

LITEON[®]

About This Report



This is the eighth annual Corporate Social Responsibility (CSR) report of Lite-On Technology Corporation. This report shows Lite-On's dedication to ensuring sustainability in its operations through economic, environmental, as well as social efforts.

This report reflects the company's use of substantive examination to identify and analyze issues, and the selection and prioritization of issues at meetings of the Lite-On Technology CSR Committee's working groups and in the process of discussions with stakeholders.

Scope of Report and Data:

This report presents Lite-On's global CSR progress for the period January 1, 2013, to December 31, 2013. Financial data reflects performance of the parent company as well as its overall subsidiaries, whereas other indicators used excluding the subsidiaries, Silitech, Logah Technology and Lite-On Japan which are publicly-listed companies.

In response to changes in the global IT and communications industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. As a result, the company has included its subsidiaries as part of this report. To ensure the continuity and comparability of data presented in the report, disclosure will be made both on a standalone basis and inclusive of subsidiaries (including Lite-On IT, Lite-On Mobile, Li Shin, Leotek, Liteon Automotive, Lite-On Green Technologies and Lite-On Clean Energy Technology). Any

exceptions will be highlighted in the report. All financial figures in this report are presented in New Taiwan Dollars, and have been verified by Deloitte & Touche, Taiwan. Disclosures regarding ISO50001, OHSAS18001 and ISO14001 have also been verified by SGS Taiwan Ltd. Performance regarding environmental protection, health and safety are presented using globally accepted indicators. Any estimates or assumptions are elaborated in the respective sections. Any new disclosures made in this report as compared to the previous report have also been highlighted.

Report Outline

This report has been drafted based on the GRI G4 guidelines published by Global Reporting Initiative (GRI). It discloses the company's responses to sustainability issues as well as strategies, goals and practical steps adopted. Contents of this report have been discussed and categorized using AA1000-compliant procedures. This report is available in Chinese and English; both versions are available on Lite-On's website.

Report Assurance

To ensure the transparency and reliability of information presented in this report, the company has engaged a third party - SGS Taiwan Ltd. - to provide a guarantee of AA1000 AS (2008) type-1, mid-level accountability and also GRI G4 disclosure in accordance with the Comprehensive option. A Third Party Attestation Statement has been attached as an appendix to this report.



Date of Issuance

Lite-On Technology publishes its CSR report on an annual basis; the report is also posted on Lite-On's corporate website for public access.

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CSR Promotion

1. Lite-On has been chosen as a component stock of the "Dow Jones Sustainability Indices (DJSI)" - "DJSI-World" and "DJSI-Emerging Markets" for the third consecutive year. It has also been named a global Industry Leader in the Industry of Computer & Peripherals and Office Electronics, Computer Hardware.
2. For the sixth year in a row, Lite-On won a "Corporate Citizen Award" of Commonwealth Magazine (2007~2013). In 2013, it ranked third among large corporations in the Corporate Citizen Award.
3. The company was awarded merit of excellence as a manufacturer during the "2013 Taiwan CSR Awards" organized by the Taiwan Institute for Sustainable Energy.

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Sustainability Indices**
In Collaboration with RobecoSAM



2013 CSR Highlights



Corporate Governance

1. The company was awarded grade A+ by the Securities and Futures Institute during its 10th Information Disclosure Evaluation.
2. Lite-On's optoelectronic factory in Tianjin and mobile imaging factory in Guangzhou have obtained Product Liability Insurance AAA Certification from the ACE Group.

Environmental Protection

1. The company's greenhouse gas emissions intensity in 2013 was 2.14 tons of CO₂e / million NTD . This was 6.8% lower than the 2.29 tons CO₂e / million NTD in 2012 and 8.6% lower than the 2.34 tons CO₂e / million NTD in 2011 (the base year).
2. In 2013, the company's power supplies factory in Dongguan was named a 2012 Advanced Energy and Emission Business.



