each switching power supply can enhance an average of power conversion by 2% and can help consumers to save power consumption by about 67 KWh annually.
Notebook Power Adapter	1. The use of halogen green materials to reduce the consumption of materials with halogen content (PVC and bromide) 2. To reduced use of wires with copper content 3. Increase of power efficiency	1-1 All the wires inside the power adapter are 100% halogen free. 15% of the external wiring contains halogen free materials. Materials with halogen content will be reduced year after year (mainly PVC). 1-2 80% of the insulation materials are halogen free (no bromide) and will be fully introduced with halogen free substances by the end of 2013. 2. Reduce the diameter of copper wire and reduce the weight of the copper wire by at least 20%. 3. The average power conversion efficiency of the inverter is as high as 89% which far exceeds the Energy Star standards of the USA. Each power adapter can help to enhance power conversion by 2% and allows for an additional saving of about 11 KWh of power consumption annually.

3.6

Product Category	Features of Green Design	Economic and Environmental Efficiency
High performance LED lighting source	1. To enhance the efficiency of lighting products 2. Mercury free green products	1. Develop high performance light source with output falling within 0.1 to 45 W LED with a warm white source and daylight source which could be flexibly used in different forms of lighting sources. 2. Under the Color Rendering Index of at least 80% warm white light with a color temperature of 2700K is at 115lm/W and a daylight source with a color temperature of 4700-6500K is greater than 150lm/W. 3. The efficiency of a warm white lamp is as high as 75lm/W, and of a daylight source is greater than 100lm/W, which are greater than the incandescent light at 12.5 lm/W, and conventional light bulbs at 65lm/W and T8 light tube at 80lm/W. These help solve the problem of power saving for the lighting of extensive areas and the problem of mercury contamination.
High performance lamps	1. Energy (material) efficient 2. Increase power efficiency 3. Low toxic content helps to mitigate impact on the environment	1. LED light tube: (1) Use the recycled materials to produce plastic tube back injection materials at a recycling rate of 10%. (2) Use a high energy efficient driver to upgrade the efficiency of products from 85% to 89%. (3) Use LED of high lm/W, from 140lm/W → 150lm/W, which made power efficiency of products upgraded by 7%. (4) Use materials complying with the requirements of RoHS 2.0 and REACH in manufacturing. 2. LED roof lamp: (1) Previously, a carton box consumed 16 pcs of mylors and 17 pcs of inner carton as packing materials. Now, it has been reduced to 19 pcs of EPE. → Packing materials have been reduced by 42% but the protection performance remains the same in the course of transportation. (2) Recycle and use the plastic cover for a second time, which makes a recycling rate of 20%. (3) Use materials complying with the requirements of RoHS 2.0 and REACH in manufacturing.
Multi-function Peripherals, Scanners, Pico Projector and related image products	1. Reduce materials types and consumption 2. Optimize packaging design 3. Increase power efficiency 4. Removal of hazardous materials	1. Build up a common database for all parts. All parts used in the image extension products have 80% in common. When color rendering of light efficiency is greater than 80, the color temperature of warm white series at 2700k will be as high as 115lm/W, and color temperature of daylight at 4700-6500k will be greater than 150lm/W. 2. Reduce the packing dimensions and enhance the container load by 15%.

3.6

Product Category	Features of Green Design	Economic and Environmental Efficiency
		3. Development of products conforming to the requirements of EuP (Energy-using Products) energy saving in standby mode and switch off mode: (1) Machine switch off mode ≤ 0.50W (2) Standby mode capable of machine activation ≤ 0.50W (3) Standby mode with data or status on display ≤ 1.00W (4) Energy consumption of automatic switch off mode of ADF scanner (072Z) has been reduced to 0.25W. 4. All gates of the image products could be 100% recyclable. More than 90% of the parts could be dissembled and recycled. 5. Materials are 100% compliant with RoHS and REACH. 6. Micro projector: Under the same power, the intensity of light is enhanced by 25% with the complete use of LED light source that can cause mercury contamination problems. The product life cycle is long and helps to reduce the consumption of energy derived from the replacement of light tubes. Slim and small in size, which requires lesser materials in production and also energy consumption in transportation. The integration of different functions help the consumers to save energy in using the products:

Product Category	Features of Green Design	Economic and Environmental Efficiency
		(1) If we take 20B3 as an example, we could see that the ROKU Dongle design allows for direct online broadcasting with total power consumption of <24W which is more energy efficient as compared with other TV sets (higher than 70W). (2) If we take 90BJ as an example, the integrated SD card does not require switching on the computer and related equipment which is energy saving.
Desktop PC (SSBU)	1. Reduce the use of materials 2. Reduce energy consumption	1. Condense the size of regular desktop PC from 10~20L to 0.7~1.5L as the SSBU unveiled in 2012. As such, the materials for the case could be saved by about 70%. 2. Most main boards for desktop PC are about 23 x 23 cm. In 2012, the SSBU condensed the size to 17 x 17 cm. Materials for a PCB can be reduced by about 50%. 3. Most power supply for desktop PC is about 250W. In 2012, the SSBU condensed the device and use a power supply source of 65W which helps to save energy consumption to a considerable extent.
Wireless multimedia player	1. Introduce the 28 nanometers production process for wifi solution. 2. Replace all with mobile RAM	1. Energy consumption cut by half under the performance of the same kind of system. 2. Use 1.8V Mobile RAM, which helps to save power consumption by 40% as compared with the 2.5V RAM.

3.6

Product Category	Features of Green Design	Economic and Environmental Efficiency
DT/Server Chassis	1. Lead free substitute materials 2. Reduce the use of materials in coating 3. Introduce halogen free and recyclable materials. 4. Assess product life cycle	1. ntroduce 1215 lead free metal parts to substitute for the high volume, low cost and leaded materials, and will replace all with lead free metals in one year. 2. Make improvements to the tools to standardize the consumption volume. Avoid coating for a second time through adjustment of the process so that the coating on the product is reduced to the lowest allowable limit. This helps to reduce the consumption of paints and high temperature tape. The thickness of the coating of all machines is reduced by an average of 41.13%, and the consumption of tapes for all machines is reduced by 38.47%, which is cost-efficient. 3. Introduce the regulations of the EPEAT, TCO and Blue Angel environmental protection tables. Use halogen free materials and at least 85% of the materials that could be recycled and reused under existing technological capacity. 4. The inspection of the product life cycle of Fujitsu DT on machines has been completed. The carbon footprint program of Lenovo DT is under way. In the future, the standard procedure of inspection will be applied to all machines. This will facilitate the analysis of the ecological efficiency of the products through design (introduction of recyclable materials) or process improvement (stamping with common tooling).

Product Category	Features of Green Design	Economic and Environmental Efficiency
	1. Develop more USB web cam products with 3.3V power input 2. Develop more high energy efficient Sensor USB web cam 3. Introduce halogen free materials 4. Introduce GMS (green management system) on line	1. In 2012, 91.4% of the projects in development have been designed with the 3.3V power supply to USB web cam. (In 2011, about 90% of the programs have been designed with the 3.3 V power input) 2. Comparison of power consumption between old design and new design: (1) S5K6A1 ~98m(max)A vs. S5K6A2~75mA(max) (2) OV9726~95mA(max)vs.IMX119~75.8mA(max) (3) IMX119~75.8mA(max) VS IMX188~56mA(max) (4) OV9726~95mA(max) vsOV9772~76mA(max) 3. To introduce the new backend USB controller to save more power.
3M / 5M / 8M / 13M pixels auto focus MIPI inter-face tablet camera module	1. Introduce halogen free materials 2. Introduce GMS (green management system) on line 3. Develop more energy efficient sensors	1. Reduce pollution to the environment. 2. Enhance 3R (Reduce, Re-use, Recycle). 3. To introduce the new sensor to save the power consumption.

3.6

Product Category	Features of Green Design	Economic and Environmental Efficiency
The 5M / 8M AF EDOF / Slim type 8M AF (common cubic) auto focus camera module for smart phones	1. Introduce halogen free materials 2. Introduce GMS (green management system) on line 3. Introduce common cubic design to upgrade the product reused rate. 4. Introduce All-in-One VCM design to reduce parts for the modules and the production process.	1. Reduce pollution to the environment. 2. Enhance 3R (Reduce, Re-use, Recycle). 3. Share common design, upgrade the yield rate of products, and reduce the loss of materials. 4. All-in-one design to reduce the use of parts and components.

All business units have been able to control various factors that help reduction of impact on environment when designing products, including resources (materials) saving, improvement of energy efficiency, less impact and toxicity caused to ecological environment, and easy disassembly and recycling. Even a minor improvement and breakthrough in design of any single product may make important contribution to environmental protection and energy saving and CO_2 emission reduction.

Further to the design and production of green products for its customers worldwide, Lite-On hopes to lead the industry in increasing the percentage of Product Life Cycle (LCA) Assessments. Lit-On continues to reduce hazards to the environment, safety and health, and to perform its best in corporate social responsibility with increasing the important products and services subject to LCA assessments to fulfill its corporate social responsibility.

3.6

3.6.2 Eco-efficiency Assessment of Product Systems Verification

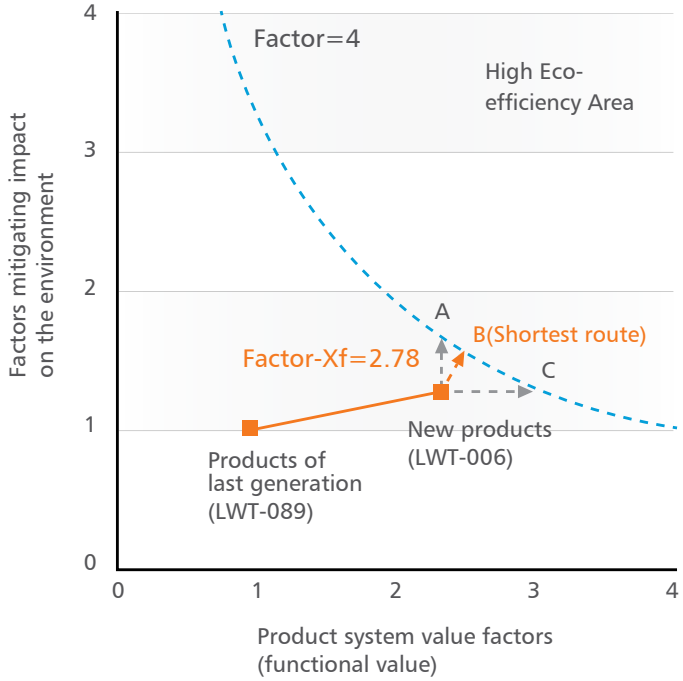
To align with the trends in international environmental protection, Lite-On has completed the Product Category Rule (PCR) for Optoelectronic Semiconductor, and the Environmental Product Declarations Type III and Product Carbon Footprint Declaration for 2 types of LED since 2010.

In September 2012, Lite-On followed the ISO 14045 standard, and completed the eco-efficiency assessment of product systems for its white PLCC SMD LED (LTW-089 series & LTW-006 series), with certification from a third party, SGS Taiwan Ltd.

This white LED eco-efficiency assessment uses Life Cycle Assessment (LCA) methodology to examine energy/resources and pollutant emission data from the LTW-089 and LTW-006 series product life cycle process and systematically quantifies the environmental impact. By linking the products' before and after values, the ratios of eco-efficiency indicators are used to analyze the new products in both economic and ecological efficiency.

The assessment of the eco-efficiency indicators include the products' luminous intensity, the height of the package and the carbon footprint, resulting in a before and after eco-efficiency ratio of 2.78 for the LTW-089 series & LTW-006 series. Lite-On will continuously put more effort into product development in order to gain an even higher eco-efficiency.

The ratio analysis chart of
Eco-efficiency Assessment of Product Systems



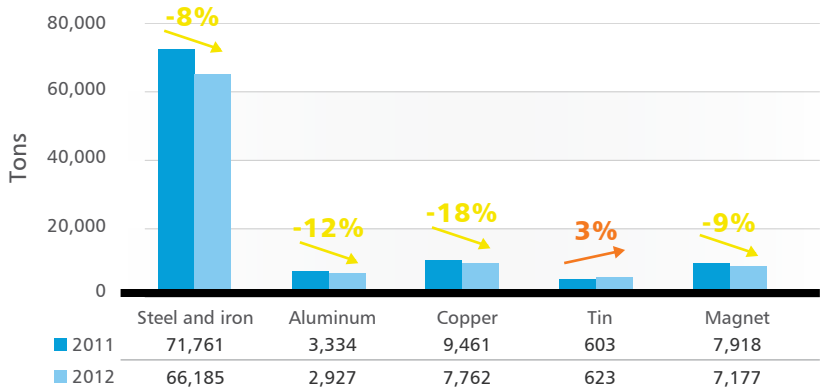
(The suggestion of Weizsäcker, a German scholar proposed in 2000 was adopted thereby the analysis starts with the multiples of 4 and continue to move the multiple of 10. Therefore, area above Factor=4 is the area of high ecological performance.)

3.7 Major Material Flow

Further to operating efficiency, the use of materials shall be congruent with the issues of the consumption of resources in the environment. Lite-On keeps statistics on the consumption of materials regularly for evaluate the efficiency of the consumption of materials and enhancing the efficient use of materials. In addition, Lite-On seeks to reduce the use of materials for packing and shipment. Lite-On uses three main types of materials in the production, namely, metallic, non-metallic and packaging materials.The purchase volume of materials in 2012 is shown below:

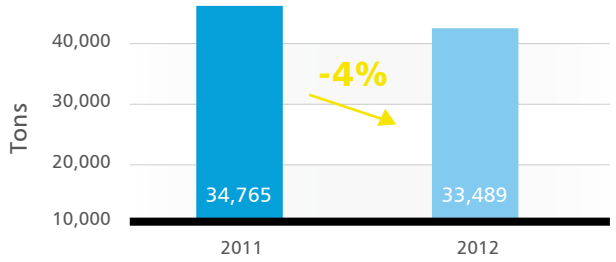
3.7.1 Metallic Materials

Steel and iron	Mainly used for enclosure of computer, screws, transformers and the blades of fans. In 2012, the total purchase volume of 66,186 tons, a decrease of 8% from the same period of the previous year.
Aluminum	Mainly used for heat sinks. In 2012, the total purchase volume of 2,927 tons, a decrease of 12% from the same period of the previous year.
Copper	Mainly used for coated wire, PCB, and cables. In 2012, the total purchase volume of 7,726 tons, a decrease of 18% from the same period of the previous year.
Tin	Including tin wire, tin rod and paste, mainly used in the power supply business group. In 2012, the total purchase volume of 623 tons, an increase of 3% over the same period of the previous year due to the growth of shipment volume.
Magnet	Mainly used in transformers. In 2012, the total purchase volume of 7,177 tons, a decrease of 9% from the same period of the previous year.



3.7.2 Non-metallic Materials

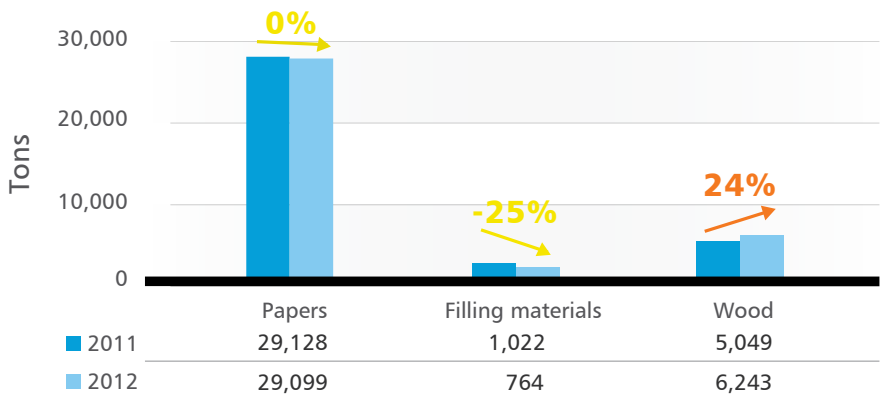
Plastics: Mainly used for Enclosures, insulators and sockets, and applicable to all product lines. In 2012, the total purchase volume of 33,489 tons, a decrease of 4% from the same period of the previous year.



3.7

3.7.3 Materials for Packing and Shipment

Lite-On adopted the "shipment on site" policy thereby replacing the consumable packing materials with reusable facilities. In 2012, the consumption volume of paper products (paper/cardboard/carton) was 29,099 tons, a slight decrease of 0.3% from the same period of the previous year. The consumption volume of filling materials (styrofoam and papers) was 764 tons, which was a decrease of 25% from the same period of the previous year.In addition, the consumption volume of wood in 2012 was 6,243tons, increased by 24% as compared with 2011 mainly for an increase in shipment volume of high-end cloud computing products delivered globally.



	Papers	Filling materials	Wood
2011	29,128	1,022	5,049
2012	29,099	764	6,243

3.7.4 Waste Management and Recycling

Lite-On complies with the basic requirements defined under laws and regulations. All of the operational sites follow the environmental management system and establish the dedicated management units to manage and continue achieving the objective of reduction effectively.

1. 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 the 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 mainly takes the form of packaging optimization, and reduction of proportion of hazardous substances.

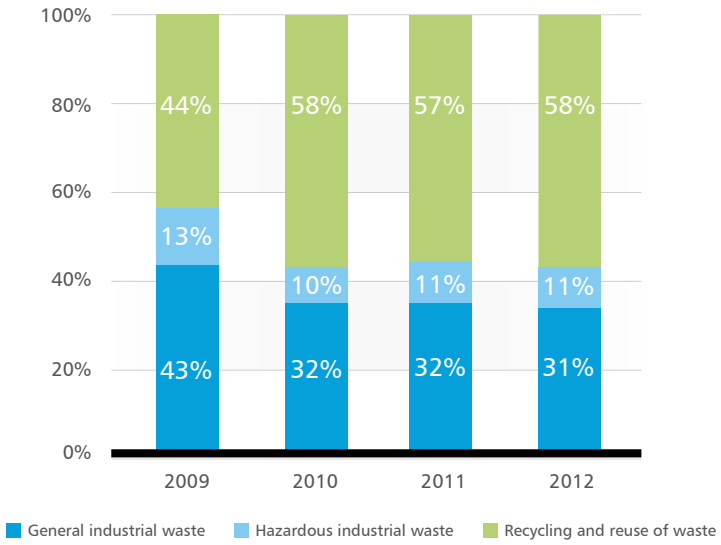
2. Centralized Storage Management

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

3.7

3. Effective Disposal and Follow-up

Unless circumstance dictate waste to be handled by external professional firms, Lite-On handles waste in accordance with laws and regulations as fundamental requirement, 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.



4. Waste Management Result

Lite-On aims at reducing of waste, increasing the recycling rate of waste and reducing the release of hazardous waste. In 2012, Lite-On has generated a total of 11,275 tons of waste. The volume in the waste increased by 2.4% as compared with the same period of the previous years, given the increase in production volume of large size products like keyboards, computer cases and networking devices. The waste from regular business operations totaled 3, 486 tons, which accounted for 30.9% of the total. The hazardous material totaled 1,277 tons, which accounted for 11.3% of the total. Recyclable or re-usable waste totaled 6,512 tons, which accounted for 57.8% of the total.

Total volume of wastes generated by Lite-On in 2012

Types of wastes	Volume (ton)
General industrial waste	3,486
Hazardous industrial waste	1,277
Recycling and reuse of waste	6,512
Total of the 3 categories of wastes	11,275

3.8 Green Logistics

The shipping of products and business travel by employees remained vital to the operations. Lite-On made the best effort in pursuing green transport and distribution of products to improve the efficiency of energy saving and carbon reduction. In enhancing product transport efficiency, avoiding shipment by air and minimizing the number of business trips taken by the employees, Lite-On has demonstrated its efforts in energy saving and carbon reduction with significant achievements. The practices of Lite-On:

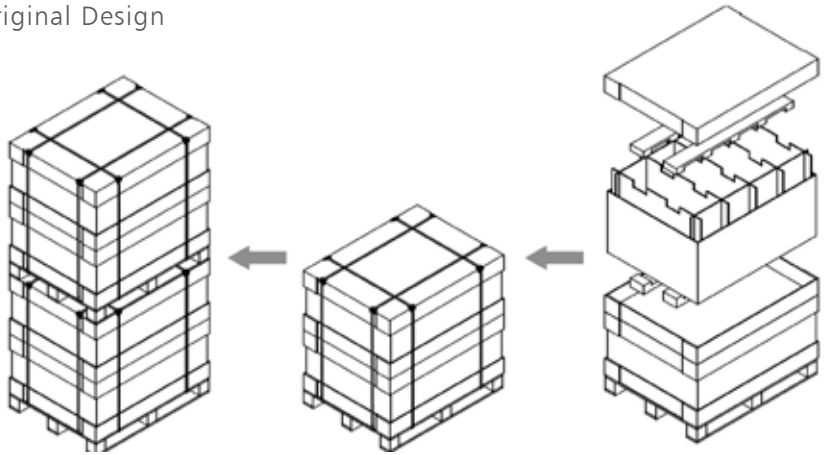
3.8.1 Optimizing the Loading Capacity in Shipments

Enhance packing efficiency through design, which helps to reduce the emission of greenhouse gas in the course of transport.

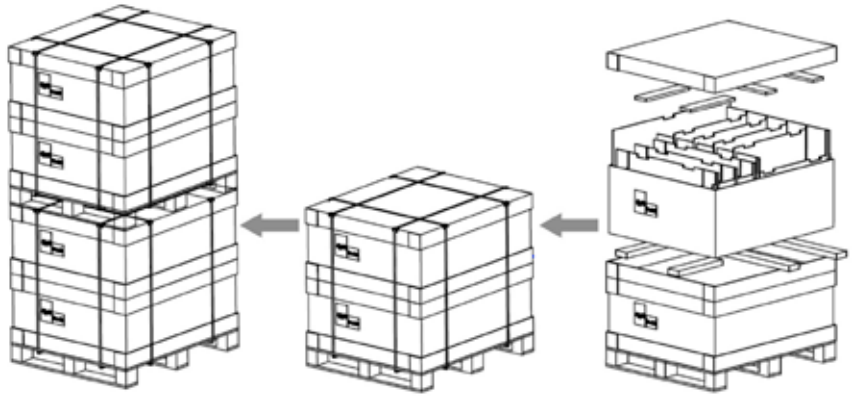
In other words, it is the reduction of the occupying vessel and aircraft space for carrying goods which eventually helped to reduce the emission of CO_2. For example, Product S496A of the Human Input Solutions (HIS) business unit of Lite-On, has adjusted its packing design to increase the shipment loading capacity. Through a green packing design, each container box can carry more cartons of goods and upgrade the load capacity of the container.

	Pcs/carton	Pcs/pallet	Pcs/20' Container	Pcs/40' Container
Original Design	4	8	192	448
New Design	7	14	280	588
Improvement of Loading efficiency			45.83%	31.25%

Original Design



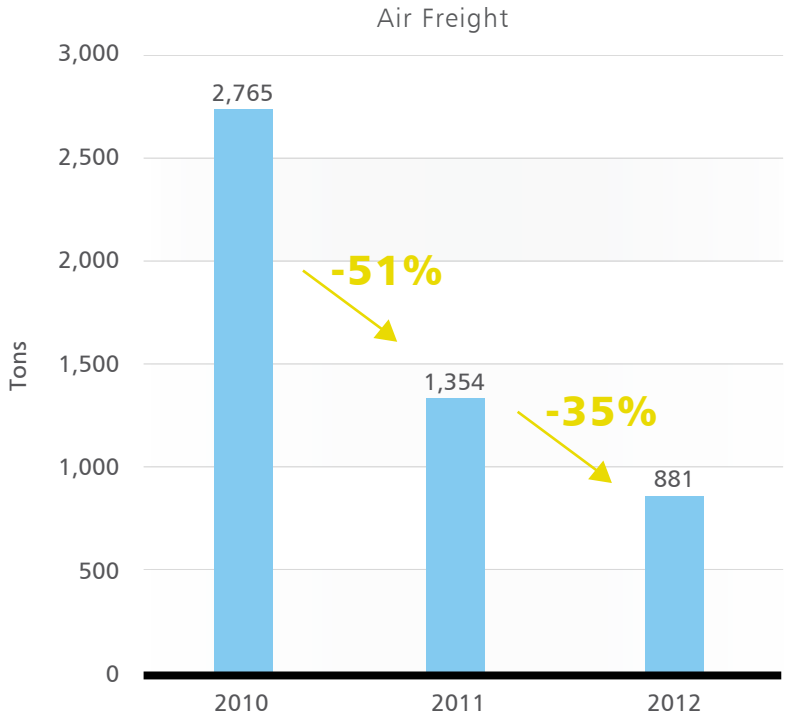
New Design



3.8

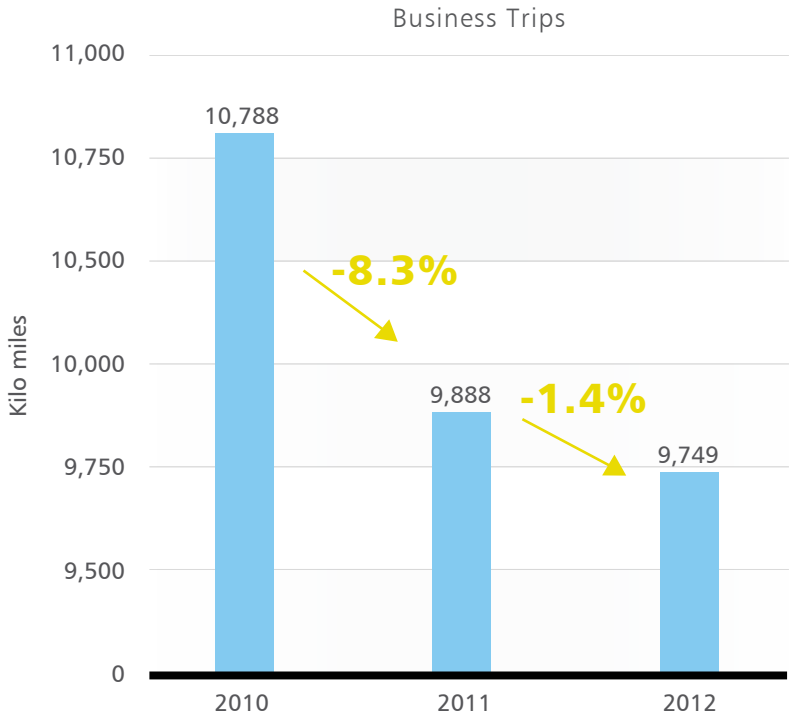
3.8.2 Delivery Improvement

Lite-On makes the best effort in energy saving and carbon reduction to enhance delivery efficiency and avoid shipments by air.The cargo shipment by air in 2012 showed a decrease of 472 tons or 35% as compared with the same period of 2011.



3.8.3 Business Trips of Employees

In showing its care for the earth through mitigation of global warming, Lite-On encourages its employees to take direct flights from business trips to reduce the emission of carbon. In 2012, the total traveling mileage taken by the employees on business trips was 9,749,246, which showed a decrease of 138,351 miles or 1.40% as compared with the same period of 2011.



3.9 Green Factory

3.9.1 Green Plant

In 2008, Lite-On moved into Wujin District of Changzhou, in Jiangsu, China, to create a home base of green industry in supporting the energy saving plan of the local government there. All the facilities were constructed according to the green building system with energy saving design, including the floating ventilation tower, air-conditioning loading improvement, system inverter, air compression and heat recycling, and related facilities. The design of the production process, machinery and equipment energy saving, including the burn-in room, reuse of hot air flow, reverse welding, production process automation, and related energy saving and carbon reduction equipment.

The construction of the facilities yielded results. The floating ventilation tower, air-conditioning loading improvement allowed the temperature to fall by 2～3 degrees. The system inverter allowed for energy savings by 26.4%. The recycling of air compression and heat reached 40%. Energy recycling from the burn-in room is as high as 82%. In Winter, the reuse of the hot air flow from the burn-in room is as high as 85%. The reverse welding helps to save energy by 50% and the PPH of automated production process is improved by 68%.

In 2012, Lite-On planned to start the construction of the new office building for the Chung Ho Plant in May 2013 and the design is in compliance with the requirements of a green building. The details of the design are:

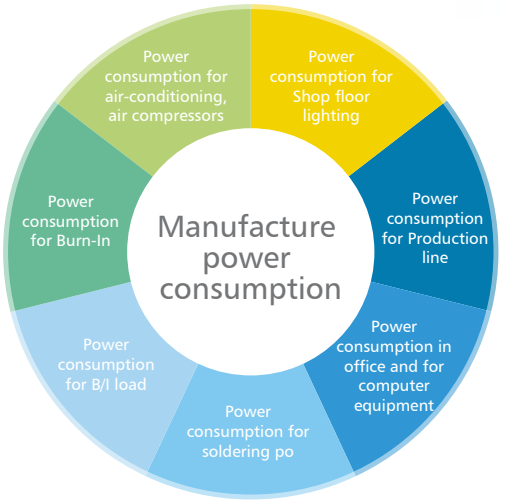
1. Design a rooftop garden using the soils naturally coming from the construction site to enlarge the green space and create a comfortable work environment.
2. The employee residence place has an average of 14 meters in depth for each room, which is ideal for ventilation and can help to reduce energy consumption for air-conditioning.
3. The front side window is made of LOW-E glass with a sun screen to reduce the transmission of heat from outside.
4. The overall architecture of the building features a reasonable structure, light construction, durability and the use of recycled materials for carbon dioxide CO_2 reduction.
5. In the light environment, windows were opened on the exterior walls designed with a sun screen plate to screen off the strong direct sunlight. The sun screen also serves to reflect the sunlight into the indoor space that forms a soft beam for a more romantic light source.
6. Use water efficient toilet facilities to reduce the consumption of water resources more effectively.
7. A special dump collection device has been designed for the collection of kitchen waste for re-use, classification of trash for recycling, and the space for temporary storage and treatment of trash to make sure that the treatment of dumps meet the indicators for improvement.

8. Plantation zone and gardens were designed on rooftop of the building to collect rain water for conservation of water.
9. In the construction phase of the building, we have complied with the government regulations in handling concrete trash, and the requirement of EPA in the prevention of pollution with the installation of related facilities to control possible pollution to the environment and minimize hazards to the public during construction.

Lite-On is about to execute its "EEWH-GF" statement of undertaking to apply for a green building silver grade accreditation for its new plant and office building at Chung Ho.

3.9.2 Green Operations

Lite-On commits to Continue Improvement Program through the reduced use of resources (materials), enhancement of energy consumption efficiency, mitigation of impact on the environment by toxic substances and alleviation of the burden to the operators in its production facilities in order to perform Green Operation. At the same time, Lite-On has installed the Improvement Project Tracking (IPT) platform in its IE system for tracking the improvement of performance by relevant business units in its evaluation. In addition, all business units will post their highly scored evaluation programs in the B.P. (Best Practice) platform as examples for other business units. Through the sharing of experience and exchanges by different units, they could perform better in the Continued Improvement Program.



Guangzhou Plant of the Communication Business Unit has launched the power saving program for the efficient consumption of energy for years:

1. Reduce power consumption in manufacturing

Power consumption in production (electric energy) is a vital cost in manufacturing (VOH). If improvements could be made to reduce the daily/monthly consumption of electric power, it would be a handsome cut down in the manufacturing cost and is also a form of green contribution to the environment. The "reduction of electricity consumption in manufacturing" program, for example, can eventually help to save electric power by approximately NT100,000 per month.
As demonstrated in this example, the reduced use of electrical power in production

does not require a sizable capital expenditure. A number of measures could be adopted for this purpose, including setting the temperature of air-conditioning to 26 degrees with timer switching, conservation and re-use of the heat from B/I and wave soldering pot, efficient use of office lighting and computer power consumption. We could yield good results in energy saving by making it a good daily habit. The manufacturing cost could be effectively reduced by 0.1% ~0.2% (reduced expenses amounting to NT$80,000~160,000 per month).

2. Full-range energy saving policies in the plants can help reduce the consumption of energy and also earn the recognition and citation of the local government

Lite-On managed its energy consumption by integrating continuous improvement under the PDCA cycle and routine activities of the organization. The visual communication business group of Lite-On Technology in Guangzhou, for example, has pursued companywide energy saving policies. After the pursuit of the policy for one quarter, this facility has saved power consumption in production by 28% per unit product. In addition, the introduction of energy saving measures also helped to improve production management efficiency. The reduced consumption of energy has also earned the recognition of the local government with a citation and enhanced customer satisfaction.

11 measures for energy saving
Reduce power consumption for lighting by introduction of energy saving light tubes, timer control, and manual control to prevent wasteful use of lighting.
Condense the intensity of using computer by technical monitoring and support by MIS to reduce power consumption for using computer.
Introduction of heat insulation film for soldering pot to cut down the consumption of power.
B/I load improvement to save heat energy in B/I process.
Products B/I Time reduction.
Combine or improve test equipment to reduce power consumption in testing.
Air-conditioning temperature set at 26° C as the lowest.
Air-conditioning supply at designated hours in facilities. Air-conditioning system will be switched off beyond these hours.
Air compressor maintenance to reduce power consumption.
Combine the production lines to downsize the work force and avail more space for switching off all power equipment round the clock.
Renovation of the air-conditioning doors at shop floor to reduce power consumption in Summer.

3.10 Customer Service and Satisfaction

3.10.1 Customer Service

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

Lite-On's business units have installed cross CFT (Cross Function Team) dedicated to providing services to individual customers such as, taking orders, product research and development, manufacturing, quality assurance, delivery, cost and after-sale services. The CFTs can quickly and correctly take actions and respond overall solutions based on customers' problems.

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 warehouses close to our customers worldwide.

3.10.2 Quality Commitment

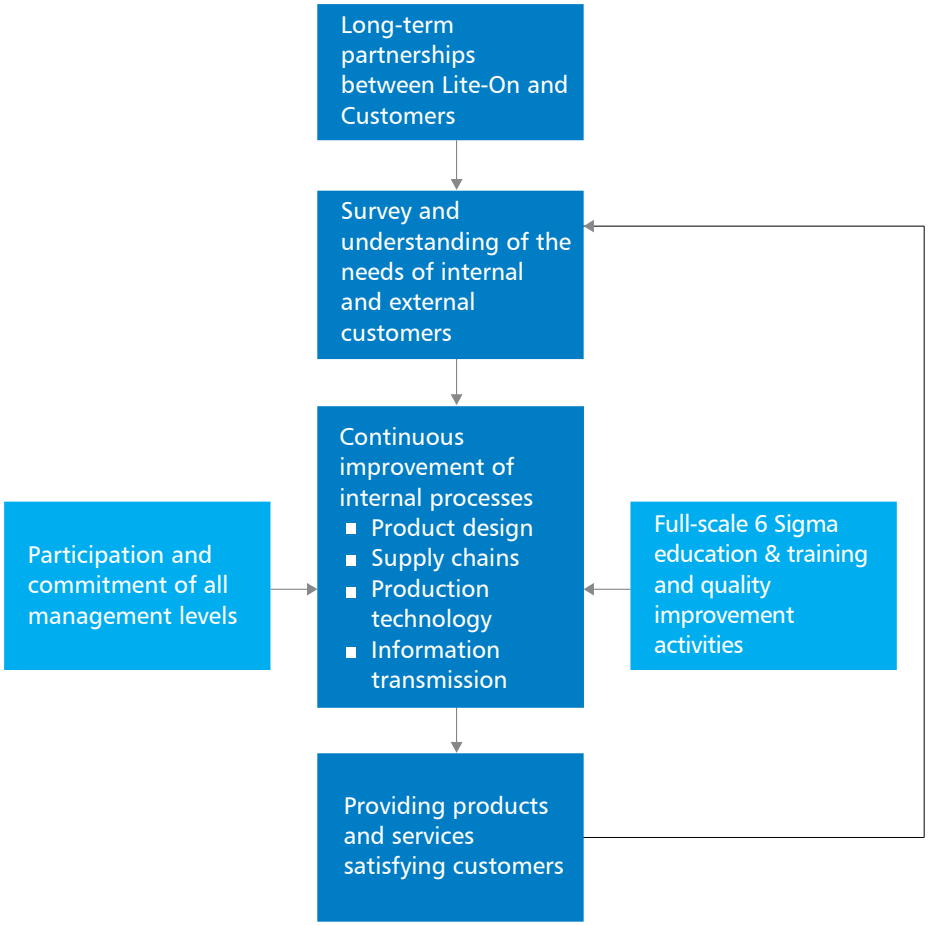
Our quality commitment consists of listening to customers, and understanding customers' real needs, transforming the needs to CTQ (Critical To Quality), and strengthening Quality Control (QC), in order to achieve the maximum customer satisfaction. At Lite-On, 6 Sigma implementation is one of the important quality management strategies. 6 Sigma improvements are intensively linked up with the business units' operational performance targets, and become Lite-On's corporate culture for quality improvement.

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

- Top 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 extend to our suppliers to keep the supply chains in line with each other in the quality improvement activities and generate the maximum quality improvement results.

3.10



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 2012, w a total of2,617 green belt and 115 black belt employees have been trained and certified, and completed 2,450 green belt improvement programs and 140 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's each business units have obtained ISO9001 and ISO14001 certification, and applied PDCA cycle management in the routine management activities to simplify 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.

3.10

Lite-On 6 Sigma and Quality Management Training Courses

Basics

- **Q001** On-line quality judgment and management
- **Q002** Seven chief QA methods and process control
- **Q003** Overview of 6 Sigma
- **Q003** Basic quality statistical analysis tools

Q004 GB Training

Q005 BB Training

Define	*Measure*	*Measure*	*Improve*	*Control*
Definition of project	Basic statistics	1st of seven chief CA methods (root cause analysis)	Implementation of improvement plan	Control plan
Determination of project scope and management	Cpk	Process analysis		SPC
Flowchart	MSA	Hypothesis testing		2nd 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 Methodolgy)
		Multivariate analysis		
		FMEA		

3.10

3.10.3 Customer Satisfaction

"Customer satisfaction" has always been one of the principles followed by Lite-On and derived the customer-orientation to the company's core values . The assessment of customer satisfaction and feedbacks are the important basis for our continuous improvement.

To monitor customer satisfaction, all of our business units collect the assessment scorecards sent by major 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 into the business units' performance indicators.

We also 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.

3.10.4 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 2012, none of our activities violated customer privacy or injured customers' interests and rights due to loss of customers' data.

3.10.5 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.

3.11 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 Lite-On and our suppliers due to environmental protection, safety and health issues

Lite-On requires that the suppliers comply with all local laws and regulations when in business operations. Lite-On has 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, and stipulated the EICC audit regulations for suppliers. The essential elements of evaluation include: the prohibition of employing juvenile workers, protection of human rights, no discrimination, fair treatment, mandatory work hours and salaries, and environmental management etc...

1. Supplier Training

Presentation on "Supplier Fulfillment of Corporate Social Responsibilities"

In 2012, Lite-On has held 12 "The Practice of Corporate Social Responsibility for Vendors" conferences or training programs to explain to the suppliers the details of performing corporate social responsibility and required the management or the chief executive officers of the vendors to sign the "Commitment of Corporate Management" to confirm their compliance with all dimensions of EICC standards in running their operations.

2. Key Suppliers

Lite-On primarily complies, without limits, to the following principles in the management of vendors. A list of key suppliers will be sorted out as the foundation for management by class.

- High ratio in revenues
- High technological needs
- The only source of supply
- High level of customization
- Labor-intensive type or industry of high pollution production process
- If a specific vendor was found to be in violation of EICC

3. Selection of Suppliers and Contractors

We adopts the green supply chain-based procurement management, and assesses suppliers under the following basic principles:

- Vendors supplying materials to Lite-On must fully comply with the applicable legal rules in their countries or regions of operations and define their risk control mechanisms.
- Vendors of Lite-On must establish relevant systems for the management of environmental protection, employee health and safety, and the control of hazardous materials.
- Able to meet the LS-301 standards of Lite-On in the "Concentration limit of toxic chemical substances in prohibited materials".
- Provide suitable and updated declaration documents or certification documents in line with the requirements of the RoHS management plan of Lite-On.

4. Green Procurement

Lite-On has incorporated the principles of environmental protection as one of its management functions and strictly requires its vendors to duly observe the rules and regulations governing environmental protection particularly on the use of materials, packing or emission of pollutants. Vendors shall undertake and

guarantee "no use of prohibited substances in environmental management" and provide the following information:

- Test results and reports for environmentally-controlled substances in products
- Knowledge and collection of compositions of the materials and parts
- The gathering of information on the toxic elements contained in related chemical substances (MSDS):
- Demonstration of supplier management system review results

5. Conflict Mineral (metal)-free Procurement Policy

As suggested in EICC, some of the metal mineral deposits have been exploited by the armed rebel groups in the Democratic Republic of Congo as their primary source of funding. The fund is used to buy weapons so that they could continue their bloody armed conflict with the government and subjugate the local population. What they did has stirred up controversy in the international community. As a corporate citizen in the world, we declare and undertake 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. Lite-On has fully prohibited the use of minerals and materials from the conflict areas of Africa since 2010.

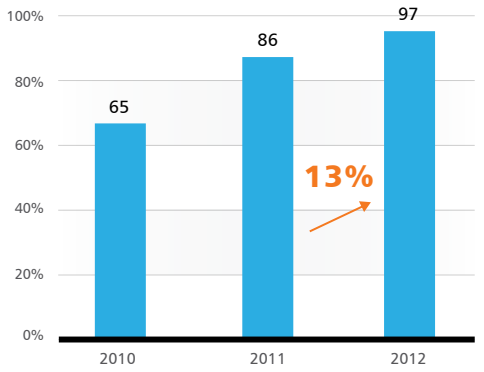
Note: The conflict metals refer to the minerals sourcing from the conflict mineral areas of the Democratic Republic of the Congo, including Nb-Ta deposit, tinstone, wolframite and gold, et al.These minerals were refined as Ta, Sn, W (or known as 3T minerals), Co and Au, which are extensively used in electronics and other products.

6. The Control of Volatile Organic Compounds (VOCs)

VOCs are threats to the environment and the health of human beings for. Lite-On requires all vendors to install related facilities for the treatment of VOCs in compliance with the laws effective in their countries or regions of production. Furthermore, Lite-On also encourages all vendors to introduce relevant technologies voluntarily for the effective treatment of all volatile sources to reduce the release of VOCs.

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

Under the commitment of Lite-On to continuously encourage vendors in the innovation of supply chain management that could help mitigate the impact on the environment. We properly control the vendors in their protection of the environment, safety and health management through our audits of their practices of "human rights, environment, safety and health". Lite-On has established the supply chain management procedure since 2009 thereby introducing EICC as the focus of supervision and audit on key suppliers in the areas of "human rights, environment, safety and health". In 2012, Lite-On has conducted audits on 97 out of its total of 254 vendors with an achievement rate of 38%. This result showed an increase of 13% in the audit rate of the vendors as compared with the same period of 2011.



▸ Lite-On and the Employees

Chapter 4

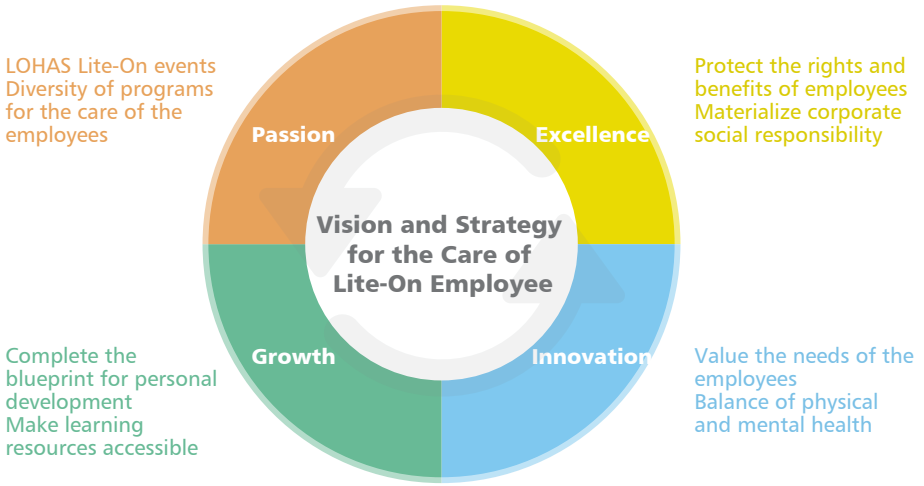
4.1 Employee Policy

Lite-On is dedicated to emerge as a firm of world-class excellence. Ever since its establishment in 1975, Lite-On has made quality as the core value manifested through the Lite-On belief system of Customer Satisfaction, Excellence in Execution, Innovation and Integrity. Through innovations, the Company can be differentiated from others in the industry and can create better business opportunities and more profitable services to its customers. With these, Lite-On has won the perpetual trust of the shareholders, customers and employees, and maintained as a good quality company of sustainable development.

For the best practice of Lite-On belief and the vision of sustainable development, Lite-On takes its employees as vital assets. It is because only people can drive the Company for sustained growth and people are the prime force driving the Company forward. Lite-On persists in creating a positive environment with "Passion, Excellence, Innovation and Growth" at the workplace. For this end, Lite-On implements its HR system and top-down policies toward these objectives. To Lite-On, employees are always the most valuable element. As such, Lite-On takes good care of its employees at the workplace, in their daily lives and health.

Lite-On has launched a wide array of programs for the benefit of its employees. These programs aimed at the continuous improvement of their physical and mental health and a proper balance between workload and daily lives of its people. Lite-On is concerned with the idea that every employee can have peace of mind working in a healthy and friendly workplace so that they could demonstrate their upmost potentialities to drive the Company forward. Lite-On wishes that all its employees can have proper physical and mental balance at work and work together with the Company to create a blueprint of excellence for the future with happy and harmonious lives.

4.1



Passion

Lite-On seeks to give all its employees a physically and mentally healthy and balanced life at work and in daily lives. To this end, Lite-On organized seminars on the improvement of the physical and mental health of its employees for their well-being at work and in their family lives. In addition, Lite-On also organized a number of big events (e.g.: tourist travels, sports and games and annual banquets and gatherings) and provided consultation services for the employees in dealing with their works and daily lives healthily by meeting with external professional consultants. Lite-On takes care of every employee through events at different levels or special projects, and gives them the most warm-hearted concern.

Excellence

Lite-On duly observes applicable legal rules governing labor affairs and has established a related internal code to protect the rights and interests of the employees. In addition, Lite-On also provides proper compensation and fringe benefits to the employees that are superior to the industry level and competitive in industry as well as a relieved and positive working environment. Lite-On strictly prohibits any form of tangible or intangible sexual harassment and discrimination at the workplace in order to maintain a good, safe and healthy work environment. At Lite-On, there shall be no discrimination against race, religion, color, nationality or gender. Lite-On has established explicitly stated internal rules and regulations such as the Regulation for the Prevention, Complaint and Punishment of Sexual Harassment, and the employee code of conduct. In addition, there is also the employee complaints and sexual harassment prevention e-mail and hotline. Upon receiving complaints, a Complaint Processing Committee will be established immediately to follow up the cases. In addition, a strict confidential mechanism has been set up for the protection of the person and related information. There was no sexual harassment and discrimination reported at Lite-On.

Lite-On complies with the Electronic Industry Code of Conduct (EICC) and has established a viable management system for such purpose.All facilities in Mainland China accept the EICC audits conducted by the customers or any professional third party at the instance of the customers. At the same time, Lite-On has also taken positive action in self-audits and cross-audits by different business units to implement the code of conduct in its entirety to ensure the protection of the rights and privileges of the employees.

Innovation

Lite-On understands that the employees are bound to bring their concerns in family lives to the workplace, including family care and healthcare. Lite-On has launched the employee assistance program to allow employees to keep a nice balance between work and family lives, and be physically and mentally healthy. Under this program, employees can receive help to tackle the problems at work, daily lives, and health in almost every aspect.

Growth

In the aspect of human resources training and development, Lite-On provides its employees with systematic professional training programs, promotion courses, and convenient e-Learning online. Lite-On also subsidizes the employees who seek external training. The diversity of the internal and external training programs allows the employees to have the opportunity for learning, growth and self-development.

4.2 Employee Overview

4.2.1 Employee Structure and Distribution

As of the end of 2012, Lite-On has 40,607 employees worldwide of whom 56.8% were males and 43.2% were females. Lite-On had 1,959 employees in Taiwan, 38,648 employees in Mainland China and other overseas sites with 99.7% of them in Asia.