Corporate Management

1. The company generated revenue totaling NT\$213.214 billion in 2012, which resulted in after-tax profit of NT\$8.755 billion and EPS of NT\$3.83.
2. Between 2009 and 2013, for 5 consecutive years, the company was ranked first in the "Electronic Sector" by Commonwealth Magazine in its Top 1000 Manufacturer Review. The company ranked 20th overall in 2013, and was the 22nd "Most Profitable Business" in the manufacturing sector.

Giving Back to Society

1. In 2013, the company was named Exemplar of The Year by Global Views Monthly in its "Corporate Social Responsibility Award."
2. Lite-On Cultural Foundation published a book on parenting entitled "A Walk Through Spring and Summer."



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Letter from the Chairman and Group CEO



Dear Friends:

Despite challenges such as the rapid shift of business models in the global IT and communication industries, coupled with the decline in PC demand worldwide, Lite-On was still able to adjust accordingly and achieve business growth in 2013. During the year, Lite-On generated revenue totaling NT\$213.214 billion and EPS of NT\$3.83, representing 18% growth. While pursuing business growth and profitability, we also realize how giving back to society and preserving resources are important to our sustainability. This awareness has become the foundation of our business, and our efforts have been well-recognized throughout society. Lite-On has been ranked as the No. 1 electronics manufacturer by CommonWealth Magazine in its Top 1000 manufacturers review for five straight years, chosen as a component stock of the "Dow Jones Sustainability Indices (DJSI)" - "DJSI-World" and "DJSI-Emerging Markets" for the third consecutive year, named global Industry Leader in the Industry of Computer & Peripherals and Office Electronics, Computer Hardware, and won CommonWealth Magazine's Corporate Citizen Award for six years in a row.

Having realized how climate change and energy and resource shortages may threaten business sustainability, Lite-On has responded by implementing a series of energy conservation and carbon reduction measures, exploring ways to turn environmental crises into green opportunities. We believe that innovation is the key to adding value to our products and fueling further business growth, while in the meantime giving back to society and contributing towards the sustainability of our environment. Finding win-win solutions between environmental protection and economic growth is more than just a commitment Lite-On has made to mitigate global warming, it is a means of enhancing product competitiveness as well.

The company's greenhouse gas emissions intensity in 2013 was 2.14 tons of CO₂e / million NTD. This was 6.8% lower than the 2.29 tons CO₂e / million NTD in 2012 and 8.6% lower than the 2.34 tons CO₂e / million NTD in 2011 (the base year). Lite-On has set a goal to reduce greenhouse gas emissions intensity by 20% compared to the 2011 level by 2020.

Lite-On has been actively developing new energy and lighting technologies in recent years with significant progress achieved. These new technologies are being applied to indoor, outdoor and vehicle LED lighting, cloud computing power management, electric car chargers and battery modules etc, and have already demonstrated promising growth prospects for Lite-On's business. Lite-On's power supply segment is dedicated to designing energy-efficient products. It has committed substantial resources to the development of next-generation electric power conversion technologies that will improve the efficiency and capacity of existing power supplies. A new cooling mechanism that requires no use of cooling fins is also under development to reduce energy loss and materials usage even further. Moreover, Lite-On is looking for new opportunities in industry-grade power supply systems that are resistant to wind, water, shock and corrosion, which can be used for special purposes and under extreme environments. Lite-On's optoelectronic segment produces mainly LED components, as they have become the environmentally-friendly choice of light source due to their low operating temperature, energy efficiency, faster light up speeds, compact size, high endurance and mercury-free content.

It is our goal to utilize our influences as a company to raise the public's awareness of the need for environmental sustainability. Over a course of 13 years, the Lite-On Award has become the most prestigious industrial design competition in the Chinese-speaking world. In 2013, the Award introduced the theme of "Simplicity" to encourage "minimalist" designs that solve existing problems one at a time. From "green" to "minimalist" themes, the design competition has always been about reducing waste, ending the use of excessive packaging, and raising environmental awareness. The Lite-On Award has been able to attract a growing number of local and overseas



Raymond Soong

Chairman of Lite-On Group

Letter from the Chairman and Group CEO



designers year after year. In 2013, a record-breaking number of 3,000 designers and 2,000 design pieces were entered into the competition. Lite-On has long supported the creativity of the Chinese-speaking world, and the "Lite-On Award" has been organized as an opportunity where designers can improve their global competitiveness.