	Taiwan	China	Thailand	Others	TTL
Males	3.4%	52.3%	0.9%	0.2%	56.8%
Females	1.4%	37.7%	3.9%	0.2%	43.2%

Component of employees by employment agreement

	Worldwide				Taiwan				China				Thailand				Others			
	Male		Female		Male		Female		Male		Female		Male		Female		Male		Female	
	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%
Full-time	21,807	57%	16,643	43%	1,377	71%	562	29%	19,976	58%	14,441	42%	378	19%	1,581	81%	76	56%	59	44%
Expatriates	18	86%	3	14%	9	90%	1	10%	9	82%	2	18%	-	-	-	-	-	-	-	-
Employment of the handicapped	10	77%	3	23%	10	77%	3	23%	-	-	-	-	-	-	-	-	-	-	-	-
Participants in cooperative education programs	1,244	59%	879	41%	-	-	-	-	1,244	59%	879	41%	-	-	-	-	-	-	-	-
All employees	23,079	57%	17,528	43%	1,396	71%	566	29%	21,229	58%	15,322	42%	378	19%	1,581	81%	76	56%	59	44%

4.2

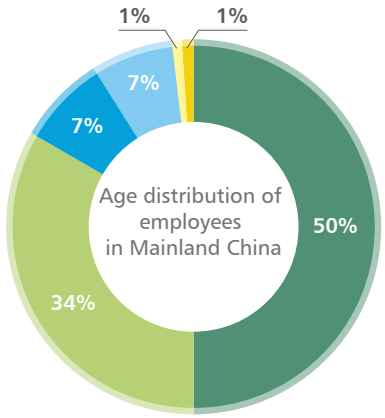
Ration of Local Employees

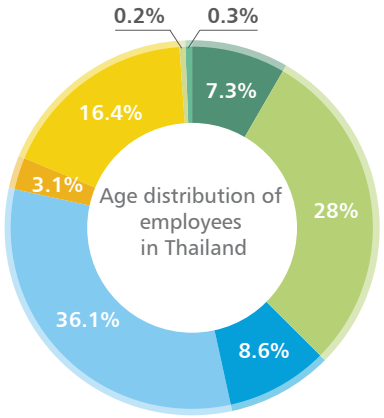
The Company employs local people in the local countries as the first priority. In Taiwan, employees with the rank of associate managers and above accounted for 49% of the total number of employees in Taiwan while 99% of the workforce was locally employed. In Mainland China, employees with the rank of associate managers and above accounted for 1% of the total number of employees in Mainland China while 96% of the workforce was locally employed. In Thailand, employees with the rank of associate managers and above accounted for 3% of the total number of employees while 100% of the workforce there was locally employed.

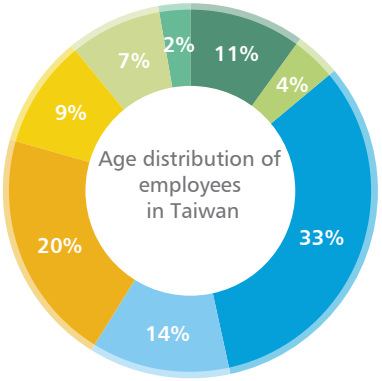
	Taiwan	China	Thailand
Employees at the level of associate manager and above	49%	1%	3%
Percentage of associate manager and above in the total local employees	99%	96%	100%

Distribution by gender

Age distribution







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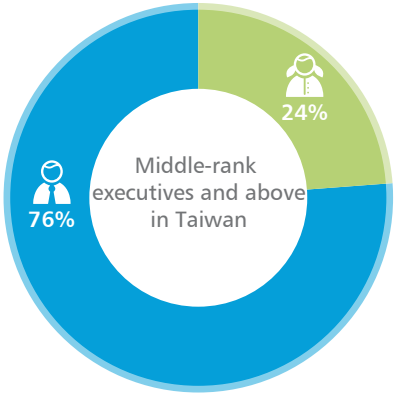
4.2

Distribution by Rank

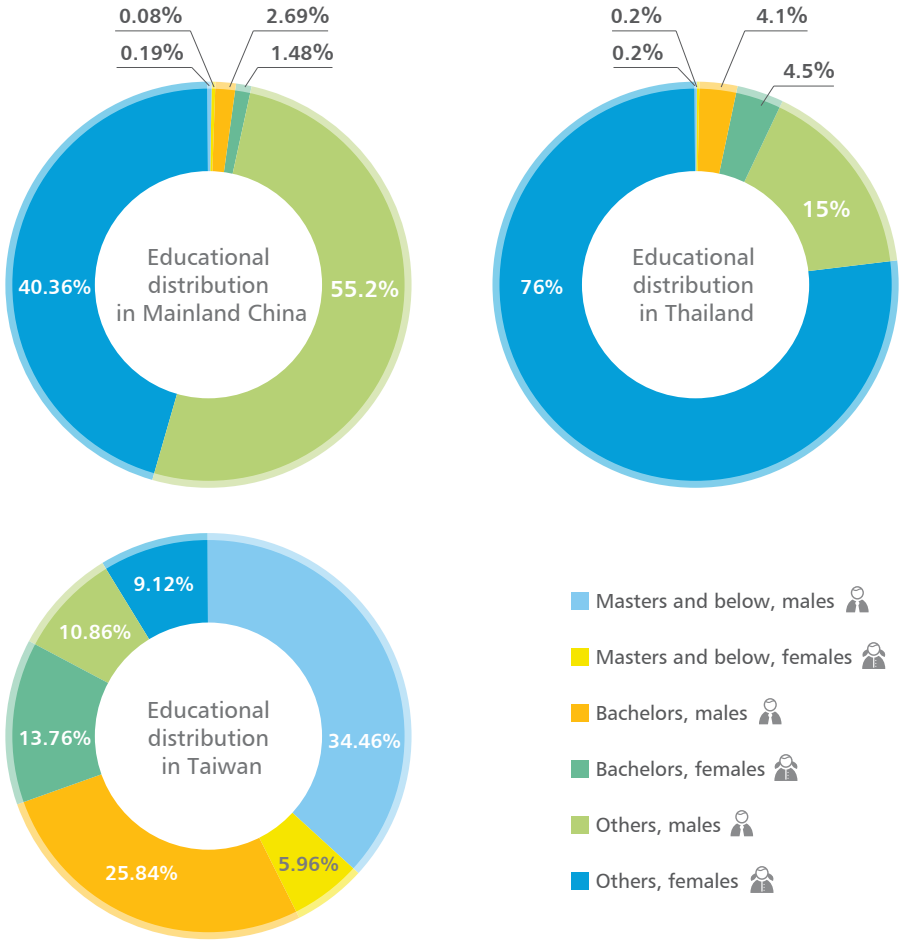
Rank	Gender	2012		2011		2010	
Top management	Male	30	97%	31	100%	33	97%
	Female	1	3%	-	-	1	3%
	Total	31	100%	31	100%	34	100%
Senior Management	Male	115	89%	110	89%	116	91%
	Female	14	11%	13	11%	11	9%
	Total	129	100%	123	100%	127	100%
Middle-level Management	Male	1,685	75%	1,597	76%	1,530	77%
	Female	549	25%	493	24%	452	23%
	Total	2,234	100%	2,090	100%	1,982	100%
General employees (direct)	Male	5,378	65%	5,198	66%	5,213	66%
	Female	2,846	35%	2,717	34%	2,688	34%
	Total	8,224	100%	7,915	100%	7,901	100%
General employees (indirect)	Male	17,701	55%	16,718	52%	16,673	48%
	Female	14,682	45%	15,295	48%	17,894	52%
	Total	32,383	100%	32,013	100%	34,567	100%
Total number of employees	Male	23,079	57%	21,916	55%	21,886	52%
	Female	17,528	43%	18,012	45%	20,582	48%
	Total	40,607	100%	39,928	100%	42,468	100%

Note: The ratio of female employees has been on the decline due to the change in the local population structure in Mainland China where females accounted for a lower proportion the new entrants to workplace.



4.2

Educational distribution



4.2.2 Employee Retention

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

1. Analysis of Absence of Employees for Maternity Leave (Taiwan)

Ratio of applications for leave of absence (%)	2012	2011	2010
Male	4.1%	2.9%	12.5%
Female	20.8%	13.6%	29.4%
Total	8.2%	5.6%	24.0%

The equation for the calculation of maternity care:
Ratio of application for leave of absence = (the number of employees who applied for maternity leave from January to December of the year)/ (the number of employees who applied for maternity leave or nursery care leave from January to December of the year)*100%

Ratio of return to duties after the leave (%)	2012	2011	2010
Male	66.7%	0.0%	100.0%
Female	60.0%	75.0%	75.0%
Total	62.5%	60.0%	83.0%

Ratio of resumption to duties after the leave = (the number of employees who returned to their duties after maternity leave from January to December of the year)/ (the number of employees expected to return to duties after maternity leave from January to December of the year)*100%

4.2

Ratio of those staying in their original duties after the leave (%)	2012	2011	2010
Male	N/A	50.0%	0.0%
Female	100.0%	66.7%	50.0%
Total	100.0%	60.0%	33.3%

Ratio of those staying in their original duties after the leave =(the number of employees returned to duties after maternity leave from January to December of the year)/ (the number of employees who returned to their duties for one full year after maternity leave from January to December of the year) * 100%

2. Accumulated Turnover Rate in 2012

By Age

	Indirect Labor					Direct Labor				
	<30	31~40	41~50	>50	Total	<30	31~40	41~50	>50	Total
China	54.0%	18.6%	10.6%	10.3%	33.2%	164.3%	94.0%	59.5%	19.5%	163.3%
Thailand	30.6%	11.9%	4.8%	-	11.5%	68.7%	41.6%	9.5%	-	43.8%
Taiwan	13.0%	15.7%	5.0%	6.6%	12.2%	-	-	-	-	-

Note: Employee turnover rate has been high in Mainland China over the years due to the labor shortage.

By Gender

	Indirect Labor			Direct Labor		
	Male	Female	Average	Male	Female	Average
China	31.8%	35.9%	33.2%	183.6%	139.4%	163.3%
Thailand	6.4%	16.7%	11.5%	28.4%	46.3%	43.8%
Taiwan	11.9%	12.8%	12.2%	-	-	-

Note: Employee turnover rate has been high in Mainland China over the years due to the labor shortage.

The calculation of the turnover rate is based on the accumulated number of voluntary applications for resignation. The equation is = (the total number of people employed by the Company for the period of January to December of the year and who applied to resign)/ the total number of people who applied to resign at the end of each month for the period January to December of the year/12)* 100%

3. Accumulated New Employment Rate in 2012

By Age

	Indirect Labor					Direct Labor				
	<30	31~40	41~50	>50	Total	<30	31~40	41~50	>50	Total
China	80.5%	15.5%	10.1%	6.9%	31.9%	263.6%	126.4%	100.9%	19.5%	228.4%
Thailand	13.7%	6.3%	1.9%	-	5.8%	141.9%	57.9%	11.5%	-	67.6%
Taiwan	45.7%	16.0%	11.9%	4.2%	15.9%	-	-	-	-	-

By Gender

	Indirect Labor			Direct Labor		
	Male	Female	Average	Male	Female	Average
China	31.2%	33.3%	32.2%	267.0%	183.1%	225.0%
Thailand	4.5%	7.1%	5.8%	34.7%	72.9%	53.8%
Taiwan	15.8%	16.1%	15.9%	-	-	-

The calculation of new employees' annual registration rate is based on the number of new employees who reported for duty for each month. The equation = (Total number of new employees for the period January to December of the year)/(Total number of people not registered for employment by the end of each month for the period of January to December of the year/12)*100%

4.2

4.2.3 Recruitment (including the prohibited employment of juvenile workers policy)

Lite-On recruits employee in line with its business strategy and the career development of the employees through different channels, including the cooperative education programs with renowned universities and institutes and the summer intern programs held in Taiwan. Lite-On also consults with the government in its promotion of employment scheme and recruited substitute service young people in the area of research and development. The recruitment and employment policy of Lite-On complies with the applicable legal rules in the relevant local countries and in conformity with EICC. As such, Lite-On has never employed juvenile workers and strictly prohibits coercive labor and does not permit underage workers to perform dangerous tasks. In addition, Lite-On has installed an IT system to properly manage the work hours and holidays of the employees in order to maintain employees physically and mentally balanced.

4.2.4 Electronic Industry Code of Conduct (EICC) Committee

Lite-On has established the internal audit procedure of Electronic Industry Code of Conduct (EICC) ensuring the management system for corporate social responsibility is appropriately implemented. The code also serves to check the direction, objective and legality of the system. In the audit procedures, the authorities and duties, procedure of conduct, the regulation governing the practice of audit, the audit cycle, audit report, and tracking of corrective action on nonconformities are explicitly stated.

The EICC covers labor, health and safety, environment and corporate ethic code. The Company conducts monthly self-audit in accordance with EICC, and has established the EICC Committee in Guangzhou, Dongguan and Eastern China, and arranged cross audits among the sites to ensure 100% compliance with the code. In case of nonconformities, relevant auditors shall propose corrective action plan and accomplish the plan within the stipulated time.

4.3 Employee Development and Training

Employees are the vital assets of Lite-On. Education and training are critical to the continuous value-adding to human capital. As declared by Lite-On in learning and development, "The purpose of learning and development is to enhance the professional competence of the employees, upgrade their performance at work, fortify the operating efficiency of the organization and achieve the business goal of the Company with the assurance of corporate sustainable development." As such, employee training and development has been one of the essential subjects 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, professional / functional 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.

4.3

Lite-On Learning and Development Blueprint

<table>
<tr><th rowspan="2">Level</th><th rowspan="2">On Job Training (OJT)</th><th colspan="5">Off-Job Training</th><th rowspan="2">Self-development system (SD)</th></tr>
<tr><th>Orientation Training</th><th>Internal lecturer training</th><th>CSER Training</th><th>Leadership Training by Management Level</th><th>Professional / Functional Training</th></tr>
<tr><td>Executive management level</td><td rowspan="5">OJT development organization

Learning development roadmaps

Teaching plan and knowledge management

Mentoring system

Professional certification system</td><td rowspan="5">Stage 1: On board orientation

Stage 2 : orientation training

Stage 3: orientation training

R&D orientation</td><td rowspan="5">Internal certification lecturer Training

Promotions courses lecturer training

Internal lecturer advancement training</td><td>Executive CSR Awareness Training</td><td>Executive management development training</td><td rowspan="5">R&D training

Quality Training

Industrial engineering training

Quality / 6 Sigma training

Sales Training

Procurement training</td><td rowspan="5">e-Learning

Foreign language training

Employees' continued education program</td></tr>
<tr><td>Senior management level</td><td rowspan="2">Management Team CSR Training</td><td>Senior management training</td></tr>
<tr><td>Middle management level</td><td>Middle management training</td></tr>
<tr><td>Junior management level</td><td rowspan="2">General Staff CSR Training</td><td>Junior management training</td></tr>
<tr><td>Operating level</td><td>Shift supervisor training</td></tr>
</table>

4.3

All employees of Lite-On regardless of gender can receive equal opportunity in training. However there is no statistics available on training broken down by gender. Please refer to the following sheet for information on the average number of hours of training for employees in Taiwan, Mainland China and Thailand in 2012. The figures below included the average hours of lectures in classroom training, e-Learning, external training and on-the-job training.

2012 Training Overview for Taiwan

Position	Total Attendance		Total Hours		Average Hours Per Person	
	2011	2012	2011	2012	2011	2012
Executive Management	42	83	131	248	5.23	5.16
Senior Management	238	523	933	2,155	8.46	23.68
Middle Management	2,347	3,893	9,581	16,939	13.32	20.41
Junior Management	4,491	5,664	17,852	22,036	21.25	25.8
Indirect Employees	407	1,207	2,147	4,324	10.39	24.02
Others	10	22	33	159	2.91	19.92
e-Learning	1,287	815	1,362	423	0.72	0.21
Total	9,022	12,207	32,039	46,284	16.85	23.02

2011 Training Overview for China

Position	Total Attendance		Total Hours		Average Hours Per Person	
	2011	2012	2011	2012	2011	2012
Executive Management	5	0	10.50	0.00	4.94	0.00
Senior Management	69	29	200.00	52.50	6.43	1.81
Middle Management	1,257	1,171	5,359.00	4,617.00	20.22	14.89
Junior Management	10,068	6,454	38,080	27,004	33.27	20.09
Indirect Employees	33,402	20,307	107,667	90,907	33.60	26.56
Others	296,396	249,249	1,309,516	1,226,353	40.98	36.66
e-Learning	4,514	16,209	2,281	9,032	0.06	0.23
Total	345,711	293,419	1,463,114	1,357,965	39.97	35.22

Note: The training hours in 2012 dropped due to "Her Project", a special large project cooperating with 3rd parties implementing the physical and mental health of the employees in 2011which years' training hours climbed up substantially.

4.3

2011 Training Overview for Thailand

Position	Total Attendance		Total Hours		Average Hours Per Person	
	2011	2012	2011	2012	2011	2012
Executive Management	2011	2012	2011	2012	2011	2012
Senior Management	2	0	10	0	5.00	0.00
Middle Management	224	105	1,046	912	4.70	8.68
Junior Management	218	159	1,575	1,426	7.20	8.97
Indirect Employees	364	199	2,511	1,626	6.90	8.17
Others	9,262	9,861	177,144	177,697	19.12	18.02
e-Learning	10,070	10,324	182,286	181,661	18.1	17.60
Total	9,022	12,207	32,038.67	46,284	16.85	23.02

Note: The Training Within Industry for Supervisors TWI training has been fully launched in 2011. In 2012, only employees who have not yet received the training joined the training program. As such, the average training hours fell slightly.

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

1. Reinforcement of learning and development of infrastructure

- Friendly learning environment:
  Lite-On has set up a viable e-Learning platform in Taiwan and Mainland China so that the employees in both regions can enjoy a good learning environment without the constraints of time and space. They can plan for their own learning hours and keep their progress flexible. In addition, they can also review the document resources available from the platform to reduce the consumption of natural resources. This is a part of the efforts in environmental protection.

- Diversified educational resources:
  Lite-On designs practical online programs and information on related learning every year with proper database on related knowledge, including online e-books, English programs, and global knowledge. Employees can arrange thier own learning programs after work so that they could enrich themselves with knowledge or skills at workplace. Since the installation of the e-Learning online platform in 2006, the number of online viewers and learning hours has been on the rise.

4.3

2. Upgrade the quality of training and development at Lite-On

In the reinforcement and upgrading of the quality of training and development, Lite-On complies with the principle of Taiwan Training Quality System (TTQS) and continues to strengthen the bond between organizational needs, strategy, and training. In addition, Lite-On has also made ceaseless effort in tracking the effect of learning among the participants and learning transferand has been conferred the TTQS Silver Award by Bureau of Employment and Vocational Training of The Council of Labor Affairs.

3. Complete training system for the new employees

- Three stages of training for the new employees:
  All new employees to Lite-On must attend the orientation for new people within 6 months from the day they registered for employment. This arrangement helps them to quickly understand the corporate culture, vision, system and rules at Lite-On. It is also a kind of education for realizing labor safety and health. The orientation is consisted of training in 3 stages. All new employees will receive education on the prevention of sexual harassment and employee code of conduct on the very day they reported to duties.

- Professional training for the new employees:
  After the new employees were dispatched to relevant departments, they must receive complete training including professional training, quality and the performance of different tasks. Under these trainings, the new employees can quickly demonstrate their strength in their positions.

4. Advocacy of the Energy Management Talents Training Project

In 2012, Lite-On continued its participation in the Corporate Human Resources Upgrade Joint Program held by the Bureau of Employment and Vocational Training of the Council of Labor Affairs in order to upgrade the overall competitive competence of its people and provide added value to the customers' superior to its industry peers. The execution of this program allowed for the effective use of training resources for development energy management personnel. Related professional training programs in energy management helped the employees of Lite-On and affiliates to fully upgrade their professional competence in energy management in the wake of the quest for green technology and low carbon. The duration of this training program was 2012/3/29～10/26. A total of 3,546 persons/times participated in the training for 723 hours.

4.3

Orientation Training

Communication Skills

Planning and Execution

TS16949 Training

Project Management (Guangzhou)

Internal Audit Training (QingXi)

8D Training (Thailand)

Foreman Management Training (Thailand)

5. The launch of Corporate Social and Environment Responsibility (CSER) training event

- CSER training for new employees:
  CSER has been incorporated into the orientation of new employees in order that they could get a proper idea of CSER and understand the effort of the Company in enforcing CSER. This arrangement helps to make each employee rooted with the idea of CSER.
- CSER training in the functional units:
  To ensure that all employees understand CSER properly, related education is provided in the meetings for communications with all business units. The communication content covers the information on changes in the legal environment or the updated measures of CSER and related activities. CSER becomes a part of the daily lives of the employees.

4.3

6. Training in Best-Practice of the Electronic Industry Code of Conduct (EICC)

- Classroom Training:
  Lite-On has implemented EICC as a part of the orientation for new employees so that they can understand the purpose of Lite-On in Implementing EICC immediately after their arrival in the Company. In PRC, education or intensified training with focus on the implementation of EICC has also been arranged at any time as needed. The training content has been developed in depth and in scope to make EICC a common language to all members of the Lite-On Group.

- Online Training:
  In 2012, Lite-On has updated its e-Learning program in accordance with the update version of EICC 4.0 and offered courses on this topic at the e-Learning platform to allow all employees to understand the essence of EICC and comply with the requirements thereof. Employees may use their spare time to review and enhance their knowledge on EICC rules and regulations.

7. Enhancement of basic management's (team leader, foremen) leadership and management skills in Mainland China:

In 2012, Lite-On continued to introduce the training for basic management (team leaders/ foremen) and Training Within Industry for Supervisors (TWI) for the training of internal training tutors. The effort was made to establish a viable system of internal tutors and standardized training materials to reinforce basic leadership skills and management capacity.

8. Training in fortification of confidentiality and safety at the workplace:

Lite-On makes tremendous effort in managing the safety of the employees as well as protecting the confidentiality of information so that the employees can work in a safe environment with company confidential information properly protected, which in turn helps to ensure the interests of the Company, the customers, the employees and all shareholders so the competitive competence of the Company can be sustainable.

Lite-On has installed an advanced system of entrance code. Personnel may access specific area of the facilities and offices relevant to their level of authority and authorization. All security personnel shall be subject to a strict screening process as to their background and related training in courtesy, traffic direction and security inspection before assuming their duties. These measures help to ensure security control.

4.4 Protection of Rights and Interests

4.4.1 Protection of the Rights and Interest at Work and Employment

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

- **Employment in compliance with the law**

  Lite-On duly observes the requirements under the applicable legal rules and shuns employing juniors under the age of 15 and never allows workers below the age of 18 to perform dangerous tasks. Any changes in the terms and conditions of labor is made with due procedure of the law.

- **Prevention of sexual harassment and discrimination**

  Lite-On strictly prohibits any form of tangible and intangible sexual harassment. Further to related rules and regulations, Lite-On has established an E-mail account exclusively for reporting and complaints of sexual harassment. Employees shall not be discriminated against due to race, religion, color, nationality or gender. Lite-On has never received any report on discrimination and related disputes on any of its employees.

- **Fair performance evaluation system**

  The purpose of performance management and the development system of Lite-On is the integration and upgrading of overall individual and organizational performance.We have instituted two-way communication and implemented the employee development plan. We make every endeavor to make our performance assessment so fair and reasonable that such assessment results may serve to be the basis for promotions, raises, bonuses, and employment development and training measures.In case specific employee cannot perform the assigned duties, Lite-On will consider appropriate supervisory program in the first place or assist the employee to transfer to a position or affiliated enterprise that such employee can demonstrate his/her strength. If however such arrangement still cannot satisfy the cooperative relation between the employee and the Company, Lite-On will lay off the employee with proper compensation as required by laws to protect his/her rights to work.

4.4

The performance evaluation of Lite-On consists of 3 processes:

1. Set the goal: At the beginning of the year, the function head and the employees jointly set the annual goal.
2. Evaluation for the first half of the year: the function head communicates with the employees on the progress and the attainment of the goal for the first half of the year and evaluate the results.
3. Annual evaluation: function head communicates with the employees on the attainment of goal in the Q4 of the year and evaluate the performance of the whole year with proper rating on the performance result. Lite-On employees have accomplished their annual performance evaluation 100%.
4. Communication on performance evaluation: the purpose is to assist the employees in improving their performance and planning for career development, to the extent that the overall performance of the Company can be upgraded. The executives responsible for preliminary evaluation shall communicate with the employees in interviews on issues of the evaluation results, direction of improvement and planning for development in the future. This helps to make two-way communication more meaningful and effective.

4.4

4.4.2 Compensation Guarantee

Lite-On place considerable emphasis on employee protection of rights and interests, and adopt a highly competitive salary and benefits policy. As such, it offers competitive packages of salaries and fringe benefits in major operational centers. In addition, Lite-On also conducts annual surveys on salary level with reference to the market level and the macro-economic indicators and make appropriate adjustments in favor of the employees. Lite-On seeks to attract talents to the Company with competitive starting salaries. The salaries and overall compensations to the employees are commensurate with their education, major work experience, professional knowledge and skills, years of experience in professional duties and individual performance, regardless of gender. The starting salaries for new employees at the main business locations will not vary based on their race, religion, political stance, gender, marital status or membership in the labor union. The compensation policy of Lite-On is made in accordance with the following:

- We are aware of and comply with relevant local laws and regulations, and strive to establish harmonious labor-management relations witin 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.
- In order to motivate our employees, we grant the performance bonus in accordance with our overview of operation and individual performance as reward for employees' contribution, and also encourage employees to keep working hard. The bonus to be earned by each employee varies depending on functions, contribution and performance assessment.

As required by the laws of Taiwan, all employees shall be covered by labor and national health insurance as of the day they registered for employment. In addition, contribution to the pension plan shall also be made under the law. Furthermore, the Company also provides additional coverage to the employees through a group policy including: life insurance, accident insurance, hospitalization and medical care, cancer, accident and medical care. The spouse/children of the employees could also be protected under the group policy at their own expenses. From 2013 onward, the parents of the employees will also be protected by the group policy so that the whole family of each employee can be properly protected by medical insurance. In addition, the Company protects the employees engaging in duties that require frequent overseas traveling with a high amount of insurance under the group policy so that they can perform their overseas duties with peace of mind. 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 reward in accordance with local laws, policies adopted in other industries, and the business performance, in order to

encourage employees to make contribution permanently and grow with the company.The social insurance system for overseas employees shall be taken in accordance with the relevant system in respective host countries.

The welfare system of Lite-On for retirement is established in accordance with applicable laws in the relevant host countries. In Taiwan, employees are protected by the pension system under the Labor Standards Act with regular contributions to designated pension reserve accounts. Employees in Mainland China.

4.4.3 Violation of the Labor Standards and important notice

In 2012, the Company did not prepare the attendance record sheet as required by law, and was punished by the Taipei Municipal Government for violating Article 30-5 of the Labor Standards Act on October 22, 2012. A fine amounting to NT160,000 was imposed. In addition, a fine amounting to NT20,000 has also been imposed by the New Taipei City Government on December 5, 2012.

Employees at Lite-On have the option to work flexible working hours. There is no longer the requirement of punching the time record card or signing in and out in the attendance management system. Employees can select their own period of work hours with flexibility. Employees may select their daily work hours as stated in the regulations governing employee attendance and may request to take leave or work overtime through the computer system in advance. The request for working overtime shall be subject to the approval of managers at all levels where additional work hours are necessary. The attendance, leave and overtime work hours of each employee are noted in full detail in the personnel management system. This shows that the purpose of the attendance management system of the Company is complying with applicable laws. In other words, the aforementioned management measures practiced by the Company helped to understand the attendance status of the employees. The system shows efficiency in reviewing attendance, trust in the employees and human dignity. Furthermore, many enterprises have already adopted the flexible work hours system thereby employees are no longer required to punch their time record card or sign in and out. This system is more flexible and the employees can regulate their own work hours.

The Company trusts its employees and values human dignity in its entirety. Employees can manage their own sign in and sign out time for self-regulatory management. This system will be maintained. The managers will make proper arrangement of work hours so that the employees can maintain proper balance between work and daily lives with respect.

4.5 Employee Relations

Positive communication with the employees is the basis of harmonious employee relations. For this purpose, Lite-On has established multilateral channels for communications, including My Lite-On e-mail box, the HR Portal of the HR Department, the "Employee Complaint" hotline and e-mail (in Taiwan, for example, there was no "employee complaint" received in 2012). Each business unit holds its monthly corporate management meeting and the quarterly communication meeting (in Taiwan, for example, there were 26 meetings in 2012). All employees can make use of the above channels to present their opinions or suggestions. There is a designated HR service representative assigned to each business unit to provide timely reply and assistance to the employees. In Mainland China, all plants also use the mail boxes, email, special hotline, labor union, communication meeting or counseling station to understand the needs of the employees.In case of significant changes in the operations of the Company to the extent in which it has significantly affected the rights and privileges of the labor force , the Company will immediately seek communication and coordination with the employees through official channels. In 2012, there was no tortuous act against the rights of the employees.

In addition, there is a labor union established in Chungho of Taiwan - "Labor Union of Lite-On Chung Ho Plant I in New Taipei City". It has held its election for the 3rd terms of the union representatives in accordance with the "Labor Union Act", "Organization Act", and "Articles of Association" of the union. As of the end of 2012 the union had 538 members before the elections with 54 representatives elected for a term of 3 years.

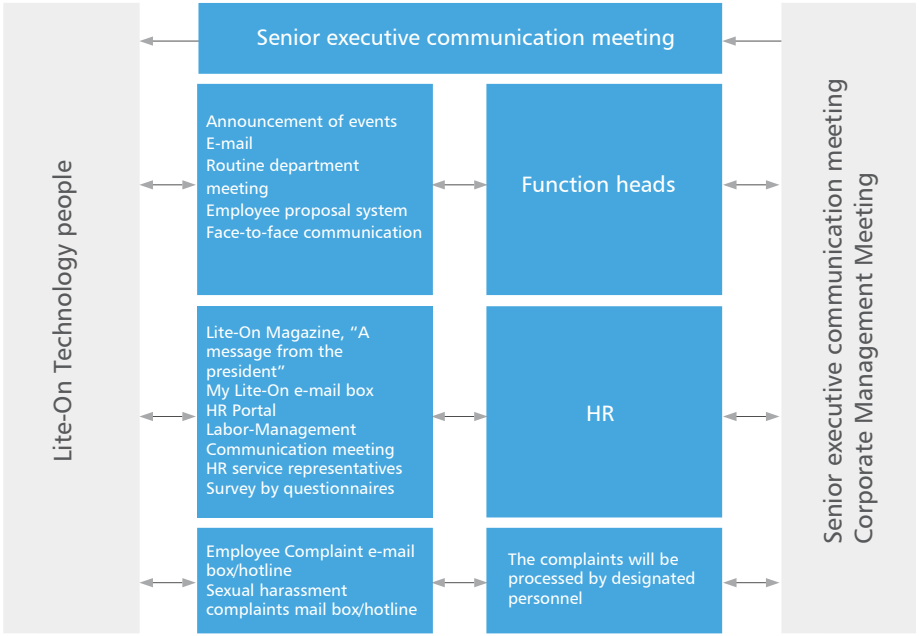
All activities and announcements of the Company will be conveyed to the employees via the "My Lite-On" e-mail box and the HR Portal of HR Department. The quarterly magazine of "Light"- published in Taiwan, and the monthly publications in various facilities of Mainland China served as the platform for employees to contribute their articles for publication, share their insights and hind sights at works. These publications also report on the status of operations and event news of the Company so that employees at home and abroad can understand the corporate management of the Company. In 2012, the establishment of the internal publication sharing platform allows the employees of Lite-On to access the updates and complete information on each facility through the e-Learning Center. This is a great step forward in information sharing and exchange.

Lite-On strictly prohibits any form of tangible and intangible sexual harassment or discrimination. Employees shall not be discriminated against due to race, religion, color, nationality or gender. Further to internal rules and regulations (e.g., The Regulations Governing the prevention of sexual harassment, complaints and punishment and the employee ethics code), there are also the sexual harassment complaint hotline and e-mail box exclusively for this purpose. The complainant or informer will be protected under this mechanism. There is no sexual harassment or discrimination reported in Lite-On.

Mainland China – Counseling Station

4.5

- Communication channels: Lite-On has developed the mechanism for labor-management consultation in accordance with applicable laws. The rights of all employees in consultation with the management are protected by law. Employees may bring up their queries through the open channels for communications.



- All employees of Lite-On can access the updates and whole information on each facility from the internal publications of Lite-On through the e-Learning Center. This is also an effort to support energy saving and carbon reduction through the replacement of hard copies by the electronic publications, and reduces the printing in paper form, which save the forests and the earth.

4.6 LOHAS at Lite-On

Lite-On has designed a good welfare system in all facilities for the care of the employees in its entirety. Lite-On has established the employee welfare committee in accordance with the "Employee Welfare Fund Statue" and advocate its welfare policy for the employees. Further to the basic welfare of the employees, Lite-On also makes its responsibility to provide a "pleasant, healthy, growth and balanced" work environment for the employees. Each and everyone at Lite-On will be a happy person.

4.6.1 Diversified Fringe Benefits

In Taiwan, the fringe benefits of the employees are: commendation of senior employees of the year, commendation of the outstanding employees, festivities and celebrations, arts and cultural events, health club and gym, group insurance, emergency fund for the relief of employees, bonus for birthdays and festivities, marriage, subsidy for maternity, hospitalization, and for funerals and burial affairs, subsidy of employees for continuing education, education subsidy for children of the employees, and all other welfare entitled to employees under law.

The Company encourages the employees to organize into different recreational clubs for affiliation among themselves, broadening their social life horizon and boosting morale. The Company finances these clubs on a regular basis and provides the venues for these activities. All employees can live a physically and mentally balanced, healthy and happy life. There shall be no discrimination against race, gender, nationality, religion, political stance or affiliation with specific labor union (in 2012, there were more than 30 social clubs running).

4.6 LOHAS at Lite-On

4.6.2 Varied Employee leisure Activities

Lite-On plans for employee activities with different themes every year – tourist travel in groups, contests, variety show, hiking, Spring Festival/Year-end banquet.Subsidy for personal travel is also feasible. Employees may plan for family pleasure trips to share their time with their families after work. This is a way of having a good life for themselves and their families. The quarterly symposium on "Well-Being" is organized with topics on health promotion, individual growth and others. Other recreation and arts facilities, like library, health club and gym, audiovisual room, are also in place to allow the employees to relax and share their insights with one another. They could also broaden their horizon of social life and make a proper balance between work and amusement to alleviate the pressures of work.

1. Group tourist travel – the Company organizes tourism trips for employees every year and encourages them to join the events. In Taiwan, for example, almost each employee takes more than one dependent to the trip. Through their participation in activities organized by the Company, they can understand more about the Company and identify with the cause of the Company.

4.6

2. Contests – in Taiwan, ball games and singing contests would be held every year. In addition, all business units will respond to the suggestions of the employees to organize different internal contests at any time as needed.In addition to ball games and singing contests, there are also different kinds of amusing contests in the facilities for the recreation of the employees so that they could release pressure from work.

3. Christmas Party- in Taiwan, a Christmas Party would be held every year to share the joy with all employees for the festival.

4.6

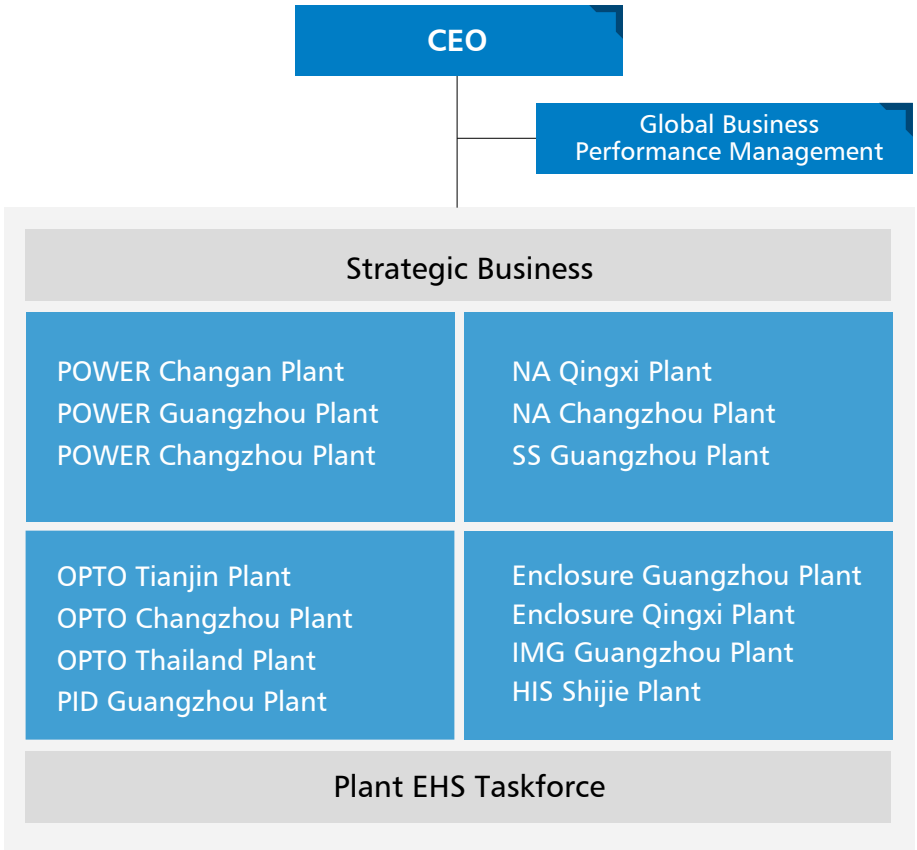
4. Hiking – This year, hiking has been specifically mingled with the tacit ideas of environmental protection and charity, like recycling of resources. Lite-On loves the earth, to give another kind of impression to the employees.

5. Annual Variety Show – this event aims at bringing about camaraderie among the employees so that all can work with one heart for sustained growth, proper performance of corporate social responsibility, love for the earth and work hand-in-hand to create a better future.

4.6

4.6.3 Environment, Safety and Health

Lite-On pays utmost attention to the performance of Environment, Safety and Health (ESH) management and makes an effort to provide customers, community, business partners and other stakeholders with the safest, and most environmental friendly, and most efficient operation base. Lite-On takes ESH management as a differentiation in competitive advantage and internalizes this into the operating system of the organization. There is the Global Operation Performance Management Department administered by the CEO. This body is responsible for the study and set up of the objectives for strategic ESH policy, integration of resources, supervision, assistance and confirmation of the attainment of the objectives by all operating bases. Lite-On highly values the continued improvement of ESH. The head of each operation base sets up the ESH organization and committees in compliance with applicable legal rules, advocates and obtains accreditation of ISO 14001 and OHSAS 18001 standards. Through the PDCA management cycle, the committees assist the proper implementation of plans for continued improvement. In, 2011, the corporate headquarters of Lite-On at Neihu started to introduced the ISO 50001 energy management system to reduce the intensity of energy consumption of the sites and the emission of greenhouse gases in order to enhance corporate operation performance and value, and has obtain the certification from SGS in 2012. ESH management has emerged as an essential element of the Lite-On value system, among "customer satisfaction", "Excellence in execution", "innovation", and "integrity". Lite-On pays utmost attention to the appeal of the stakeholders and cares about the recognition of the stakeholders. Through the work of ESH management, Lite-On will emerge as a highly competitive, gentle, and good corporate citizen.



4.6

- A Comfortable Working Environment
  Lite-On has set up a health club and gym and a library housing a variety of books and materials. Employees can nourish their physical and spiritual health. In addition, different forms of recreation facilities are also in place. The Company has also established the "Cultural and Arts Gallery" to help the employees to develop their artistic inclinations. This is a manifestation of the human concern of the Company. The spacious employee restaurant allows the employees to eat safely and with peace of mind. There are different forms of services available inside the facilities, including a travel agency, café and tuck shops.

- Promoting Health and a Safe Workplace
  Lite-On duly observes the Labor Safety and Health Act and its implementation procedure, Labor safety and Health Facility Regulations, Labor Inspection Act and its implementation procedure, Regulations Governing the Review and Inspection of Workplace for Performance of Dangerous Duties, Particulars for the Reinforcement of Labor Safety and Health Management, Labor Standards Act and its implementation procedure, Standards of Safety and Health Facilities and other related rules and regulations. In employing new recruits, Lite-On provides physical examination and education on labor safety and health for these people before they assume their duties. In addition, Lite-On also provides routine physical examination for existing employees. Special protective gears will be provided for those who are exposed to dangerous duties with physical examination on specific items. Health management is practiced through routine training and education on safety and health. Examples are the safety measures when using electrical appliances, the use and management of dangerous and hazardous substances, avoidance of unsafe motions during operations and regular exercise drills in fire safety.

In 2012, there were 15,598 persons/times of participation in the annual physical examination at Lite-On, with 5,202 persons/times in physical examination of occupational diseases. The Company has also provided training in fire safety, safety and health, and health improvement with 86,307 participants.

For the effective prevention of occupational diseases and occupational hazards, all facilities have established their own ESH promotion teams. They organized internal and external audits on ESH issues (environmental safety, work safety, health and safety, and fire safety events are held every year). To supervise the enforcement of ESH and related improvements to make zero accident at workplace is an indicator of the Company in operation and in management.

Health improvement and safety of the operating environment(1),(2),(3),(4),(6)photographs.

4.6

Lite-On traces the root cause of occupational injury and makes efforts in continuous improvements through corrective action and preventive action to prevent any recurrence. The following is the ESH management system based on which Lite-On continues to track the data on occupational injuries that occurred in 2012 (including travel on the way to and from work):

Region/ gender	FRfatality rate						SRSeverity rate					
	Number of fatality cases/million work hours			Number of fatality cases/200,000 work hours			Loss of work days/ million work hours			Loss of work days/200,000 work hours		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
Taiwan	5.15	1.51	2.67	1.03	0.30	0.53	24.77	8.06	19.85	4.95	1.61	3.97
China	1.27	0.49	0.92	0.25	0.10	0.18	7.32	1.08	4.55	1.46	0.22	0.91
Thailand	1.99	3.25	3.01	0.40	0.65	0.60	9.28	4.34	5.28	1.86	0.87	1.06
Worldwide	1.33	0.64	1.02	0.27	0.13	0.20	7.83	1.34	4.91	1.57	0.27	0.98

4.7 Cooperating with the Customers and NGOs to Further Improvement of Employee Health

Work in cooperation with HP, a customer of the Company, and the Business Social Responsibility Association (BSR), an NGO, to launch the HER Project (Health Education Resources Project) for the genital health of the female employees by appointing Marie Stopes International (MSIC) to provide related educational programs. The lively event was unveiled with a series of activities. Employees were introduced to the knowledge of physiology of the two sexes, contraception, abortion, sexually transmitted diseases and AIDS, maternity healthcare and nutrition. These help to give the employees to gain healthy sexual psychology and behavior. The results are positive.

Female Genital Healthy Partner Education Program in the Changzhou Plant

The HER Project was unveiled at the Changzhou Plant in 2012. The majority of the employees showed their enthusiastic response to the cause, from the signing of the MOU, to the establishment of the project team where 150 employees have participated in the baseline survey to the recruitment of the health ambassadors, the kickoff of the campaign and the training of the health ambassadors.

- Baseline survey: The project team has selected 150 employees to take part in the baseline survey in order to find out the actual needs of the female employees and to make sure that the training contents of the health ambassadors are relevant to the actual needs of the employees.

- Establishment of the project team：The plant has established 2 project execution teams, namely, Power with 26 persons and NA with 13 persons. The purpose is to launch the project smoothly and yield better results. The teams are responsible for the design of the action plan for the project jointly with BSR and MSIC, and also the coordination, organization and implementation of the plan. They controlled, monitored the quality of all related events and reported to the Plant Administration and the tutors on a routine basis on the progress of the project. In addition, they are also responsible for building up the capacity of the project team, including the partner education team members and related management. They have provided administrative, policy, technical and related support to the partner education team members and the project team personnel.

4.7

- Recruitment of the health ambassadors: The role of the health ambassadors is vital to the campaign. HR launched the recruitment through mails, notice board announcements, posters and seminars in order to attract warm-hearted people of good communication skills to join the team. The team has successfully recruited 32 health ambassadors through volunteer registration and recommendations by the departments.
- Kickoff conference：The purpose of this conference is to draw the attention of the employees so that they can understand the project much better, and rally their support. Ernest, Richard of HP, and BSR in charge Shen Ya Ting, Lin Ching, and Liu Kui Chen and Director Lee Lan of Maries Stopes were present at the kickoff conference. The management of the Company highly valued and supported the kickoff conference. Teng Kuang-Chung, Deputy CEO of Lite-On Group, has engaged in a cordial dialogue with Ernest and Richard of HP, expressing his gratitude for the recognition and support of HP on corporate social responsibility events of Lite-On.

In 2012, we have unfolded the project incrementally but surely. The education on health and partner education were highly applauded by the employees.

- Health education – Seminars on special topics
  There is one thing about the project that is worth our attention, as 1,349 females (Power1,149 persons, NA200 persons) have participated in the seminars on special topics. The training contents feature live pictures, carefully selected audiovisual footage and hearty messages. In addition, each of the female participants has a copy of a nicely designed "Extraordinary Men and Women" booklet. for conveying knowledge on genital health and self-protection.

4.7

- Education for partners sharing the accommodation rooms
  HR and 32 health ambassadors have released a health resources handbook to 101 rooms of the female employee accommodation and provided them with health knowledge through colloquial means. In addition, the team also released poker cards bearing health knowledge so that the employees can learn more about genital health while playing poker games.

- Release of family planning items/health resources handbooks
  The Company liaised with the local community healthcare service at Nanxiashu to supply Lite-On with family planning items and promotional pamphlets.
  - Two cartons of family planning items were released.
  - 1,500 copies of promotional pamphlets were released.

- Physical examination
  All China Federation of Trade Unions, All-China Women's Federation and Wujin Women and Infants Hospital have launched free physical examination programs characterized as "concern for female employees with true love and warmth" to allow the female employees to know how to protect themselves better, enhance their physical and psychological health and for the proper protection of the rights of the female employees. Some 85 employees from all Business Units have received the physical examination held at Wujin Women and Infants Hospital on June 30 and July 7, respectively.

The HER project coordination team have evaluated the results of the project on December 26 2012 jointly with the MSIC. They are: interviews with management (2 persons), interviews with health ambassadors (10 persons) and interviews with the project leader (1 person) through a questionnaire survey. The most important aspect of the evaluation of the event is the questionnaire survey conducted at the conclusion with 150 female employees as the targets of the survey.

Age distribution	Under 20	20~25	26~30	Over 30
Evaluation survey	25%	53%	17%	5%

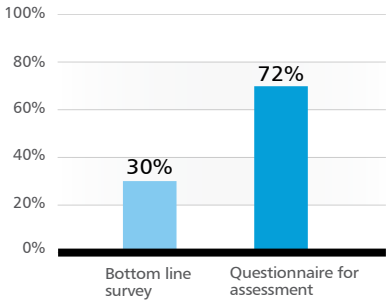
Marital status	Single	Married
Evaluation survey	67%	33%

Educational distribution	Junior high school, high school/vocational high school	College and higher
Evaluation survey	77%	23%

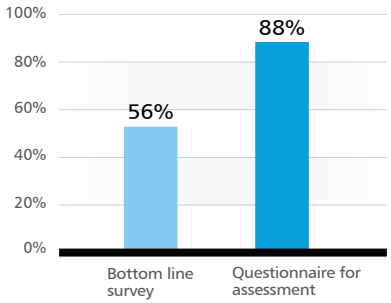
4.7

Comparing the data collected from the baseline survey before the training and from the questionnaire survey after the training:

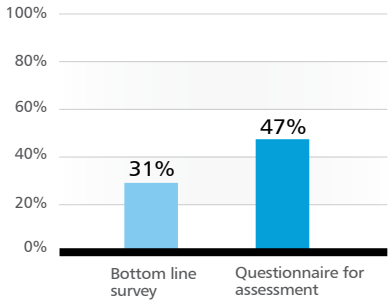
1. Know about the clinics near your home/ factory that provide healthcare services for females.



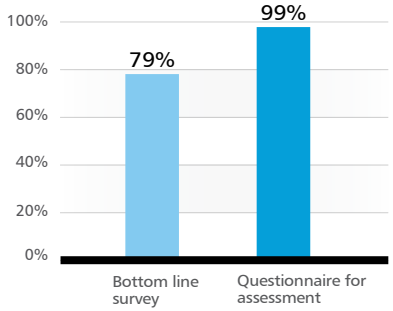
2. Feel that the management concerns about the health of the employee



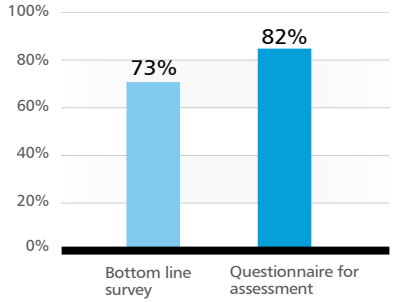
5. Know about the timing for physical examination during pregnancy (Once a month during the early stage of pregnancy, once every two weeks during the middle stage of pregnancy, and once weekly at the final stage of pregnancy)



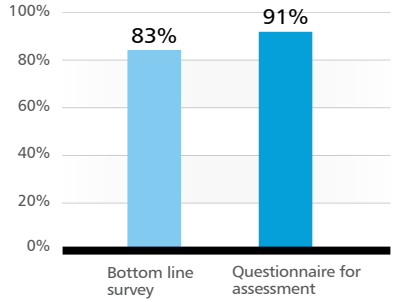
6. Understand that the more repetition of abortion, the more serious the impact on the psychological and physical health of the females.