Lite-On is devoted to giving back to society. Lite-On Cultural Foundation's "Community Assistance" is a program designed to mobilize community volunteers, most of whom are housewives, to assist schools, teachers and parents in caring for children that require special attention, and keeping them company so that they can build up confidence as they grow. More than 100 schools have signed up over 16 years; the program has assisted an average of 1,400 children for the last five years, and has set a good example of "love within the community." The program provides systematic training for volunteers on how to care, accompany and tend to the needs of disadvantaged and disabled families. Approximately 40,000 hours are spent to train more than 1,100 volunteers each year. Over the last 16 years, Lite-On's "Community Assistance" team has been able to develop more than 50 parenting courses that cover topics from psychology, community volunteering, multiculturalism, sensory development, lifestyle and aesthetics (environment-related), life-long education (character-related), to creative writing. The contents of these courses were consolidated and published in a book entitled "A Walk Through Spring and Summer" in December 2013. The foundation also runs the Xinyi Community College, the only community college in Taiwan to be managed by a corporate-funded foundation. Xinyi Community College has not only introduced corporate-style management, but has continuously been bringing creative elements into education. Some of these examples include building an online learning platform for the physically and mentally disabled, and constructing the only organic farming education site in Taipei City that features a green roof. These efforts have been well-received by local residents and won the company the 2013 Exemplar of The Year from Global Views Magazine in its "Corporate Social Responsibility Award."

Lite-On has always treated employees as the company's most precious assets, and hence it is devoted to building a working environment that inspires employees' "passion, excellence, innovation and growth" while balancing their work, life and health. Since 2013, Lite-On has introduced Employee Assistance Programs (EAPs) that provide employees with free, professional, multi-lateral and highly confidential consultation services. Employees who encounter issues in work, life or health are welcome to approach the EAPs and arrange assistance from professionals such as lawyers, family physicians, and mental health counselors. An EAPs newsletter is published each month in the hope of ensuring employees' health and work-life balance.

As Lite-On approaches its 40th anniversary, it will continue to base its future strategies on "innovation and execution," and explore competitive niches that benefit the overall environment while fulfilling its various commitments to society, such as in employee relations, employee welfare, corporate governance, environmental protection, and social charity.

Chairman of Lite-On Group

CEO of Lite-On Group



Warren Chen

CEO of Lite-On Group

Chapter 1

Corporate Commitment and Stakeholders Engagement

1.1 Corporate Commitment and CSR Vision

Lite-On aims to develop a sustainable business through a corporate philosophy centered on "customer satisfaction," "excellence in execution," "innovation" and "integrity." While pursuing revenue growth and profitability, the company fulfills its duties as a global corporate citizen and builds competitiveness upon this foundation. For many years, Chairman Raymond Soong of Lite-On Group has joined the executive management in founding a Corporate Social and Environmental Responsibility Committee (CSER Committee) with the mission of incorporating corporate social responsibilities into Lite-On's "core values" and "corporate culture."

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).

Lite-On's CSER mission is to build a multi-cultural society of kindness and creativity that coexists with the natural environment. To incorporate CSER into everything it does, Lite-On has developed a CSER Code of Conduct based on a variety of standards such as Social Accountability 8000 (SA 8000) and the Electronic Industry Code of Conduct (EICC). The CSER Code of Conduct has been applied to all subsidiaries of the Lite-On Group (those that are majority-held and managed by Lite-On) and covers all business activities from trade, investment, subcontracting, supplying, business development, and all other business and employment relationships. The CSER Code of Conduct highlights Lite-On's commitment to various issues such as business ethics, Labor, environmental, health and safety, management system, corporate governance,



and Community Involvement. The company's performance in this regard has been attested to by customers and their third-party certifiers. For more details on the CSER Code of Conduct, please visit Lite-On's website.