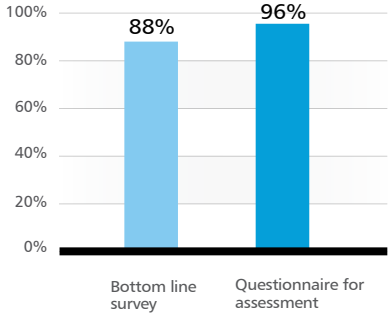
3. Will flush the genital area during menstruation period..



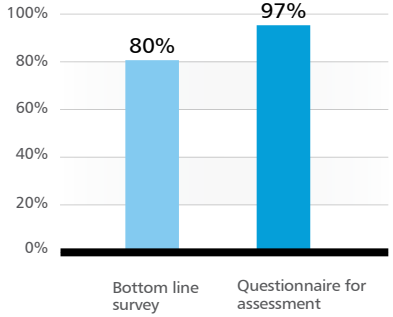
4. Will seek medical attention if the genital feels uncomfortable.



7. If there is more than one sexual partners (not the husband or boy friend), request them to use a condom when engaging in sexual intercourse.



8. Understand that AIDS can be prevented



4.7

- The female employees have substantially increased their awareness of the knowledge in health:
  - Most of the female workers (72% vs 30%) know that there are health service clinics nearby and more than half of them have used the services.
  - 91% of the female workers will consult a physician when they have a problem in their genital organs.
  - 99% of the female workers realized that abortion will have significant physical and psychological effects.

- The health behaviors of the female workers have improved substantially:
  - 82% of the female workers understand the necessity to keep their genital organs clean during their menstruation period (82% vs 73%).
  - 99% of the female workers had the intention that they will take certain contraceptive measures when engaging in sexual intercourse with unspecific sexual partners. （96% vs 88%）

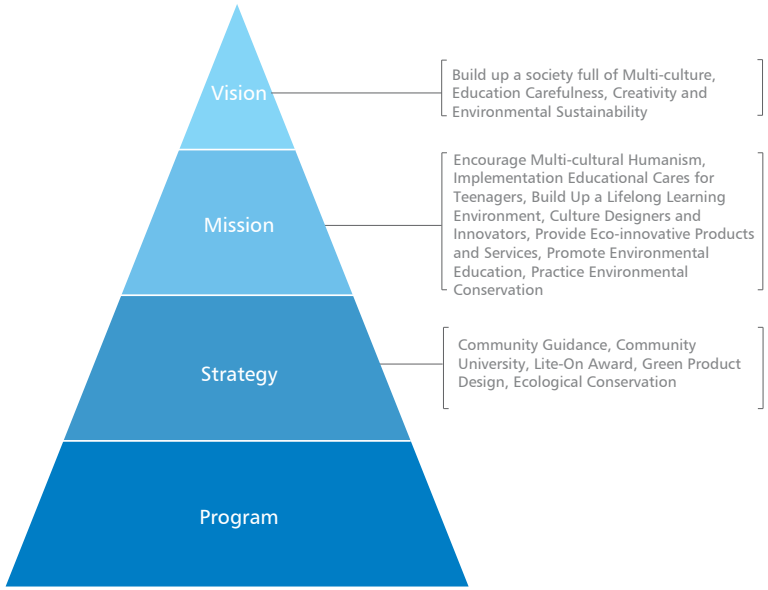
- Improvement of labor-management relations:
  - 88% of the female workers feel that management is concerned about their health (88% vs 56%).
  - This has been demonstrated in the evaluation interviews.

After one year of genital health partner education, all female employees knew more about health. Changzhou Plant of Lite-On made their concluding ceremony on HER on March 19, 2013. BSR and MSIC highly recognized the results of the HER project at the plant and issued a "Health Ambassador Certificate" to each health ambassador. This concluding ceremony is not the end of the HER Project. The Changzhou Plant of Lite-On will continue the education on genital health so that each employee can feel that the Company does not just care about production but also the physical and psychological development of its people.

Chapter 5

Lite-On and the Society

5.1 Community Involvement Policy



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 and ecological problems, and other issues. Lite-On wishes to build up a society of cultural diversity, education and concern, innovation, liveliness as well as sustainability of the environment through its community involvement and efforts. 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, advocacy of public-welfare holidays for 2 days a year encouraging employees' participation, implementation of the training/service/ supervision of the volunteer counseling system, running a community college offering green lectures, assessment of innovation works by world-class master designers, supervision of innovative design products in mass production, development of green energy products, introduction of environmental friendly design for products, and plantations for ecological conservation.

5.1.1 Expenditures of Community Involvement

The expenditures of Lite-On in community involvement in 2012

Items	In 10,000 NT$
Cash donation	1,249
*Expenses for the events	1,759
Total	3,008

*The expenses for the events were the long term community involvement events which entirely run by the operational teams, and the expenses incurred on activities of Lite-On Culture Foundation and corporate volunteers services were not included.

5.2 Lite-On Cultural Foundation

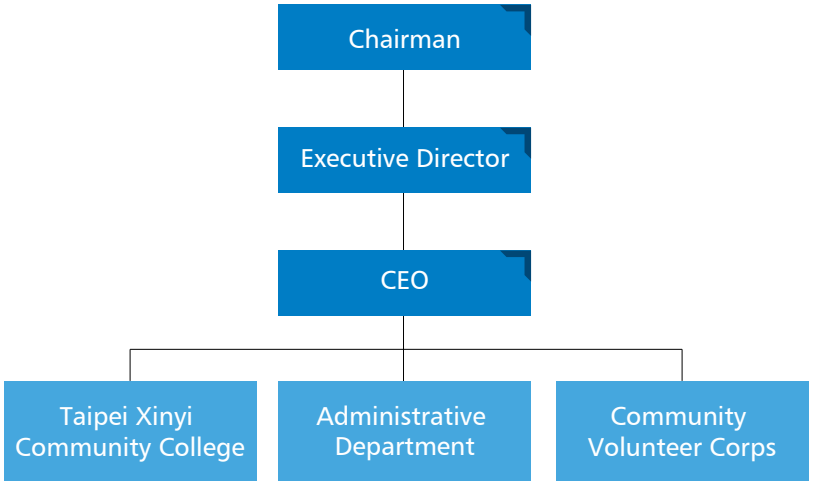
Lite-On Cultural Foundation was established in 1993 under the personal donations of the three founders of Lite-On. Since then, Lite-On group has appropriated NT$10 million from the earnings annually to the foundation for social charity. The objectives of the foundation are the development of humanism quality, assistance in the education of children, caring for corporate culture, advocacy for social charity and incubation of innovation talents. In practice, the foundation has made significant efforts in humanity, social charity, education and cultural development.

Lite-On Cultural Foundation has been advocating and encouraging the participation of individuals, the families, community and the organization for their life-long learning. In addition, the foundation has also helped to improve individual growth, co-learning of the family, community and organization development and improvement. In 2012, the foundation has been cited as the "Model of Learning in a Learning City" by the Taipei Municipal Government. (Figure 1) In the same year, the director of the community counseling volunteer service, Wu Yin-Yu, has been presented the personal award of advocate of family education for 2012. (Figure 2), The publication of the Lite-On Cultural Foundation, "The story of volunteer as a guardian of children", has won the Golden Tripod Award in the non-literature social sciences category. (Figure 3)

Figure 1

Figure 2

Figure 3



Organizational Chart of Lite-On Cultural Foundation

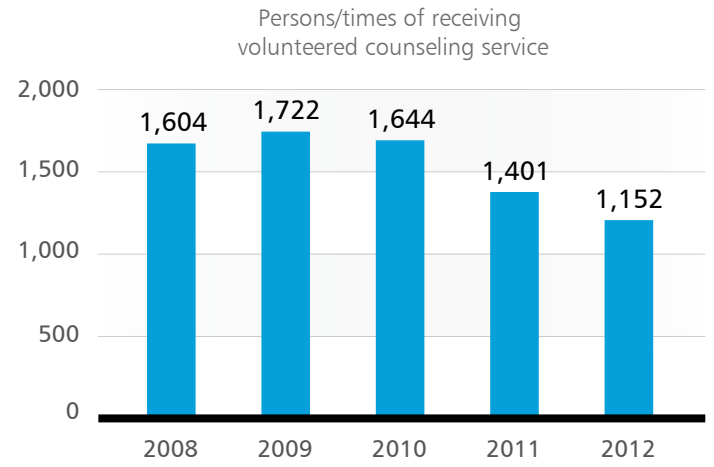
5.2

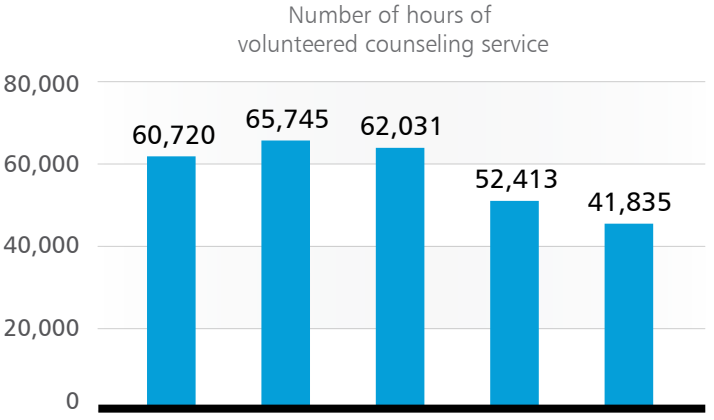
5.2.1 Advocacy of the community counseling volunteers and "light up the hopes of the disadvantaged kids"

1. The First and the Biggest Community Counseling Volunteer Service System in Taiwan:

In 1998, the Lite-On Cultural Foundation has assisted the Taipei Municipal Minzu Elementary School to establish a counseling volunteer corps. Since then, the foundation has extended the counseling volunteers to other elementary schools, junior high schools and the communities to help the training of counseling volunteers consisting mostly homemakers to devote their caring and love for the children. These counseling volunteers helped the schools, teachers and parents to take care the social misfit children or those that require extraordinary care. Through long-term counseling, concern and companionship, they helped these children to build up confidence and enjoy a healthy growth.

There were more than 100 schools have joined this program in 14 years. In the last 5 years, there were around 1,500 Children and youth annually being supported under the counseling program. For example, there were 586 persons receiving the volunteered counseling service in the first half of 2012 and there were 566 persons receiving the service for the second half of the year. The spirit of "Community Love and Caring" has been materialized in its entirety. This is an inevitable part of volunteer service in a friendly campus, which provides the best opportunity for the enterprise to participate the social volunteer service.

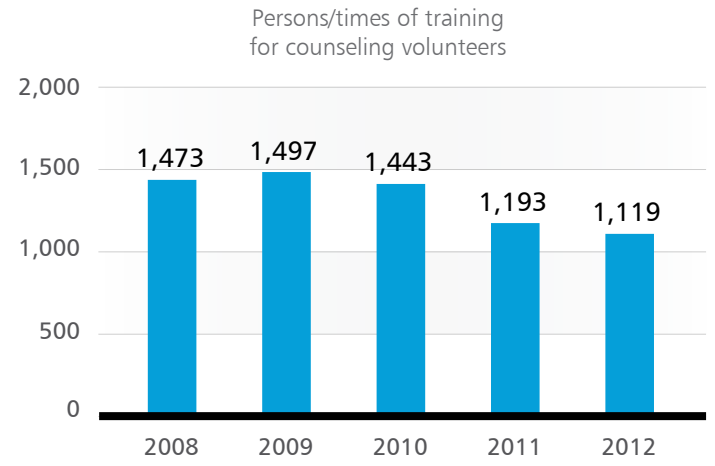


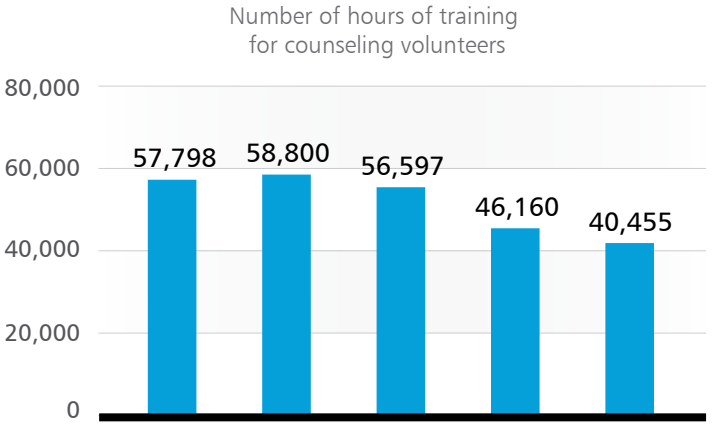


5.2

Building up the community and supporting the healthy development of children

Positioned to the role of community building, and commissioned to counseling the community, the foundation formally moved into the campus of the elementary schools and the junior high schools in the community for the learning of volunteer counseling service. Systematic training has been provided for the counseling volunteer corps. These volunteers committed themselves to the psychological care of the disadvantaged children and the families and hoped to revitalize them with the resources of the community. They are engaged in the best practice of community education through the awareness of helping people and the reinforcement of family education so that they could build up learning organizations and learning families. They do their best in "flourishing good people with good heart" to be the social stabilizer in a dysfunctional society. In 2012, about 60% have committed their efforts in the service of counseling volunteers.





5.2

Innovative training of counseling volunteers and pro-active advocacy of continuing education

Innovation is an integral part of the core value of Lite-On. This is further realized in its corporate operation and management. In the wake of globalization, the mobility and migration of human beings is a common concern. The flourishing of cultural diversity and localize humanism quality has become the objective and focus of the foundation in its training programs. With 15 years of experience in counseling volunteer service in the community, the foundation has provided 50 innovative courses, including: psychology, social work, cultural diversity, development of the 5 senses, the aesthetics of living (environment), life education (quality and integrity), and the narrative of lives (stories, narratives and free writing), and other courses exclusive to counseling volunteer works. The courses were designed for volunteers to be trained by varieties of sources, for example: visit mother-nature, play games, draft, paint, learn life aesthetics, free writing, and group discussions. As such, we then realize that "aesthetics is the best form of learning", which is also the best gift for life to our children. "Distinguished perceptual power" is the gateway to nourish good people with good hearts.

The program for counseling volunteer parents has been developed in the community

Course Name	Course objective
Multiple intelligence development of the 5 senses ~ happy family 123	Guide the participants to feel the existence of cultural diversity at anytime and anywhere through multimedia materials and participating activities so that they can value the symbiotic relations among human beings, objects, nature, and culture.
"When Globalization meets cultural diversity" , program for parents	In the 21st century, competition comes from all over the world through an international arena. The ways how to education and training of children will be an immediate concern. What kind of core values should be conveyed to the children? How to help the children to develop their skills in responding to global mobility with proper adaptation of cultural diversity in the future? How could we help the children to find their own way with confidence and joy?
Multiple intelligence and the development of the 5 senses ~the development and creativity of parent-children games	1. Through systematic training, the foundation assisted the participants in effective learning and applied to parent-children relations development in the families through amusement and learning. This helps to create harmony in the family where parents and children can learn together, and build up positive affiliation and international relation. 2. Encourage parent-children learning together through games and sharing experience and stories in daily lives to improve the relationship and dialogues in the family. It would also develop the imagination, articulation, creativity, thinking ability and quality of the children. 3. Understand the physiological and psychological development of the children through the activities. This helps the parents and the volunteers in accompany and caring of children.
Multiple intelligence and the development of the 5 senses~ perfect relation narrative groups	Strengthen the live span of females through cultivating perfect relations. Explore the inter-personal interaction and cultivation of inter-personal relationships of people in marriage, family, education of children, work and daily lives from the experience of life and the perspectives of the different genders in order to design related curriculum, including self-awareness, the role in the family and family building, and aesthetics of life.

5.2

Course Name	Course objective
"Happiness 100"- events in cultural diversity education for the new residents	The program is unfolded through small group discussions, exploration, role playing, drills, experience sharing, group games, film watching and real world experience, which feature amusement and learning simultaneously through the family book. The classes are designed to build up self-awareness, improve communication, accept and appreciate cultural diversity of the volunteers. After receiving the trainings, the volunteers would be capable to help the new residents to mingle in the mode of life in Taiwan. This also helps the community to accept cultural diversity and respect variety of ethnic groups, so that Taiwan can become the "new home country" for the new residents.
Narrative Perfect relation in life	Japanese writer, Murakami Haruki, has used the term "a little bit of joy in certainty" to describe that the happiness of life is a little bit of joy in certainty. The educational program for women in the community in the terms that feature self-reassurance and motivation of potentials through their craftsmanship and experiences in daily lives, and the narrative and self-revelation of the participants in order to create a happy family and community.
The Gleaners: Good Life	Through the review of daily life, including the seasons, writing and multi-material handcraft on the green journey to expand the learning experience of women.
Love our family – create a nurturing life.	Love our children and kindred, and love our land and home. All these start with "knowing yourself". Through the photographic diary to revealing the life, refinement of writing and sharing of feedback to create harmonious and joyful way of life.

In addition to the training system designed by the foundation, the foundation also strongly encourage the counseling volunteers to return to school for continuing education. The formation of study group at the graduate institutes is not just a matter of giving an example of learning to the children but also to create an atmosphere of learning in the family. In September of 2009 and of 2011, there were 8 and 6 volunteers registered at the Graduate Institute of Social Education at the National Taiwan Normal University (for a two-year program each), respectively. There were also 2 volunteers registered at the graduate school of Taipei Municipal University of Education and of Ming Chuan University. In 2012, the foundation helped the graduate institutes to set up study groups with the participation of 6 counseling volunteers.

The return of counseling volunteers to graduate institutes

Name of school and institute / Year	Graduate Institute of Social Education, National Taiwan Normal University	Other departments and institutes	Total
2007、2008	3	0	3
2009、2010	8	1	9
2011、2012	6	3	9

Note:

- The program at the Graduate Institute of Social Education, National Normal University is open to applicants for admission once every other year.
- Other graduate institutes are open for admission once annually, including the master degree program of Care and Conversation under Christianity at the Taiwan Theological College and Seminary, the master program of infant development offered by the child development branch of the infant education at the Taipei Municipal University of Education, and at the Graduate Institute of Cross-Strait Relation and Security Management at the College of Social Sciences at Ming Chuan University.

5.2

Installation of an e-Learning platform

The era of the worldwide web unveiled a new epoch in the knowledge economy. Volunteer counseling service in the community fully launched the e-capacity in volunteer counseling schools since 2010. With the installation and running of Blogs, the contents of the training courses, including new knowledge, information of service, the design of teaching plans, organization operation, continuing education, aesthetics of life, study groups and parent-children education will be circulated at the full-range e-Learning platform. After set up the social networking website on Facebook, the foundation could have better interaction efficiency among volunteers on line.

They get to know one another of the volunteers counseling corps online so that the members of the corps can share ideas with one another more readily. In addition, this also brings about more opportunities for dialogues between the tutors and the volunteers before and after the courses. Further to visit the corps for supervision arranged in advance, the communication with the volunteers could also be facilitated by E-mail and the announcements at the website: http://www.liteoncf.org.tw, or through the discussion zone in Facebook. Information on volunteer counseling will be full provided. This allows for all schools under the volunteer counseling program to fully communicate through the e-Learning network and can share knowledge and information in a timely manner. Further, there may be the needs for services or referral of information at any time, which helps to broaden the horizon and nourish the volunteers with better knowledge, to the extent that they could improve their quality of helping other people. Learning never ends. The "Community Volunteer Counseling Service Biweekly" has come into being since April 2011. This biweekly e-magazine helps to materialize the development of the 5 senses and the practice of aesthetic life into humanity and family lives so that people can enjoy a positive relationship and a good life! 20 issues of the e-magazine have been published in 2012. This is one important channel for communications among the counseling volunteers in the community. 750 copies will be circulated for each issue Website: http://www.liteoncf.org.tw/edm_list.php

E-PAPER E-News zone

Biweekly News of Community Volunteered Counseling

Through 5 senses of practices in the beauty of life to realize humanity and family lives in the community and enjoy well-being of daily lives. MORE

5.2

■ Scholarship donation platform for volunteer counseling of disadvantaged students in the community

With the donations from good-hearted people, the foundation assists the disadvantaged in society through funding from designated accounts for the scholarships to support their tuition. The scholarship also helps the students to build up confidence and develop a variety of skills so that they can make their living competently and improve their financial situations. This is the manifestation of love and hope to perpetuity and in its entirety, and is a "cycle of virtue" giving feedback to society. After the installation of a better platform, well-being and virtue of this kind will be advocated in the enterprise and disseminated to the students who need help from the volunteer counseling program. There are 4 beneficiaries.

2. The Operations Under the Mode of Strategic Alliance in Learning and Service by All People

Lite-On Cultural Foundation introduced the operating management capacity of the enterprise and entered into strategic alliances with governments and NGOs. Conceived with the philosophy of resource sharing, cooperation and interaction, they proceeded to action strategy and have jointly created a common interest and enhanced the advantage of mutual relationships. This helps maintain a perpetual cooperation relationships that bring benefits to both sides and optimizes the use of limited resources.

The results of the strategic alliance directly support the cause of the organization in attaining its objectives, which eventually help the bonding between these organizations and other organizations (examples are local communities, schools, foundations and government agencies). The purpose is to strengthen the cooperation between the parties and yield the effect of 1+1> 2.

The mode of operation of the learning and service by all strategic alliances

5.2

Professional counseling institution: Teacher Chang Cultural Publications.

The Teacher Chang Foundation has provided and employed experts and scholars in social work, psychology counseling, family education and aesthetics of life to present speeches on these topics at the arrangement of the foundation in supporting the needs of the counseling volunteers for external trainings. The speeches contained the theory and practice of "learning by doing" with the support of a reading campaign. Such arrangement improves the quality and essence of work in volunteer counseling and materialized the ideology and vision of service for all. In 2011, 8 seminars have been held with the attendance of 959 participants/times

Since 2010, the community volunteer counseling service corps started to publish articles or hold forum on special topics in the Teacher Chang Monthly Magazine on campus at any time as needed. In 2012, there were 12 plans on game design called the "Games in the day time". By the end of 2011, the Lite-On Cultural Foundation has compiled all touching events of counseling services by volunteers for the children and youth of the community into written materials and published by the Teacher Chang Cultural Publications "A story of a counseling volunteer as a guardian of children". Every story is a true reflection of the growth and companionship of the individuals, which conveys a message to the public of the society that "They can, and everyone can!" With the sharing of the new book, more people are encouraged to participate in volunteer counseling service so that it is visible in the society and triggers off more positive responses. This helps to bring love between people, harmony and happiness to the society. In 2012, the publication won the 36th Golden Tripod Award in the non-literature social sciences category.

5.2

■ Community care units

The Development and Training Class at Wan Lung was kicked off in November 2008. This class aims at helping the disadvantaged children in after-class counseling of school work. The majority of the children in the class were from Wanfu Elementary School, which is under the counseling program of Lite-On Cultural Foundation. There were 20 to 30 pupils receiving this service at each term. Each summer, the community counseling programs rally for the support of seed teachers and students in practical training to participate in the volunteer work of the team. In 2012, the theme of the event was "Diet Education Classroom" that lasted for 4 weeks with 15 events and about 450 persons/session participating in the events. The event has been specially designed to address topics of "eating" and "playing", which were most preferred by children. Through such design, the children are able to explore the sources of food and learn the effects of different kinds of food on the human body. This is not just a matter of coaching children to select food, but rather a real touch of growing and making foods. These were compared with the merchandises available outside and allowed the children to have an authentic original taste of food. The event is designed with the assumption that children are talented in "tasting" and will not fall prey to advertising dress-up and artificial spices.

In addition, effort has been made to help the parents of the Angel Heart Home Social Welfare Foundation and related organizations in training and to assist the parade held on the 336 Disability Children Day. The foremost challenge to parents is having a disability child at home, the psychological pressure in the family will be perpetual. This is why the Angel Family Home has made full effort in the work of caring for the families with disability children. They advocated that "There is hope for the children only when the parents come forward". This notion helps the public to learn, understand and accept the families with disability children, and eventually rally for the social support of these families.

5.2

■ Cooperation with New Taipei City Government Family Education Center

Under appointment to assist the Family Education Center to develop schools in New Taipei City that are willing to train volunteers from new residents and advocate female education in the community. First of all, organize seminars for the recruitment of students, assistance for the establishment and operation of volunteer groups and design training program covering cultural diversity. Arrange for training seminars and systematic supervision of subsequent service. Serve as the bridge linking schools and the Bureau of Education for sustainable development of volunteer work.

The family education program organized by the New Taipei City Government in 2012 and the number of participants:

Program name	Duration	Estimated Participants/ times
New Taipei City Government Filial Piety Thanksgiving Month Series in 2012 – 515 Home Loving Action ~ "Vivid Family", Joyful Game Work Shop.	2012.05.15	200
New Taipei City Government Grandparents Festival Series in 2012 – "Season of the year, Gleaners~ Carry on the Family Heritage". Exhibition of work created by grandparents and grandchildren	2012.8.15-26	1,500
New Taipei City Government Inter-Generation Education Series in 2012 – "Warm Sentiment between Grandparents and Grandchildren", caricature books.	2012.7-8	1,660
Family Education Center of New Taipei City Government presents the New Family Education Scheme in 2012.	2012.9-10	2,000
New Taipei City Government Family Education Center – "Gleaners in life time, happy life", community women growth organizations, 2012.	2012.9-12	2,400

5.2

Establish a platform for academic exchanges

From 2006 onward Lite-On Cultural Foundation proposed the internship opportunity for students through the summer internship orientation hold in the schools to recruit students. Cooperation with educational institutions will be realized through the feedback from internship plan, internship weekly report, and evaluation. Act in a concerted effort in the design of the Summer Camp and work in conjunction with the camp leaders to install an internship platform. The foundation is responsible for the coordination and review of the internship project, and related management to alleviate the burden of the school administration in organizing the training and avoid cumbersome administrative procedures. At the same time, the internship is also designed to maintain theoretical balance in development in order to upgrade the academic level in theory. This practice helps to drive cooperative education forward. In 2012, there were 6 students enrolled in the summer internship project. They are the students from the Department of Anthropological Development and Family, Department of Education Psychology and Counseling, the Department of Social Education at the National Normal University, and the Department of Family Study and Children Development at Shi Chien University. Over the years, there have been 32 students participating in the summer internship program with the Foundation

In 2012, the National Taiwan University of Arts has entered into the "Cooperative Education Alliance Agreement" with the foundation. Founded in 1968, this school subscribes to "innovation and excellence" and is the oldest and the best institution of higher education in Taiwan in the Arts. Indeed, this school is critical to the arts education in Taiwan. The foundation planned to engage in a strategic alliance with this school in order to provide volunteer service and other specific service as needed. The scope of service will be extended to anywhere within reach.

5.2

■ Other public welfare/arts and cultural events

Assist the Cyber Angel's Pick in the area of internet environmental protection and healthy navigation online for children. The association started to narrow the digital gap between the children and the parents since 1999 and the concern about the children and youth in the healthy use of the internet to prevent them from becoming internet addicts. Under the arrangement of the joint meeting of the Executive Yuan in information security, the association has installed the "WIN Network e-Office" to encourage all people to protect the internet in their community life with a joint effort. On February 14, the community counseling volunteer corps of Lite-On held the "Addiction to the Internet: Internet Friendship" with 40 persons in the event. The event aimed at drawing the attention of parents and society to certain issues and in helping the parents to establish a proper concept of using the Internet with their children and hence avoid possible internet problems arising from the network.

Assisted the schools under counseling – Taipei Neihu Wenhu Elementary School, to organize the "Urban study tour: Neihu District – Discovery of the Beauty of Humanity through the Lite-On Group. This event offered an opportunity for the school children of Taipei to know about Neihu, one of the 12 administrative districts of Taipei so that they could understand the Neihu Industrial Park better. Exploratory counseling has also been provided as an extension of the tour. The tour also reflects the success of the enterprise and the foundation in industry and in humanity.

5.2

On September 13, speeches were given at theTaipei Neihu Nanhu Elementary School and New Taipei Luzhou Ren Ai Primary School. The contents of the speeches were (From "the world of the younger brother" to know more about the angels). The event was an integrated with the effort of the local BaBa Cultural Publication. Some 200 counseling volunteers/ times have served the event. "The world of the younger brother" is one of the Waiting For the Angels series published by BaBa Cultural Publication. The theme is about rare diseases of children and is the narrative of the special stories that just happen everywhere in our daily lives. With the support of the caricature of the book and the speech delivered by the author, we hoped we could bring about positive power and attitude. With the guide of the children caricature, the world view and space of imagination were introduced to the counseling volunteers, which directly and indirectly addressed the framed and limited notion and meaning so that the children have a higher variety of choices for the selection and contact of our culture and the beauty of the outside world.

3. The results of the performance of counseling volunteers in the community in 2012

Direct results

	The results of the strategic alliance				Total
	The foundation Volunteer counseling	Teacher Chang	New Taipei City Gover-ment	Wan Lung Church	
Numbers/times of beneficiaries or participants	30,127	959	7,760	600	39,446
Number of community counseling volunteers in training	1,119	-	-	-	1,119
Persons/times of community counseling volunteers in training.	16,182	-	-	-	16,182
Number of training hours for community counseling volunteers	40,455	-	-	-	40,455
Persons/times of small groups receiving counseling.	11,657	-	-	-	11,657
Persons/time of special care, companionship, and counseling.	2,288	-	-	-	2,288
Total hours of services by counseling volunteers	41,835	-	-	1,350	43,185

Indirect results

Titles	Contents of calculations	Basis of calculations
Training of community counseling volunteers	1,119 persons*NT4,000/ person = NT4,476,000	The expenses for the professional programs organized by the Teacher Chang Foundation, the Lu Hsu-Li Foundation and the Care Counseling Center for the professional tutors amounted to NT4,000 to NT6,000 and is estimated at NT4,000 on average.
The services rendered by counseling volunteers	43,185hours* NT400/ hour=NT17,274,000	Fees for leading small group activities are limited to NT400/hour for internal personnel and NT800/hour for external personnel as required by the government. The calculation is based on NT400/hour.
Total	NT 21,750,000	-

5.2

5.2.2 Xinyi Community Colleague in Taipei

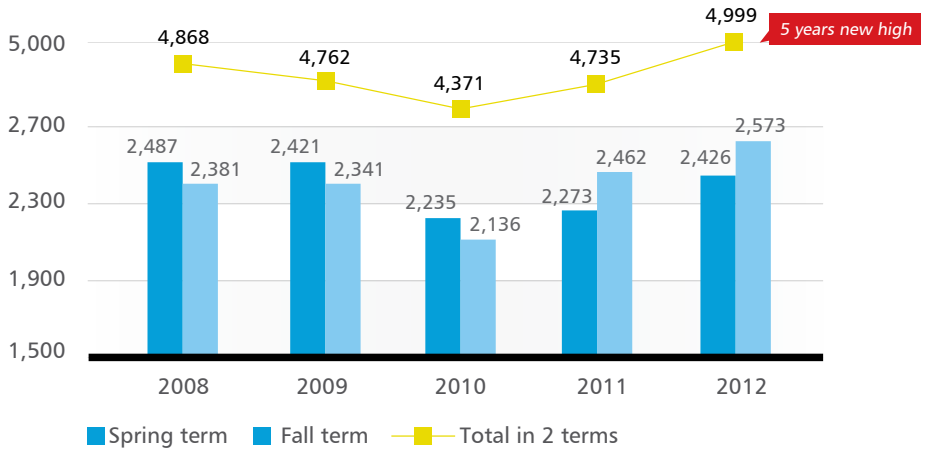
1. A Community College with Corporate Management System

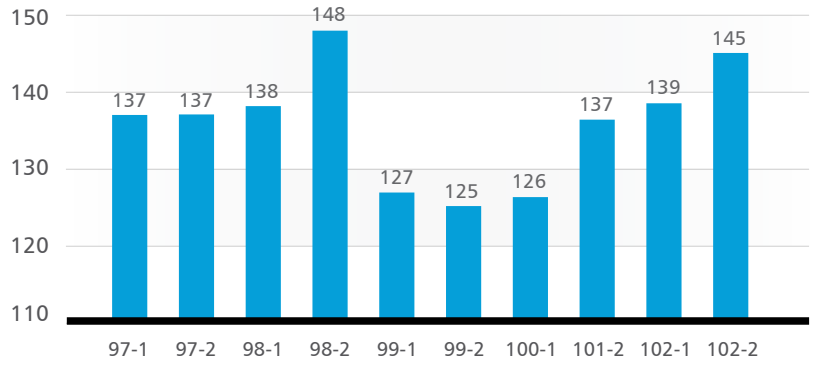
With years of experience in participation of community development through practical work, the Lite-On Cultural Foundation emphasizes "in depth cultivation for rooting". As such, it made tremendous effort in founding a community college in 2000 and set an example of a life-long learning society. In 2001, the college has been approved and accredited and officially opened for admission of students. In 2012, the Xinyi Community College offered more than 351courses with students approximately 5,982 persons/times.

Of the 12 community colleges in Taipei City, the Xinyi Community College is the only one of its kind run by a corporate cultural foundation. As such, it can introduce a viable corporate management system and abundant resources. It is also the only school of its kind that has beensupported by the enterprises in the long term.

The academic features of the Taipei Xinyi Community College:
As insists in providing quality higher education and proper planning of the curriculum, a knowledge map is cautiously prepared, proper symposium on teaching and endeavors in developing distinguished programs, hearty and timely service for the students and maintaining positive interaction with the schools in the locality. The management team is stable and working in harmony and does pragmatic work in the community in perpetuity.

Chart showing the total number/times of participants in 5 years (10 terms)





5.2

Introduces corporate management system

Being a community college run by the corporate cultural foundation, "Reengineering management" will be in force through the introduction of corporate management system in crisis situations. Lite-On appointed professional corporate management people to supervise and assist the community college management team to learn from the pro-active spirit of management in an enterprise to manage a non-profit community college to ensure that the annual plans and objectives could be accomplished and can perform its function and mission as a non-profit organization and an educational institutions. In addition, concepts like attitudes (mindset, change for better), methods (role and responsibility) and comparison with peers (outside-in, benchmark), best practice, facing the problem and making improvements (Lesson Learn), plan do check action (PDCA) and teamwork. Drastic action has been taken to change the old fashioned management style and efforts have been made to make the management system of community college sustainable in development.

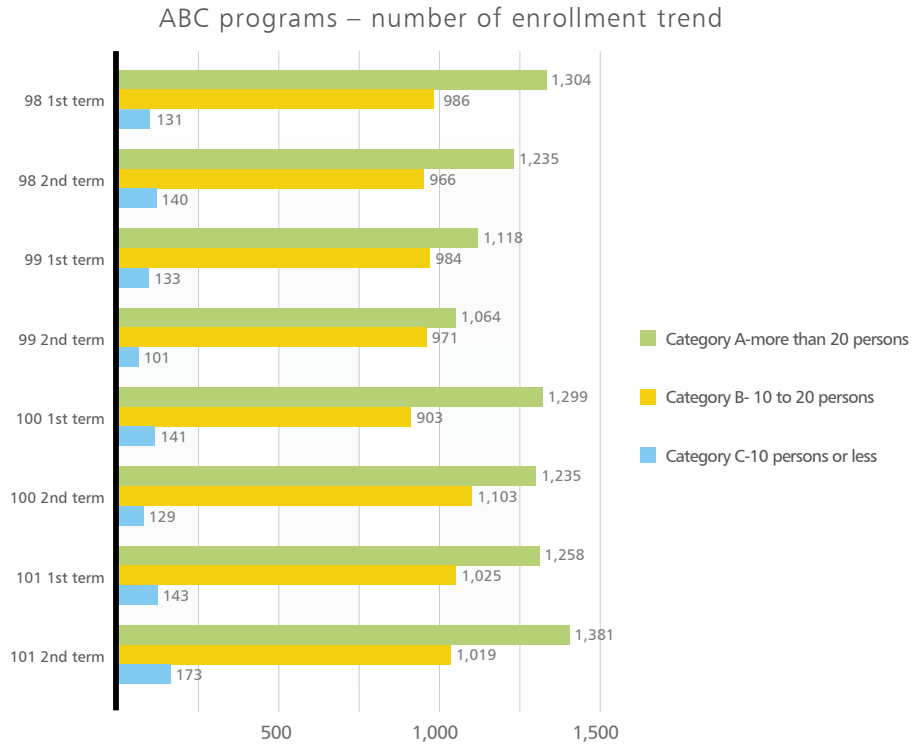
Set the management objective:

KPI	2011	2012	2012 (Objective)
A. The total average persons/times of students	2,368	2,500	2,450
B. Number of green courses	7	12	10
C. Number of students from the disadvantaged groups in the community	70	84	100

Management capacity in course development and life cycle:
The system of product development and management in enterprise has been introduced to develop a management type suitable for running a community college for upgrading the curriculum of the community college in quality and in quantity. In concrete terms:

(1) Classify the courses for market needs:
Category A is a highly receptive course with stability; Category B is a course for rising stars or at the point of downturn; Category C is a course that requires improvement or sunset courses. Classifying the courses helps to map out the strategy and objectives for enrollment of the programs.

(2) Introduce benchmark courses for the peers in the industry and faculties that can attract students to the courses:
These courses were introduced briefly to the community college with compressed time for product development and product life cycle for management to align them with market trends and the efficient use of resources in program innovation.



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■ Corporate volunteer training provides the environment for practical works

With the assistance of the foundation, the community college started to recruit the employees of Lite-On to the volunteer corps since 2012. These volunteers will work in conjunction with the "Volunteer Club" of the Taipei Xinyi Community College to organize activities for the care and concern of the handicapped old people living alone. Activities like: Dragon Boat Festival Fair (35 people), a one-day trip to Yilan for the "Xin Fu Yi" low-income old people living alone (25 people), and Chung Yang Festival tea party for the low-income old people living alone in the Xinyi District (15 people), and "Happy Lan Yang Hike" (25 people).

These "corporate volunteers" were rewarded and moved from their initial volunteer service for the old age people. They even wrote notes in their blogs to share with the others in the Company. This kind of passion and the feedback power to the society spread quickly.

■ Running the volunteers club and the results of community service

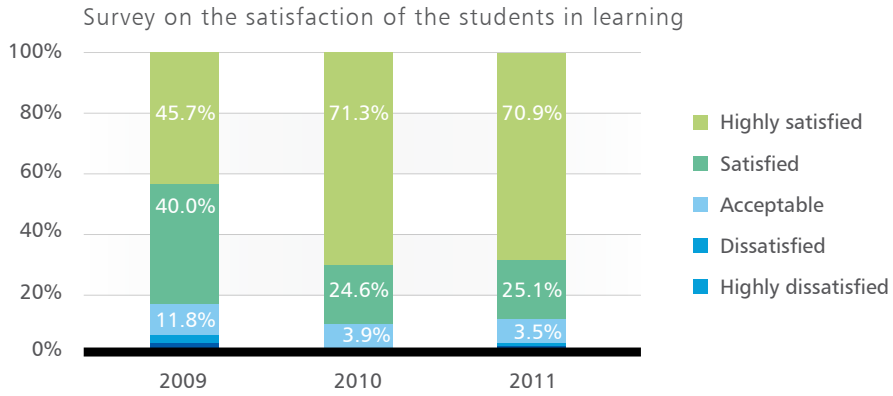
The volunteer corps of the community college is a good quality team and has won the "Gold Diamond Award" in 2008 and 2011 given by the Bureau of Social Affairs of Taipei Municipal Government. Winners of this award are not allowed to compete again for the award until three years later. As such, the Taipei Xinyi Community College is the only community college that has won the award for two consecutive times.

The Volunteer Club is staffed with a director, deputy director, chief of secretariat, chief of social liaison, chief of public health and chief of information. They support different affairs of the club. Each member of the club performs the duty in volunteer work and assists the administration of the community college to create a positive and good quality environment for learning.

5.2

2. The Ecuducational Philosophy and the Features of the Programs

In an environment where challenges and promises come at the same time, the Taipei Xinyi Community College commits to the philosophy of "learning all the time through practical work, and making changes for the better" in running the school. In a situation of depression where every effort has been made for making changes and strife for an upturn, we will "reform" the school solely through our efforts and seek a breakthrough from the ordeal that happened in the past. The purpose of the community college is to provide continuing education for the mature students. The school presents itself as a platform for life-long learning. As such, the operation of the school can be demonstrated by its process of student recruitment. Prospective candidates may apply for admission in Spring (January), Fall (July), Winter (December), and Summer (June). Candidates are classified as group registration by the alumni of the college and new students from the community. Applications may be made at the school campus or online with the remittance of tuition fees. In addition, the joint tasks with the public and private sectors in the community have also been realized gradually but surely as a part of the routine operations of the school.



■ Environmental sustainability through the cultivation of local lands: advocacy for green rooftops, energy savings and carbon reduction through organic farming life.

Taipei Xinyi Community College is the only school with a rooftop farm for practical training of organic farming. Courses on organic farming on campus and off campus in the neighboring areas with the plantation of trees at the Shuang Xi Forest Park, organic farming courses, farms for practical training, manually developed trails and others that support the achievement of a green life.

In 2009, the "Taipei Hsiliu Foundation" has built up a green rooftop at the Student Activity Center of the Xinyi Junior High School. At the same time, the rooftop organic farm in Xinyi started to function since November 8 of the same year. The volunteers started to run the "Green Rooftop – Happy

5.2

Farm" through plantation, care and maintenance. Their efforts have not been in vain and the organic farm produces with a high efficiency. A large number of organic and poison-free vegetables and fruits were produced here. The harvest has been delivered to the cancer victims through the Cancer Friends New Life Association, Taiwan, by the director of the Volunteer Club. A total of 144 persons/times were being served in 288 hours.

Course Name	The status of implementation	Number of participants
LOHAS organic farm Tai Ho Li Home Organic Farming Elementary Course Tai Ho Li Home Organic Farming Practical Work Course Tai Ho Li Home Organic Farming Advanced Course	Support the practical work of farming in the organic farm and appreciate life in the green field. Build up the concept of organic farming and dietary health from practical work. Advocacy of a simple life and green consumption in the community in a poison-free family with an organic diet, practical work in farming and nourishment for good health.	107

■ Care for the disadvantaged and learning in diversity

Adult education platform for the mentally retarded.
Establish courses for the development of the mentally retarded and field trip training under guardianship through strategic alliances with NGOs. In addition, a conference for sharing the work experience has also been organized. The college has organized three social events and hiking for the low-income old people living alone in the community. These demonstrated the efforts of the Volunteer Club of the Xinyi Community College and the volunteer corps of Lite-On in helping the socially disadvantaged.

In Taiwan, there was no adult education platform with courses exclusively designed for the mentally retarded. With limited educational resources, the Xinyi Community College specifically designed a series of courses and built up the first adult education platform in Taiwan for the education of the mentally retarded "To attend college".

Course Name	The status of implementation	Number of participants
Health and Joy Camp ~ Basic training in basket ball Health and Joy Camp~ MV street dance Health and Joy Camp~Let's paint Health and Joy Camp~Rock and Roll Band Health and Joy Camp~The Garden of the Angels	A learning platform for the physically and mentally impaired in the community to enrich their lives with diversity. Through the amusement games, the students could understand the importance of group activities. Likewise, the opportunity for exchange and interaction in the community has been increased. The result is that the community can know more about and be more receptive and care about the physically and mentally impaired. With the linking of community resources, the exchange among the people in the neighboring zone could be augmented, which is a form of social feedback. This helps to achieve the goal of harmony among neighbors and social amalgamation.	127

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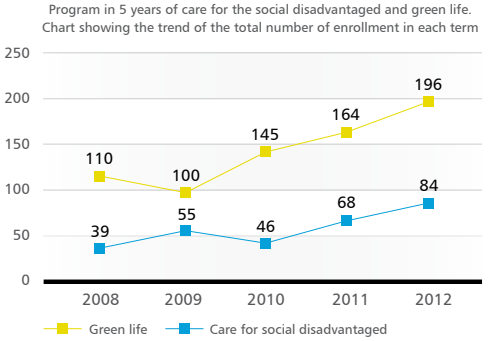
Course Name	The status of implementation	Number of participants
Wood Work Team	The purpose is the enhancement of skills in woodworking through practical training, with the eventual goal of coming into the local community to help the disadvantaged in Xinyi District, like the needy, low-income families, old people living alone to repair and reinforce wood furniture.	15
Computer program for the new residents-simple computer operations	Help the new residents to master the skill of using technology products personally, in the family or in the workplace.	12

The "Garden of The Angels Workshop" has been arranged with different themes. Each theme was matched with one classroom lecture and 1～2 times outdoor visits. The course has been strongly recognized by the students and the parents. The Xinyi Community College has been invited by the Ministry of Education to present this course at the national seminar for special education.



In addition, the course for the innovation development of the physically and mentally impaired has attracted the attention of other community colleges. Currently, Neihu Community College has adopted the course, "Physically and mentally impaired – basic training in basketball" practiced at Xinyi Community College and started its own basketball training course.

left: Sharing the insights of the disadvantaged students: The First Social Welfare Foundation — "The First News" Bimonthly Magazine

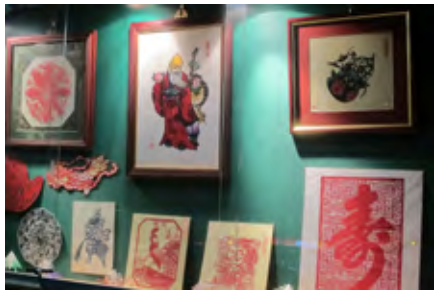
right: Thank you cards with the autographs of the parents of the handicapped in expressing their gratitude, photographs.

5.2

Arts and cultural history, community aesthetics: courses in arts and aesthetics with high standard approximating the professional level

The artistic skills courses offered at the community college have been refined and improved by the students after 3 to 10 years of work. Through the presentation in exhibitions of different scales in the Greater Taipei Area, the courses almost approximate professional artistic standards and have been highly acclaimed.

In 2012, the annual paper cutting crafts has been exhibited at the National Sun Yat-Sen Memorial Hall. The community college helped the calligraphy and arts class to apply for exhibition at the memorial hall. This is the debut exhibition of works from a community college! For highlighting the history and culture of the community, we worked in cooperation with the Civic Hall in the district, the Sung Shan Tobacco Factory Arts Gallery, in holding a creative photography exhibition. This is an input to modern community aesthetics and also indirectly helps upgrade the standards of appreciation for art work.



Course Name	The status of implementation	Number of participants
Outdoor Sketching	The scene for sketching is the community district. This is the realization of community aesthetics. Inspire interest in painting and train the students to apply what they have learned to reinforce the style and coloring, which helps to broaden the imagination and horizon of the students.	19
Explore Xinyi District, the Dream Home	The course provides an opportunity for real experience through field work so that the students can understand the past and the present of the community, and know the current state of ecology in the district. After a basic understanding of the theme, students attempted to present their basic ideas of exploring the green life in the district for the future.Tai Ho Li, the most vibrant zone of the district, has been selected for this purpose. Through participation for the advocacy of green life and to make the district a dream home for sustainable urban development.	18

5.2

Course Name	The status of implementation	Number of participants
Creative Urban Photography Class	This is a form of practice for the public in the community through their participation in history and artistic creation. After 5 instances of photographic work, the students rethink about putting the Sung Shan Tobacco Factory as a historic building and possibly open a space across the interwoven leaves of time and space. The photographs help to track down the actual images through creative works with the introduction of the painting element. The moment of shooting indeed interprets the imagination across time and space.	25
Exploration of the indigenous plants at Li An Li and the practical works of tidying up the place	There are quite a number of valuable assets distributed at Li An Li. If we walk along Chung Deh Street, we will pass by the tomb of General Pai Chung-Shi, a renowned hero in the war against Japanese invasion, the Memorial Park for the Political Victims of 228, The Muslim Cemetery, The Ancient Tea Route, the Ancient Rice Route, and the Ching Shui Tzu Shi Temple at Shi Chuan Yan, and the Temple of Guan Sheng Di Jun. The ecological description provided in the course helps the students to understand the features of Li An Li much better. They can do their part as a member of the community even better.	22

■ Public participation: Training the students to have a sense of community and citizenship

The school positively responded to the call for participation in the public domain by a community college, and has flexibly used formal courses and special lectures for such purpose. From 2003 onward, the college has supported the Department of Health in advocating public health education, "public health at community colleges", in the wake of the outbreak of SARS. Seminars, lectures and community services have been organized to educate the public on the prevention of the disease and on the reporting system. For 8 years, the school has never ceased to contribute to public participation.