In response to changes in the environment and the concerns of stakeholders, the company has developed six main CSER processes based on Lite-On's core competency and incorporated them into daily operations. These six processes are: EICC Enforcement, Supply Chain CSER Management, Green Operation, Green Design, Transparency and Reputation, and Communication Involvement.



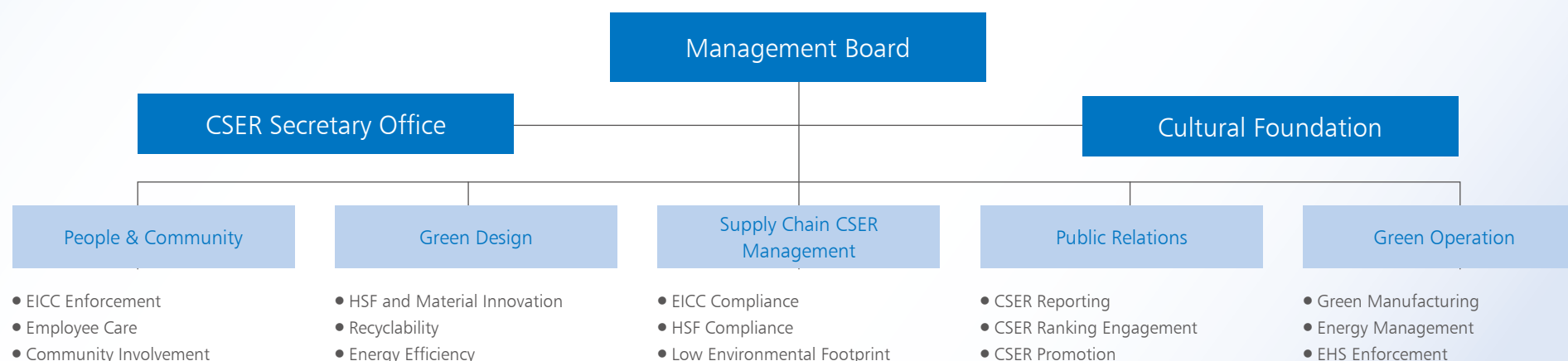
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1.1.1 Lite-On CSER Committee

The Lite-On Corporate Social and Environmental Responsibility Committee was established for the purpose of realizing Lite-On's various social pledges, including employer-employee relations, employee care, corporate governance, environmental protection, and community involvement. The CSER Committee places particular emphasis on complying with government laws and regulations, protecting work rights, improving workplace health and safety, developing green products, reducing hazards to the environment, upholding social and environmental responsibilities, and meeting customers' requirements.

The CSER Committee is supervised by the board of directors. It is chaired by Chairman Raymond Soong with Group CEO Warren Chen acting as the Committee Executive Officer, while the rest of the committee management board comprises of members from Lite-On Group's top management team. The committee is responsible for determining annual CSR goals in economic, environmental, and social dimensions, as well as supervising accomplishment of the set goals and directing Lite-On towards realizing its short-term, mid-term, and long-term goals.

In Lite-On, we see our CSER efforts as an investment. For this reason, we place particular emphasis on the results they yield, and review every process through a project management approach. The London Benchmark Group (LBG) model is an analytical tool commonly used in Lite-On. It focuses on the three aspects of any CSER investment, which are input, output, and long-term impact. By systematically planning and executing strategy, we are able to ensure the success and improvement of CSER efforts.