For getting close to the residents of the community and keeping close interaction with the community, the community college encourages the students to feedback to the community what they learned in classes with a sense of responsibility and participation. As such, the community college made great efforts in participating in "Public affairs" of the community in order to create a civil society, and put the vision of sustainable development of the community college into practice.

Course Name	The status of implementation	Number of participants
Public Health Study	There are means for health and rules for healthcare."Public Health Study" is no longer just an abstract idea in health but for the achievement of health practically and correctly through a sensible, sensational and happy learning. Students can apply what they have learned in their daily lives and become the seeds of health education in the community for the advocacy of public health knowledge to the public of the lower echelon.	68

3. The Positive Effects and Social Influence of the Xinyi Community College

■ Pioneering life-long learning in community adult education

For 11 years, the community college has been playing a mature and stable role in community bonding, in public policy or in ecological environment, in its concern for the unfortunate or the advocacy for community arts and culture. The pro-active and enthusiastic participation of the members of the community college yielded concrete results. The community college has also bonded with a number of community groups, from the individual learning of the students in the college to the rooting of the groups. Indeed, the community college has taken the lead role over many critical issues of the community. This element that influences the diversity and life-long learning of adult education provides a vivid platform for the movement of all community colleges.

■ The cradle for the development of a 2nd expertise

The Middle East Belly Dance Club, Spanish Flamenco Club, Paper Cutting Arts Club, The Belly Dance Company, Traditional Taichi Club, the choir, the woodworking club and the golf club of Xinyi Community College offer the opportunity for all students to transform themselves from students to teaching assistants after a few terms of training. They have become real teachers indeed. The details are shown below:

Teachers	The learning results of the students
Lee Wan-Ju	Student Lin Hsin-Chieh, a student of the 2008 class of "Middle East Belly Dance- Basic", opened the "Middle East Belly Dance-Advanced" and acted as the teacher. She has 20 students in the class and has performed at the National Day Celebration Show in 2012.
Tsai Wen-Hsun	Student Chang Yu-Fen of the 94th "Free Needle Work and Embroidery" Class opened the101st "Free Needle Work and Embroidery" class and acted as the teacher. She has 9 students in the class. She has exhibited their works at the Arts Gallery, The Taipei Medical University Hospital Library
Lien Mei-Chun	Student of the 93rd "Spanish Flamenco (Advanced)" Class Hsu Lin-Hua opened the 101st "Elementary Class of Spanish Flamenco" in the Summer and acted as the teacher. She has 7 students. The class continued up to Autumn.

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Teachers	The learning results of the students
Chen Chi-Chun	Pai I-Hsin, a student of the 99th "Organic Farming and LOHAS Life" class opened the 101st "LOHAS organic farming (elementary class)" and acted as the teacher. He has 24 students.
Yuen Yu-Hua	Li Yen-Ching, a student of the 92nd "Pure Silver Ornaments DIY/Silver Clay Arts", opened the 102nd "DeCoRe Crystal Jewels' class and acted as the teacher.
Cheng Ken-Chien	Chen Po-Jen, a student of the 92nd "Tai Chi –Cheng Tzu Tai Chi (early stage)" class, and opened the 102nd "Taoist Traditional Tai Chi – elementary class" and acted as the teacher.
Chen Pao-Yu	Public Health Study – Continued Training of Seed Teachers

■ Advocacy for a green community and organic life

(1) Energy Savings and green life

In responding to the pressing issue of global warming with the hot stove effect from carbon emissions from urban areas in particular, the college specifically designed the courses for a guide to the mountain trails, turning your home into a garden, the conservation of indigenous plants, and related subjects under the objective of sustainability of the environment. The conservation at the nearby Four Animals Mountain and rooftop gardening are also included in the curriculum under short, mid, and long-term planning and development. The courses started from creating a green zone at home, to the creation of a green gallery in the community, and the eventual build up of a green community life circle (barrier-free cycling trail). These are arranged for the realization of energy saving and carbon reduction in this community.

(2) Urban organic farming

The green rooftop will be the site for practical work in the community for demonstrating the systematic planning of organic farming courses. The methods for organic farming will be introduced to help urban dwellers to use their own rooftops, empty land, or leased land in the suburbs to grow organic fruits and vegetables. The concept of "poison-free food DIY" gradually spreads across Tai Ho Li with action classroom as the means for promoting the concept. Additional academic seminars on topics of organic life have been held to disseminate organic farming concepts.

■ Improvement of mutual care and responsiveness among the residents of the community

The students of the community tended to form benevolent groups related to their curriculum after terms of learning and getting to know one another. Examples are: Singing Class in Mandarin and Taiwanese Dialects; Golf class; Taichi Class; Trail Walk Class; Urban farmer class; English songs teaching class; Oil Painting Class; Paper cutting arts class; calligraphy class; and Jing Luo Martial Art Class. These classes provide the opportunity for those in the community who otherwise cannot have the chance to learn to continue their learning in the evening at Xinyi Community College. This helps to keep urban people together and improve their interpersonal relations.

■ Establishment of a platform for the training and practice of community volunteer services

The Xinyi Community College helped Lite-On in the training of corporate volunteers. Through the "Volunteer Club" of Xinyi Community College, the seasoned people

5.2

with experience in volunteer service lead the corporate volunteers of Lite-On into all volunteer activities of the college. As such, the volunteers of Lite-On can "learn from doing" through showing their concern for the low-income old people living alone and the physically and mentally impaired in the community by keeping them company in the three major festivals. These works help to build up the training platform for corporate volunteers.

■ The physical and mental health program of the enterprise is introduced through education in the community college

(1) Lite-On Forest Park at Shuang Xi

Because of the success of the organic farming course tutoring model at the community college, the resources of faculties, teaching assistants, practical training and field trips were introduced into the "Lite-On Forest Park-LOHAS organic farming class" held at the Lite-On Forest Park at Shuang Xi of New Taipei. The employees of Lite-On were encouraged to enroll in the class to make a change in their habit of sitting behind their desks all day. This class provides the occasion where the employees can share with their families in the realization of green life for physical and mental health. In the future, the site will become a training center for the employees. Those who have outstanding performance in the learning can become seed tutors for advocating green energy and environmental protection. This arrangement is beneficial to all subsequent participants.

(2) Development of artistic skill in daily life

The college assisted Lite-On to launch this program this year in order to allow the employees of the Company to learn the skill of playing a musical instrument in the neighborhood after work. Courses in guitar and ukulele, which are running at the community college, were introduced. Teachers in good standing were invited to present the lecture and the skill at the training classroom in the Lite-On Building for 12～18 weeks of training. Employees can alleviate their pressure from work and learn the skill of playing an instrument. They can also improve their inter-personal relations with others in the enterprise through interaction and getting to know one another better. This form of learning will inspire the others in voluntary learning.

(3) Make family learning a habit

Of all the courses offered by the community college, organic farming, visit to the trail, which were given outdoors, have brought about significant results in family learning among the employees. At the very beginning, students who enrolled in the courses at the community college were older, either the retirees or the home makers. Later, with the improvement in inter-personal relations and the achievements in learning provided by the college made them feel compelled to encourage the whole family to learn together in the community college. This form of parent-children learning gives the best kind of joy. The employees have engaged in practical work in the LOHAS organic farming. In the past, this parent-children event was just organized once a year. Now, this event becomes a weekly routine for the family just because they have taken the course.

5.2

■ Create an environment for relaxation

In the community college, courses like green life, music, painting, writing and aerobic dancing are offered. Students can alleviate themselves from pressure under the leadership and companionship of the teachers and their peers.For example, the mountain trail course allows the desk-job workers to relax and get rid of the rigidity of their body without medication. It also helps to alleviate the pressure of work. They can then enhance their work efficiency at the workplace. This is perhaps a creative class for painting. The students can express themselves freely through painting out their internal world, relieve their pressure and seek alleviation. Through the tutoring of the teachers, they can refresh their mindset and find out their internal traits and can get out from the misery of their depression which otherwise stays with them perpetually. The organic farming courses allow the students to fully release themselves from physical work that they otherwise would not have performed. They indulge themselves in the mountains and commune with nature. Slowly but surely, they receive the treatment through horticulture. This course speaks more loudly than the conventional courses that purely give plain knowledge.

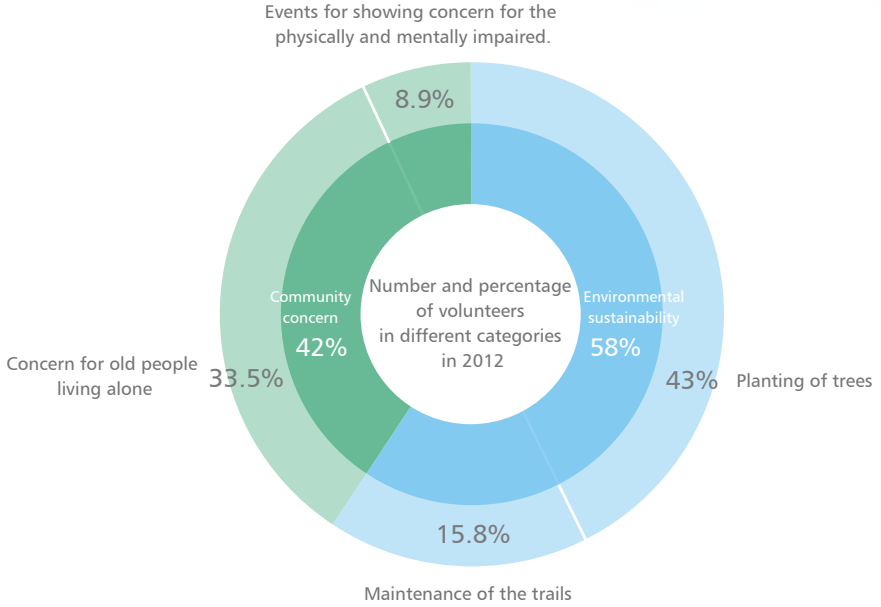
■ Emerged as the benchmark for other community colleges

The community college values the courses arranged for the physically and mentally impaired. Examples are: basketball training, MV dance, rock and roll music, clay craft, the garden of the angels, etc which have all been offered for years, yielded positive results. Due to the reputation of these courses, the community college was officially invited by the Ministry of Education to share its experiences with others in national seminars on special education. The parents of these groups of grown-up kids with special status were particularly moved. They have sent thank you cards many times, making phone calls to express their gratitude for what the college has done for them. The Xinyi Community College has attracted the attention of other community colleges in the last few years. Currently, the Neihu Community College has adopted the method in running courses of their college and opened the basketball training course.

5.3 Corporate Volunteers and Service

Lite-On CSER community involvement stretched into four areas, namely, community concern, environmental sustainability, human resources development and charity sponsorship. In practice, the concept of sustainability is translated into definite objectives and directions. With the coordination with professional and quality teams, Lite-On pro-actively designed the implementation of social charity through efficient means for their contribution to society. From 2012 onward, Lite-On has systematically recruited volunteers and encouraged its employees to participate in social charity by giving two days of public-welfare holidays to each employee every year as stated in its employees attendance regulations. Under such arrangement, the employees are encouraged to put their efforts in or assist in the cause of public-welfare, and feel the support of the Company for their participation in public-welfare. In addition, the Company has also invited the families of the employees to join the volunteer corps, and actively and enthusiastically be involved in all kinds of public-welfare activities on weekdays or weekends.

When the seeds of hope were sown, love will start to disseminate as the fermentation begins. In 2012, the volunteer corps of Lite-On has organized series of activities, including planting of trees, maintenance of trail, care for old people



living alone and care for the physically and mentally impaired. Employees and their families were also invited to the events so that they could free themselves from the tension of work through physical, mental and spiritual efforts. Indeed, this kind of giving and sacrificing has ramifications. This tiny bit of love will allow for a good future for our next generation. The following is the description of the volunteer works performed by the Company:

In 2012, the volunteers from Lite-On group have organized 7 events in Taiwan. A total of 158 persons/times have been committed to the cause with 1,004 service hours in an accumulation of 218 persons/times of service.

5.3

Theme	Name of event	Time of event	Hours	Number of volunteers	Total service hours	Total number of volunteers in service
Environmental sustainability	Planting of trees (1st tier)	4/28/2012	6	33	198	--
	Planting of trees (1st tier)	5/19/2012	6	35	210	--
	Volunteer work by manual "maintenance" of trails	12/15/2012	8	25	200	--
Community care	Event for the care for old age people living alone for the Dragon Boat Festival	6/2/2012	4	21	84	148
	Outdoor event in Mid-Autumn Festival for the care for old people living alone	9/18/2012	8	22	176	29
	Field trip study for the physically and mentally impaired.	10/25/2012	8	14	112	21
		10/27/2012	3	8	24	20
Total				158	1,004	218

■ Environmental sustainability – environmental protection

With the love for our land and care of the environment, we are conceived with the notion of a symbiotic relationship between human beings and nature. As such, we plant trees and maintain the trails manually at the Lite-On Forest Park. We invited the employees of Lite-On to join the cause. Through the planting of young shoots and cultivation of trails by hand, the employees of the Company jointly laid down a solid foundation for the forest park. This is the paradise exclusive to Lite-On people, which shows the spirit of respect for nature among the Lite-On people. The cause is very meaningful.

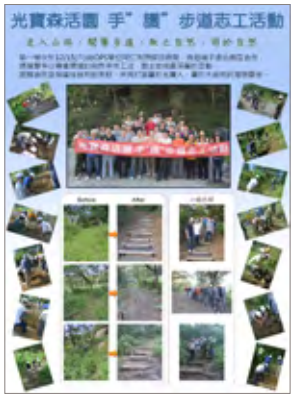
Planting of Trees

Lite-On has organized two tiers of volunteer work in planting trees at the Lite-On Forest Park in Shuang Xi. The horticultural experts explained to the volunteers the requirements and features of planting and growth of the trees, and the procedure for planting. Through the actual work of planting, the employees can learn about simple skills in planting. All rolled up their sleeves and indulged in digging and planting even if loose dirt gets into their shoes. All share the joy and the results. The work has been efficiently done. In two tiers of planting, there were 370 trees that were rooted in the grounds of the park. In the first tier of planting, 150 cherry trees (Prunus serrulata, yoshino cheery blossoms, and others) were planted In the second tier of plantation, 220 maple trees, fruit trees and Chinese rain trees were planted.

5.3

Manual Maintenance of Trails by the Volunteers

Thousand Miles Trail Association, an external organization, Lite-On proceeded to manually maintain the trails at Lite-On Forest Park through the volunteers of Lite-On and the coaches of the association. They spent their holidays rolling up their sleeves and engaging in the work there. They used their hands as a manifestation of their respect for nature and to properly keep the soil in its natural state. The hand-maintained trails demonstrate the mingling between people, people and nature, and people and society. This is the paradise exclusive to Lite-On people and is the land of nature. After days of hard work, the volunteers were rewarded, as the results motivated them. The trails which were covered with weeds and mud have been tidied up with the hands of the volunteers. This is the trail linking man and nature. This result is indeed vibrant. Subsequent work on the maintenance of the trail was continued in 2013. All employees of Lite-On were invited to join the cause. In the near future, when the trail has been properly maintained, those who have spent their effort there will have a special kind of pride and joy, when they promenade along the trail with their family in the Lite-On Forest Park.



■ Community care – care for the old people living alone.

Lite-On united its internal and external functions to organize events for the care of the social groups that really need concern and care, including the old people living alone, and the physically and mentally impaired. They also invited the employees of Lite-On to join the cause for this kind of meaningful activities to give warmth and care to the recipients of the service just like a big family.

Event for the Concern of Old Age People Living Alone for the Dragon Boat Festival

On the eve of the Dragon Boat Festival, Lite-On Cultural Foundation and Xinyi Community College with the concerted effort of Hua Shan Foundation, another public-welfare group, to organize a fair for the old people living alone in the 12 administrative districts of Taipei. The "Dragon Boat Festival Celebration for the Old Age People" provided an opportunity for the old people who needed care and concern, or who were living alone, to go outside to share in community events. This fair gave them warmth and care as if they were in their own families. The fair housed a number of amusement stands with singing and dancing shows. All participants of the event regardless of their age would burst into laughter. Indeed, the volunteers could also share this moment of joy with the old people. With pro-active efforts and enthusiastic attitudes, the volunteers feel the reward of giving. The seeds of love are the best payback to society. Getting along with one another is indeed valuable which helps to nurture friendly and true relations among people.

5.3

Outdoor Event for the Old People Living Alone to the Mid-Autumn Festival

On the eve of the Mid-Autumn Festival, the volunteers of Lite-On, Lite-On Cultural Foundation, and Xinyi Community College worked in concerted effort to organize a trip in Lan Yang for the old people living alone in the Xinyi District under the care of the Xinyi District Office. One volunteer is assigned to keep one senior company. The old people had a memorable day of warmth and joy. In the journey, each volunteer took very good care of each old person assigned to them for caring. They chatted and shared joy with these old people and walked hand-in-hand with them. The participants to the trips felt the warm-heartedness of the volunteers while the volunteers found themselves a chance to contribute themselves to society. On a beautiful Saturday afternoon about 3 weeks after the trip, Lite-On invited the old people who have taken the trip to a gathering. They shared the time and chatted with one another, and viewed the photographs and the video footages taken on the day of the trip and expressed their feelings. Each volunteer designed the cards pasted with the photographs taken on the scene of the trip as a gift to the seniors they kept company on the trip. The event was filled with laughter and applause. This really was a touching and warm moment.

■ Community care- care for the physically and mentally impaired

Happy Angels in Lan Yang Field Trip

In October, the volunteers from Lite-On participated in the field trip organized by the Lite-On Cultural Foundation, Xinyi Community College and the First Social Welfare Foundation for the mentally and physically impaired. The field trip took place at Lan Yang and was called the Health and Joy Camp – The Garden of Angels. The volunteers kept these people company in outdoor teaching so that they could have proper stimulation of the senses and their motor neurons. They can improve their coordination by walking and feeling the joy of an outdoor trip. The volunteers of Lite-On escorted these people during the entire trip with one assigned to one needy person. This group of the impaired had their dream of a field trip come true. From the laughter and rhythms of their songs, one could feel that they had a very wonderful day. They could feel the truthful hearts of the volunteers. From the insights revealed by the volunteers after the event, we could see that the volunteers were really moved.

5.3

■ Sponsorship of public-welfare – sponsorship of arts and cultural events

Free Film Tickets

In supporting local arts and cultures, Lite-On bought tickets for the film "Viva Baseball" and distributed the tickets to the employees of all group companies in proportion to the size of the labor force, free of charge. This film is domestically made and employees picked up the tickets freely. This is an effort of Lite-On to share in the passion and sentiments of the domestic film industry and baseball through this film with its employees.

Free Tickets to Operas

Lite-On encourages the employees to attend arts and cultural events for the advocacy of the operatic arts everywhere and in gratitude for the hard work of its people. The Company specifically bought the tickets for "The Marriage of Figaro" performed by the "Taipei Philharmonic Opera Studio". This opera studio has performed famous operas, like the "Bat", "Mid-Summer Night's Dream", "Martial Art Opera", and "Romeo and Juliet" before. The tickets are free for the employees so that they can nurture themselves with a sense of arts and broaden their horizon in life.

Variety Show for Public-fare

In January, Lite-On has organized a variety show in the annual party. A number of public-welfare groups were arranged to perform on stage on that night. The children's choir of Wan Lung Primary School at Jing Mei District was invited to the hymn singing. These children were under the counseling of the counseling volunteers corps of Lite-On cultural foundation and they are in the special counseling class of Wan Lung Church at Jing Mei. Most of them were brought up by a single parent, grandparents, low-income familes, new immigrants or aboriginal families. But all were good children. With their truthful and thanksgiving hearts, they brought warmth to the occasion with their choral voices. It just made us feel that society needs to give them its care and love. Finally, the results of survey on the satisfaction of the show from Lite-On people indicated that, the invitation of the public-welfare groups to perform in the show was highly applauded.

5.3

Environmental sustainability – environmental education, sponsorship of public-welfare – donations with love

Environmental Protection and Love for the Earth, Chung Ho Hiking with Joy

The Welfare Committee of Lite-On at Chung Ho Plant organizes a hiking trip as an annual symbolic event in response to the call for "Environmental protection and love for the earth" advocated under the CSER. The organizer specifically designed the event with a number of environmental protection elements that made the event more meaningful for the participants. The welfare committee designed a number of public-welfare events linking them with environmental protection so that the relatives of the employees may join the hiking. For example: the committee encouraged the employees to bring their own cups and prepared drinking water along the route and the activities spots so that the employees can refill their water bottles. Quiz with a prize has also been arranged with an environmental protection theme and the community. A small gift will be presented to those who gave the correct answers. The event has been highly applauded. Recycling of resources, used clothes, used books, used batteries and scrapped disks and encouraging the reuse of materials. One Dollar for charity is the joint program with the Red Cross Society. Employees are encouraged coin donation to care for single parent families as a meal subsidy for better nutrition. Donate the uniform invoices for charity. Anyone who donates 5 or more of such invoices will receive a small gift. Lite-On presents the knowledge of loving the earth by posting signs along the route as guides. In addition, short notes depicting the love for the earth are also marked. Examples are: buy products with the environmental protection green labels as far as possible, energy saving label, water saving label and related green labels. These will make one become a "green product consumer" in action. The activities arranged en route the hiking has been highly receptive for the employees presenting Lite-On people's characteristics of community involvement.

Community Involvement and Activities of Lite-On in Mainland China in 2012

Further to its public-welfare events in Taiwan, Lite-On has also made significant efforts in Mainland China to show its care for the community, such as talent training, environmental sustainability and sponsorship of public-welfare events. Lite-On put its corporate resources together with the wisdom and love of its employees in supporting activities organized for the local community. The move allows Lite-On to cover Greater China with its love for all people. Lite-On will make further efforts to drive the society forward.

5.3

Theme	Category	Activities	Region
Community care	Care of the old aged	Care and donation for the old people in the home for aged	Dongguan Changan, Qingxi, Changzhou
	Support the socially disadvantaged	Care for the children living in rural wareas	Dongguan Changan
		Express care for the families living below the subsistence level.	Guangzhou
		Support the handicapped to find jobs	Guangzhou
		Donation of money and materials to help the pupils.	Changzhou
Talent trainings	Exchange between schools and industry	Training of front-line managers	Dongguan Changan
		Cooperating with schools in offering practical training for students to train them with relevant technical skills.	Guangzhou, Changzhou
	Life-long education	Training for new people from Dongguan	Dongguan Changan
		Public-welfare speeches for education and promotion	Guangzhou
Environmental sustainability	Environmental sustainability	Cleanup the streets campaign	Dongguan Changan
		Cultivation of remote lands for employee farming, protecting the soil and the environment.	Guangzhou
		Planting of trees	Tianjin, Qingxi, Changzhou
		Cleanup the mountain campaign	Changzhou
Sponsorship of charity	Donation	Donation to help employees suffering from leukemia	Dongguan Changan
		Donation of clothing	Guangzhou
		Donation for AIDS	Qingxi
		Blood donation	Changzhou
	Sponsorship of arts and cultural events	Cultural Cart performance on national day	Dongguan Changan
		Sponsorship of fire safety month promotional events	Tianjin
		Participation in the Arts Festival at Lugang District	Guangzhou
		Chinese New Year Night at Nanhu Jiayuan	Changzhou
		Volunteer service at the Floral Expo at Changzhou Wujin	Changzhou

5.3

■ Community care - care for the old aged

Concern for the Home for the Aged, Donation (Changzhou)

In the Chung Yang Festival of 2012, a few executives and the representatives of the labor union at the East China Operation Center of Lite-On at Changzhou visited the home for the aged at Nanxiashu with the facilitation of the Red Cross at Wujin. They represented the Company to show their concern and love for these old people. The fund donated was raised by a singing contest at KTV. Part of the donated fund was spent on wool blankets, gloves and scarves to keep the old people warm during the Wintry days. The remainder of the fund was presented to Director Lee of the home for the aged to purchase daily necessities for this place. The donation made these old people happy at the very moment they received the gifts. The warm-heartedness of Lite-On made the old people warm all through the chilly Winter.