1.2 Identification of Stakeholders

1.2.1 Analysis of Materiality

Being able to communicate effectively with stakeholders is a key to developing a sustainable business. Among the many stakeholders that are connected to the company's operations, it is equally important to identify those that are the most relevant and therefore prioritize the issues on hand. Doing so requires a systematic approach. In this CSR report, Lite-On has adopted the use of a Materiality Analysis Process to identify sustainability issues that stakeholders are most concerned/interested about. Results of this analysis provide the company with the foundation to structure this report in a way that facilitates effective communication with different stakeholders. This methodology is based on a study conducted by Hsu et al (2013)¹, and involved five major steps.



Step 1: Establishment of communication goals

Lite-On treats its CSR report as part of its strategy for sustainability management. After thorough discussion, the company has established the seven communication goals below.

- Improvement of Lite-On's energy conservation, CO2 reduction, and environmental protection efforts
- Improvement of Lite-On's risk management capabilities
- Improvement of customers' approval and satisfaction towards Lite-On's CSER/EICC efforts
- Inspiration of employee enthusiasm towards CSER, and embedding CSER deep into Lite-On's corporate DNA
- Improvement of employee loyalty and identification with the company
- Strengthening of interaction and communication with the media and investors
- Strengthening of interaction and communication with non-profit organizations

Having determined the seven communication goals, Lite-On then identified the 23 issues that need to be communicated with stakeholders, by taking into consideration both internal and external criteria:

- External criteria: the G3.1 guideline published by Global Reporting Initiative (GRI), the Electronic Industry Code of Conduct (EICC), and the Dow Jones Sustainability Indices (DJSI) criteria.
- Internal criteria: corporate vision, CSER Code of Conduct, previous CSR reports, and employee satisfaction



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The 23 issues concerned by Lite-On's stakeholders

Item	Aspect [Unify the setting of capitals and lower case letters.]	Categories	Description	Corresponding chapter
1	Hazardous substances	Environmental	Management of hazardous substances used in products and production processes	3.6 Green Product Design
2	Environmental performance	Environmental	Statistics on energy consumption, greenhouse gases, air quality, waste water, hazardous waste etc	3.3 Responses to Climate Change and Global Warming 3.7.4 Waste Management and Recycling
3	Occupational safety and health	Social	Statistics on disabling injuries, frequency of occupational illness, death etc	4.6.3 Environment, Safety and Health
4	Green product management	Environmental	Green product design, life cycle and impact assessment, declaration of environmental friendliness etc	3.5 Green Product Design
5	Environmental Policy/Management system	Environmental	Environmental protection policies, quantitative and qualitative information, auditing and tests etc	3.1 Environmental Protection Management Goals
6	Labor practices	Social	Workforce indicators, employee complaints and resolution, commitment to labor regulations etc	4.1 Employee Policy 4.4 Protection of Rights and Interests 4.5 Employee relations
7	Innovation	Economic	Innovation involving products, production processes, social engagement, and environmental protection	3.9 Green Factory 3.10 Customer Service and Satisfaction
8	Carbon management	Environmental	Carbon emission policies, reduction of carbon emission intensity, R&D of low-carbon products etc	3.2 Responses to Climate Change and Global Warming
9	Water resource management	Environmental	Water usage/discharge, suppliers' water resource management, water life cycle of products manufactured etc	3.4 Water Resources Saving
10	Economic performance	Economic	Revenue, expenses and profits	2.1.2 Company Overview
11	Communication with stakeholders	Economic	Methods by which the company communicates with stakeholders and the results	1.2 Identification of Stakeholders