■ Environmental sustainability – environmental protection

Charming Floral Expo, Let Me Plant the Trees (Changzhou)

The Nine foreign firms participated in the tree planting event. The day of the event has not been ideal with a slight rain and muddy ground. But the joint efforts of all overcame the adverse climate. Young trees were lined up and planted. It takes 10 years for a tree to grow up and it takes a century to make a tree to grow strong. The muddy ground softened by the rain could not stop the sentiments of the Lite-On people in planting trees for creating a green zone.

5.3

Hiking and Cleaning up the Mountain, LOHAS Environmental Protection (Changzhou)

The Hiking Club of Lite-On East China Operation Center at Changzhou selected Zhuhai at Nanshan as the destination for hiking in order to promote the idea of LOHAS environmental protection and advocate leisure life in motion. This opportunity allowed the employees to walk out of the workplace to take part in environmental protection and feel the ecological beauty of the area. Zhuhai of Nanshan is south of the Liyang City in Changzhou. The natural environment here is superb and just like its depiction in pictures and poems. The bamboos covered the mountain slope and embraced the rocks. This is really an amazing scene. Changzhou government has been educating the people in environmental protection through low carbon remission over the years. The cleanup the mountain campaign launched by Lite-On is a response to the call of the government. Environmental protection can be done by bits of work in daily habit. Before setting out for the hiking trip, all participants met at the foot of Zhuhai Mountain at Nanshan. Each was given a pair of gloves and a trash bag. They picked up the garage as they passed by en route to the hiking destination. The slogan for this event was "Handy work can protect the environment and keep the mountain green and the water clean!"

Employee Farm (Guangzhou)

Silitek (Guagnzhou) has cultivated a piece of land at the back side of the employee accommodation area for agricultural farming in order to help them to maintain a balance between labor and leisure. They may plant different kinds of things at leisure. This farm helps the employees to nourish their lives and understand the principle of "what you get depends on what you did". This makes the employees there feel the honor of their inputs in the labor force and share the fruit of success.

5.3

■ Sponsorship of charity – donations

Give as Love – Donations of Clothing (Guangzhou)

In November 2012, the people at Lite-On Technology Guangzhou Plant responded to the rally of "Guangzhou Station for Receiving donations of clothing" for support. Love is just like April – donations of clothing have been enthusiastically and warm-heartedly made. This is the manifestation of love and care from the people of Lite-On, and will be perceptible by the needy.

Donation for AIDS Victims (Qingxi)

In March 2012, G-COM of Lite-On organized the fund raising campaign in 2012 to help AIDS victims. The venue was Qingxi Township Cultural Square and the event lasted for one day. The campaign was exclusively designed to express concern for the AIDS victims, and was a success. This is the manifestation of the concern for the social disadvantaged by the Lite-On people.

5.3

- Sponsorship of public-welfare – sponsorship of arts and cultural events

Participation in the Golden Geese Arts and Cultural Festival at Luogang District (Guangzhou)

In September 2012, the people of Lite-On Guagnzhou took part in the Golden Geese Arts and Cultural Festival held at Luogang, Guangzhou. Lite-On people performed in 4 of the choreographic shows out of the 6 shows in the opening ceremony. The performance of the employees was highly applauded by the audience. All at Lite-On were proud of their performance and their contribution to support arts and cultures.

5.4 Lite-On Award:

The Incubator of Technology with Innovation and Sustainability

Lite-On Award was set up By Mr. Raymond Soong, the Chairman of Lite-On Group for a simple cause 12 years ago. At the time, we were noticing that there were few ways to encourage young people to innovate on technology. Realizing that technology industries in Taiwan were profiting less and less from OEM, we knew that only by investing in innovation and enhancing the core competitiveness of enterprises can we elevate Taiwanese industries' added-value and international competitiveness. The Lite-On Award was therefore established to "raise the industrial design level of the Chinese community around the world."

This year marks the 12th anniversary of the greatest annual event in the Chinese design community, the Lite-On Award. Building on the success of previous years, this is the fourth consecutive year in which over 2,000 emerging talents and professionals from over 20 nations across Europe, America and Asia sent in their works to compete for the grand prize. It is evident that after years of hard work, the Lite-On Award is now considered one of the major international industrial design competitions.

Since 2009, Lite-On Award has green design as its main theme in view of the raising awareness of eco-friendliness and the issue of global warming. The theme of the year of 2012"Tech it Easy" can be seen as an extension of green design. We not only wish to remind designers that "Less is More" and "Less is Better" but also guide them back to the true spirit of simplicity. "Tech it easy" means that technology can be simple. In other words, technology can have a simple design with easy to use functionalities and energy-saving features. The Lite-On Award is very pleased to see that through this competition both designers and consumers were able to foresee a smart and simple life still focused on eco-friendliness and technological development in the future.

Lite-On Award encourages designers to create products with the true spirits of simplicity. Therefore, we invited our international judges to share the ideas with forum participants. Meanwhile, we also organized a free innovation seminar with 3 partners, 3M, ABB and Bayer to the public in Elite Bookstore, in order to let consumers understand the good will of "Tech it Easy".

Since the establishment of the Lite-On Award, we have committed ourselves towards turning it into a dynamic asset owned by the whole society rather than something just owned by Lite-On. After a decade, the Award has continuously grown and innovated itself. We hope that the Award will bring endless innovative energy to strengthen the government's policy of "Innovative Economy, LOHAS Taiwan" and guide Taiwanese industries towards the international market. At the same time, we hope this Award will increase the international visibility of Chinese industrial designers and their design abilities and competitiveness.

5.5 Cooperating with Educational Institutions in Development of Talented People：

Building up the Next Generation of Power Electronics Research Center by Cooperating with (NTUST)

Lite-On and the National Taiwan University of Science and Technology (NTUST) have jointly founded the "Lite-On NTUST Power Electronics Research Center" (LNPEC). The Center was officially opened in Janunary 2012, and will jointly focus on the four major core researches including power management systems for cloud computing data center, the next generation of power conversion technology, high efficiency digital power management system and alternative energy for exploring the developments in the new generation of technologies for power electronics emerging into a new era of environmental friendly energy.

Lite-On Technology has made switching power supplies for almost 3 decades. Indeed, Lite-On has emerged as the worldwide top 2 power supply maker and has an absolute competitive advantage in power supplies for PC (including NB and Desktop PC) and cloud computing data center in global market. Lite-On and NTUST have jointly mapped out a long-term research plan that could effectively integrate the R&D resources. Numerous projects of the R&D of new power supply technologies have already been kicked off. In the wake of the high depletion of natural resources and the skyrocketing price of energy, the proposal for a new generation of power electronics technologies to tackle the problem will be necessary. The results of the research will upgrade of Lite-On's technological competence in data communications, consumer electronics as well as uplift Lite-On to be an energy management solutions provider from a power equipment provider.

At NTUST, more than 500 people in the field of power electronics have been trained at the doctoral level. From 2005 onward, the university has started its graduate programs in power electronics industry and has engaged in a partnership with Lite-On for a cooperative education program for the development of power supply technologies since then. The two sides have gone further in their cooperation by establishing the "Lite-On NTUST Power Electronics Research Center". Tens of millions of NTD have been invested for the cause. Lite-On has also committed its human resources and other resources to develop high-end power supply products in the next generation through this partnership. In the future, a stream of human resources in R&D will join the enterprise through the opportunities of practical training and employment in favor of the students.

The research center will focus on the development of the intelligent power node management technologies and high efficiency power supply for servers. The contents of the research and development efforts cover the high-end power supply for servers with over tens of KW for and battery/fuel Cell backup power supply system in order to meet the demands for energy savings and environmental protection enhancing the mission of the Company.

Another part of the focus in research is the next generation technologies for power conversion and the emphasis is the research and development for high power density, high efficiency and low standby power consumption technologies aimed at an enhancement of the power switching efficiency by 10% and output density by 50%, respectively. The research and development of technologies that do not use heat sinks would allow for the lowering of the operating temperature, energy savings as well as reduced use of materials.

The research center also plans to develop the high efficiency digital power management system, intelligent power management system for the application of cloud computing, IT and communication networking industry which digital controller are with high reliability, high scalability, high accuracy, strong noise-immunity, programmable and suitable for modular design. This device can also help to effectively compress the time and cut down on the cost for the development of power supply products. The R&D items are: high efficiency fully-digital-controlled power supply, light-load efficiency and intelligent power management system.

In the R&D of alternative energy, the center has planned to integrate technologies in photovoltaic energy, wind power energy, the DC micro grid of lithium battery and fuel cells to improve the structure and power management technology. In addition, the center has also planned to apply a DC stable load to upgrade the efficient use of electric power and reduce the impact on the existing AC grid.

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Strategy and Analysis	1.1	Statement from the most senior decision maker of the organization	Letter from the Chairman and Group CEO	8	
	1.2	Key impacts, risks, and opportunities.	Letter from the Chairman and Group CEO	8	
Organizational Profile	2.1	Name of the organization.	2.1 Company Overview	22	
	2.2	Primary brands, products, and services.	2.1 Company Overview	22	
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	2.1 Company Overview	22	
	2.4	Location of organization's headquarters.	2.1 Company Overview	22	
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	2.1 Company Overview	22	
	2.6	Nature of ownership and legal form.	2.1 Company Overview	22	
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	2.1 Company Overview	22	
	2.8	Scale of the reporting organization.	2.1 Company Overview 2.1.3 Financial Performance & Business Outlook	22 29	
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	About This Report 2.1 Company Overview	2 22	
	2.10	Awards received in the reporting period.	2011 Highlights	4	

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Report Parameters, Scope and Boundary	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	2	
	3.2	Date of most recent previous report (if any).	About This Report	2	
	3.3	Reporting cycle (annual, biennial, etc.)	About This Report	2	
	3.4	Contact point for questions regarding the report or its contents.	About This Report	2	
	3.5	Process for defining report content	About This Report	2	
	3.6	Boundary of the report	About This Report	2	
	3.7	Limitations on the scope or boundary of the report.	About This Report	2	
	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	2 22	
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	About This Report	2	
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	About This Report	2	
	3.11	Significant changes from previous reporting periods in the scope,boundary, or measurement methods applied in the report.	About This Report	2	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Report Parameters, Scope and Boundary	3.12	Table identifying the location of the Standard Disclosures in the report.	GRI G3.1 Index	157	
	3.13	Policy and current practice with regard to seeking external assurance for the report.	About This Report Third Party Assurance Statement	2 179	
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	2.2 Corporate Governance	34	
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	2.2.1 Board of Directors Responsibilities	35	
	4.3	The number of members of the highest governance body that are independent and/ or non-executive members.	2.2.1 Board of Directors Responsibilities	35	
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1.2.1 Materiality Analysis Process 1.2.2 Communication Mechanism 2.2 Corporate Governance 4.5 Employees Relations	14 19 34 103	
	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	35	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	2.2.2 Audit committee responsibilities 2.2.3 Compensation Committee Responsibilities	35 36	
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategyon economic, environmental, and social topics.	2.2 Corporate Governance	34	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Governance, Commitments, and Engagement	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	1.1 Corporate Commitment and CSR Vision 2.1.5 Lite-On Corporate Values 2.2.8 Anti-corruption 2.2.9 Corporate Risk Management 3.1 Lite-On's Green Commitment 4.1 Employee Policy 5.1 Community Involvement Policy	12 33 39 41 44 84 118	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	1.1.1 Lite-On CSER Committee	13	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	1.1.1 Lite-On CSER Committee 2.2.2 Audit committee Responsibilities 2.2.3 Compensation Committee Responsibilities 2.2.4 Growth Strategy Committee Responsibilities	13 35 36 36	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	2.2 Corporate Governance	34	
	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 3.3 Strategy Response to Climate Change & Global Warming	8 49	

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Governance, Commitments, and Engagement	4.13	Memberships in associations (such as industry associations) and/ornational/ international advocacy organizations.	2.1.4.1 Participation in Associations / Organization 2.1.4.2 Leading the establishment of "Taiwan Corporate International Sustainability Coalition"	30 31	
	4.14	List of stakeholder groups engaged by the organization.	1.2.1 Materiality Analysis Process 1.2.2 Communication Mechanism	14 19	
	4.15	Basis for identification and selection of stakeholders with whom to engage.	1.2.1 Materiality Analysis Process	14	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.2.1 Materiality Analysis Process 1.2.2 Communication Mechanism	14 19	
	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	14	
Economic Performance Indicators	Management Approach	Management Approach	2.1 Company Overview 2.2 Corporate Governance	22 19	
	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.	2.1.3 Financial Performance & Business Outlook 2.2.6 Dividend Policy of the Company and the Status of Implementation 2.2.7 Employee bonus and compensation to the directors	29 37 38	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Economic Performance Indicators	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	3.3 Strategy Response to Climate Change & Global Warming 3.4 Greenhouse Gas Emmision Mitigation	49 55	
	EC3	Coverage of the organization's defined benefit plan obligations.	4.4 Protection of Rights and Interests 4.6 Lohas at Lite-On	99 105	
	EC4	Significant financial assistance received from government.			In 2012, Lite-On received from the government NT$14 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 232 of 2012 Annual 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.	4.4 Protection of Rights and Interests	99	
	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.	4.2 Employee Overview	86	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Economic Performance Indicators	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	5.1 Community Involvement Policy	118	
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.			Lite-On does not specifically make indirect economic impacts evaluations.
Environment Performance Indicators	Management Approach	Management Approach	3.1 Lite-On's Green Commitment	44	
	EN1	Materials used by weight or volume.	3.7 Major Raw Material Use and Energy/Resource Flow	70	
	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.	3.4.3 Direct Energy and Indirect Energy Consumption	60	
	EN4	Indirect energy consumption by primary source.	3.4.3 Direct Energy and Indirect Energy Consumption	60	
	EN5	Energy saved due to conservation and efficiency improvements.	3.4.2 Energy Recuction Measures	58	

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	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.	3.6 Green Product Design	63	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	3.4.2 Energy Reduction Measures 3.4.3 Direct Energy and Indirect Energy Consumption 3.8 Green Logistics	58 60 72	
	EN8	Total water withdrawal by source.	3.5 Water Resource Saving	62	
	EN9	Water sources significantly affected by withdrawal of water.	3.5 Water Resource Saving	62	
	EN10	Percentage and total volume of water recycled and reused.	3.5 Water Resource Saving	62	
	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.

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN13	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity valueoutside protected areas.			Ditto
	EN14	Habitats protected or restored.			Ditto
	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.	3.4.1 Greenhouse Gas Emission Inventory	55	
	EN17	Other relevant indirect greenhouse gas emissions by weight.	3.4.1 Greenhouse Gas Emission Inventory	55	
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	3.1.1 Environmental Goals 3.4.1 Greenhouse Gas Emission Inventory	45 55	
	EN19	Emissions of ozone-depleting substances by weight.			Lite-On 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.	3.4.4 Air Pollution Prevention	61	
	EN21	Total water discharge by quality and destination.	3.5 Water Resource Saving	62	
	EN22	Total weight of waste by type and disposal method.	3.5 Water Resource Saving	62	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	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.	3.5 Water Resource Saving	62	
	EN26	Initiatives to mitigate environmental impacts of products and services,and extent of impact mitigation.	3.2.1 Hazardous Substance Use Management 3.6 Green Product Design	46 63	
	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 2012, 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.	3.8 Green Logistics	72	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Environment Performance Indicators	EN30	Total environmental protection expenditures and investments by type.	3.2.2 Enviromental Accounting	47	
Labor Practices and Decent Work	Management Approach	Management Approach	4.1 Employee Policy	84	
	LA1	Total workforce by employment type, employment contract, and region, broken down by gender	4.2.1 Employee Structure and Distribution	86	
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	4.2.2 Employee Retention	89	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	4.4 Protection of Rights and Interests 4.6 Lohas at Lite-On	99 105	
	LA4	Percentage of employees covered by collective bargaining agreements.	4.5 Employees Relations	103	
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	4.4 Protection of Rights and Interests	99	
	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.	4.6.3 Environment, Safety and Health	109	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	4.6.3 Environment, Safety and Health	109	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	4.6.3 Environment, Safety and Health 4.7 Cooperating with Customers and NGOs to Further Employee Health and Wellbeing	109 112	
	LA9	Health and safety topics covered in formal agreements with trade unions. Health and safety topics covered in formal agreements with trade unions.	4.6.3 Environment, Safety and Health	109	
	LA10	Average hours of training per year per employee by gender, and by employee category.	4.3 Employee Development and Training	92	
	LA11	Programs for skills management and lifelong learning that support thecontinued employability of employees and assist them in managing career endings.	4.3 Employee Development and Training	92	
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	4.3 Employee Development and Training	92	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Labor Practices and Decent Work	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	4.2.1 Employee Structure and Distribution	86	
	LA14	Ratio of basic salary and remuneration of men to women by employee category, by significant locations of operation.	4.4 Protection of Rights and Interests	99	
	LA15	Return to work and retention rates after parental leave, by gender.	4.2 Employee Overview	86	
Human Rights	Management Approach	Management Approach	4.1 Employee Policy 3.11 Supply Chain Management	84 81	
	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 2012.
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human right, and actions taken.	3.11 Supply Chain Management	81	

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	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.	4.3 Employee Development and Training	92	
	HR4	Total number of incidents of discrimination and corrective actions taken.	4.5 Employees Relations	103	
	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.	4.6 Lohas at Lite-On 3.11 Supply Chain Management	105 81	
	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.	4.2.3 Recruitment 3.11 Supply Chain Management	91 81	
	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.	4.2 Employee Overview	86	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Human Rights	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.
	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 2012.
	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 2012.
	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.

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Society	Management Approach	Society Performance	5.1 Community Involvement Policy 2.2.8 Anti-Corruption	118 39	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	5 Community Involvement	117	
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	2.2.8 Anti-Corruption	39	
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	2.2.8 Anti-Corruption	39	
	SO4	Actions taken in response to incidents of corruption.	2.2.8 Anti-Corruption	39	
	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 2012, 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 2012 we did not suffer any fines due to violation of laws or regulations.

GRI G3.1 Index

	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Society	SO9	Operations with significant potential or actual negative impacts on local communities.	4.6.3 Environment, Safety and Health	109	
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	4.6.3 Environment, Safety and Health	109	
Product Responsibility	Management Approach	Management Approach	3.10 Customer Service and Satisfaction	77	
	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.	3.6 Green Product Design	63	
	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 2012, we did not violate any product or service health or safety laws or regulations.
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	3.6 Green Product Design	63	

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	GRI	GRI Indicators	Related Report Sections	Page(s)	Explanatory Notes
Product Responsibility	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 2012, 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.	3.10 Customer Service and Satisfaction	77	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	3.10 Customer Service and Satisfaction	77	
	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 2012, 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.	3.10 Customer Service and Satisfaction	77	
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			In 2012, Lite-On did not suffer any fines due to violation of laws or regulations.

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Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Organizational governance	Decision-making processes and structures	1.2 Identification of Stakeholders 1.2.2 Communication Mechanism 2.2 Corporate Governance	14 19 34	
Human Rights	Due diligence	4.2.4 Electronic Industry Code of Conduct (EICC) Committee 3.11 Suply Chain Management	91 81	
	Human rights risk situatio	4.2.4 Electronic Industry Code of Conduct (EICC) Committee 3.11 Suply Chain Management	91 81	
	Avoidance of complicity	1.1 Corporate Commitment and CSR Vision	12	
	Resolving grievances	1.2.2 Communication Mechanism 4.5 Employees Relations	19 103	
	Discrimination and vulnerable groups	1.1 Corporate Commitment and CSR Vision 4.4 Protection of Rights and Interests	12 99	
	Civil and political rights	4.6 Lohas at Lite-On 3.11 Supply Chain Management	105 81	
	Economic, social and cultural rights	4.4 Protection of Rights and Interests 4.6 Lohas at Lite-On	99 105	
	Fundamental principles and rights at work	4.4 Protection of Rights and Interests	99	
Labor practices	Employment and employment relationships	4.4 Protection of Rights and Interests	99	
	Conditions of work and social protection	4.6 Lohas at Lite-On	105	

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Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Labor practices	Social dialogue	1.2 Identification of Stakeholders 1.2.2 Communication Mechanism 4.1 Employee Policy	14 19 84	
	Health and safety at work	4.6.3 Environment, Safety and Health 4.7 Cooperating with Customers and NGOs to Further Employee Health and Wellbeing	109 112	
	Human development and training in the workplace	4.3 Employee Development and Training	92	
The environment	Prevention of pollution	3.2.1 Hazardous Substance Use Management 3.4.4 Air Pollution Prevention 3.7.4 Waste Management and Recycling	46 61 70	
	Sustainable resource use	3.6 Green Product Design 3.8 Green Logistics 3.9 Green Factories	63 72 74	
	Climate change mitigation and adaptation	3.3 Response to Climate Change & Global Warming 3.4 Greenhouse Gas Emmision Mitigation	49 55	
	Protection of the environment, biodiversity and restoration of natural habitats			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.

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Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Fair operating practices	Anti-corruption	2.2.8 Anti-Corruption	39	
	Responsible political involvement	4.6 Lohas at Lite-On	105	Lite-On do not involve in any political activities
	Fair competition	3.10.5 Legal Compliance	80	
	Promoting social responsibility in the value chain	3.11 Supply Chain Management	81	
	Respect for property rights	3.10.5 Legal Compliance	80	
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	3.10.5 Legal Compliance	80	
	Protecting consumers' Health and safety	3.2.1 Hazardous Substance Use Management 3.6 Green Product Design	46 63	
	Sustainable consumption	3.11 Supply Chain Management	81	
	Consumer service, support, and complaint and dispute resolution	3.10 Customer Service and Satisfaction	77	
	Consumer data protection and privacy	3.10.4 Customer Service and Satisfaction	80	
	Access to essential services	3.10.1 Customer Service and Satisfaction	77	
	Education and awareness	3.10.1 Customer Service and Satisfaction	77	
Community involvement and development	Community involvement	Community involvement Education and culture		
	Education and culture	5.2.1 Community Volunteer Team 5.2.2 Taipei Xinyi Community College 5.4 Lite-On Award 5.5 Cooperating with Educational Institutions in Development of Talented People:	120 132 155 156	

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Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Community involvement and development	Employment creation and skills development	4.2.1 Employee Structure and Distribution	86	
	Technology development and access	2.1 Company Overview	22	
	Wealth and income creation	2.2.6 Dividend Policy of the Company and the Status of Implementation	37	
		2.2.7 Employee Bonus and Compensation to the Directors	38	
		4.4 Protection of Rights and Interests	99	
	Health	5.3 Corporate Volunteers and Service	144	
		4.6 Lohas at Lite-On	105	
	Social investment	5.1.1 Expense of Community Involvement	118	
		5.2 The Lite-On Cultural Foundation	119	

Third Party's Assurance Statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE LITE-ON TECHNOLOGY CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2012

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) 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 2012. 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, Thailand, United Kingdom, Germany, Netherlands and United States of America of this report.

The information in the Lite-On Tech's Corporate Social Responsibility Report of 2012 and its presentation are the responsibility of the superintendents, CSER committee and the management of Lite-On Tech. SGS has not been involved in the preparation of any of the material included in the Lite-On Tech's Corporate Social Responsibility Report of 2012.

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. 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. These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny;
- 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(2011).

The assurance comprised a combination of pre-assurance research; interviews with relevant employees at headquarter of Lite-On Tech in Taipei City 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 affirms our independence from Lite-On Tech, being free from bias and conflicts of interest with the organization, 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 2012 verified is accurate, reliable and provides a fair and balanced representation of Lite-On Tech sustainability activities in 01/01/2012 to 12/31/2012.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the fourth 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 type 1, moderate level.

AA1000 ACCOUNTABILITY PRINCIPLES CONCULSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

Lite-On Tech has demonstrated a strong commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, suppliers, media, NGOs and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. It is recommended to have higher degree of direct involvement of stakeholders during future engagement.

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, Lite-On Tech might consider profiling the sustainability impacts and performance of organization's businesses in more detailed.

Responsiveness

The report provides a comprehensive response to the issues and stakeholder concerns relating to Lite-On Tech's activities.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCULSIONS, FINDINGS AND RECOMMENDATIONS

Principles, Standard Disclosures and Indicators

Lite-On Tech's Corporate Social Responsibility Report of 2012 is adequately in line with the Global Reporting Initiative G3.1 application level A$^+$. A few performance indicators may be further enhanced to have better alignment to GRI G4. It is also recommended to have more disclosure on the performance of supply chain management and organizational governance required in GRI G4.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000 Licensed Assurance Provider 000-8

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
10 July, 2013
WWW.SGS.COM

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