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Item	Aspect [Unify the setting of capitals and lower case letters.]	Categories	Description	Corresponding chapter
12	Customer Relationship Management	Economic	Customer satisfaction, problem-solving procedures, and quality management	3.10 Customer Service and Satisfaction
13	Human rights	Social	Gender and ethnic discrimination etc	4.2 Employee Overview
14	Code of Conduct	Economic	Establishment of a code of conduct (e.g. anti-corruption, confidentiality rules), policies and violation status etc.	2.2.8 Anti-corruption
15	Employee welfare	Social	Employee health promotion activities and results	4.4 Protection of Rights and Interests 4.6 LOHAS at Lite-On
16	Corporate Governance	Economic	Composition and function of the board of directors, audit practices, directors' and supervisors' shareholding positions etc	2.2 Corporate Governance
17	Corporate citizenship and philanthropy	Social	The company's strategies for charity and social engagement, type of charity events involved, resources committed etc	5. Lite-On and Society
18	Supply Chain Management	Economic	Policies, standards (e.g. green procurement, EICC), practices, and progress on supply chain management	3.11 Supplier Chain Management
19	Labor/Management Relations	Social	Labor/Management communication, employee satisfaction surveys etc	4.5 Employee Relations
20	Talent attraction and retention	Social	Employee performance appraisal, remuneration and reward systems etc	4.4 Protection of Rights and Interests
21	Talent cultivation and training	Social	Training programs, execution and results	4.3 Employee Development and Training
22	Human resource development	Social	Human resource indicators, organized learning and development etc	4.3 Employee Development and Training
23	Risk Management	Economic	Corporate risk management structure, analysis and control of risks etc	2.2.9 Corporate Risk Management



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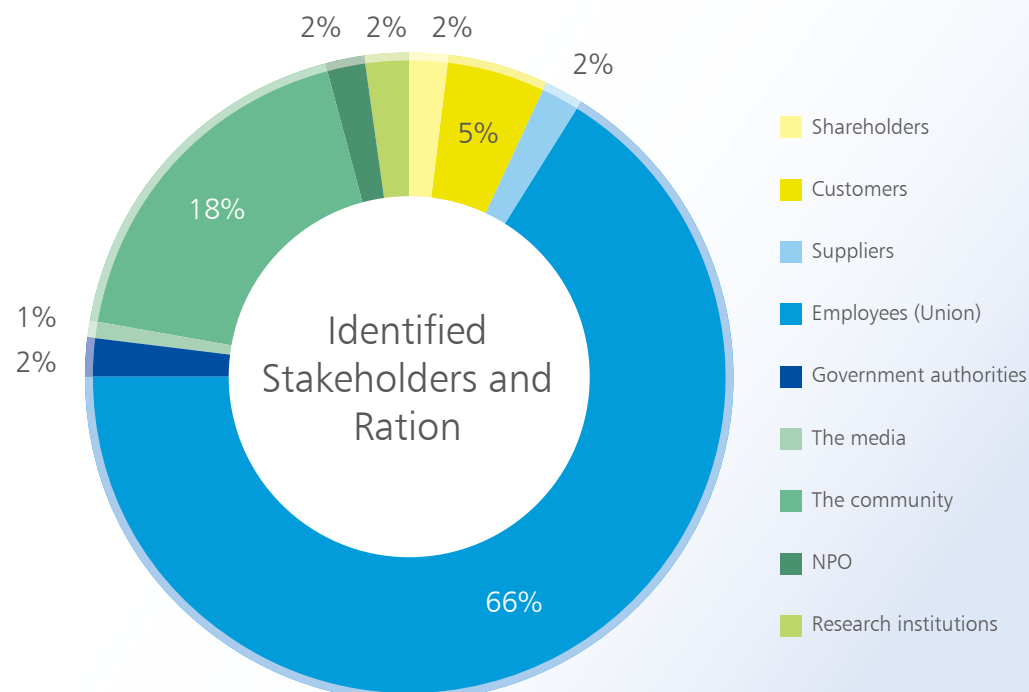
Step 2: Identification of stakeholders

Based on the communication goals established, Lite-On has identified nine stakeholders it intends to communicate with. They include employees (unions), the community, customers, government authorities, research institutions, suppliers, non-profit organizations, shareholders, and the media.



Step 3: Compilation of sustainability issues

This CSR report is drafted to cover an extensive scope of issues. Lite-On has adopted the use of questionnaires to analyze and learn about the issues that stakeholders are most concerned about, in order to provide a disclosure basis for the CSR report. Below is a list of stakeholders identified and their ratio.



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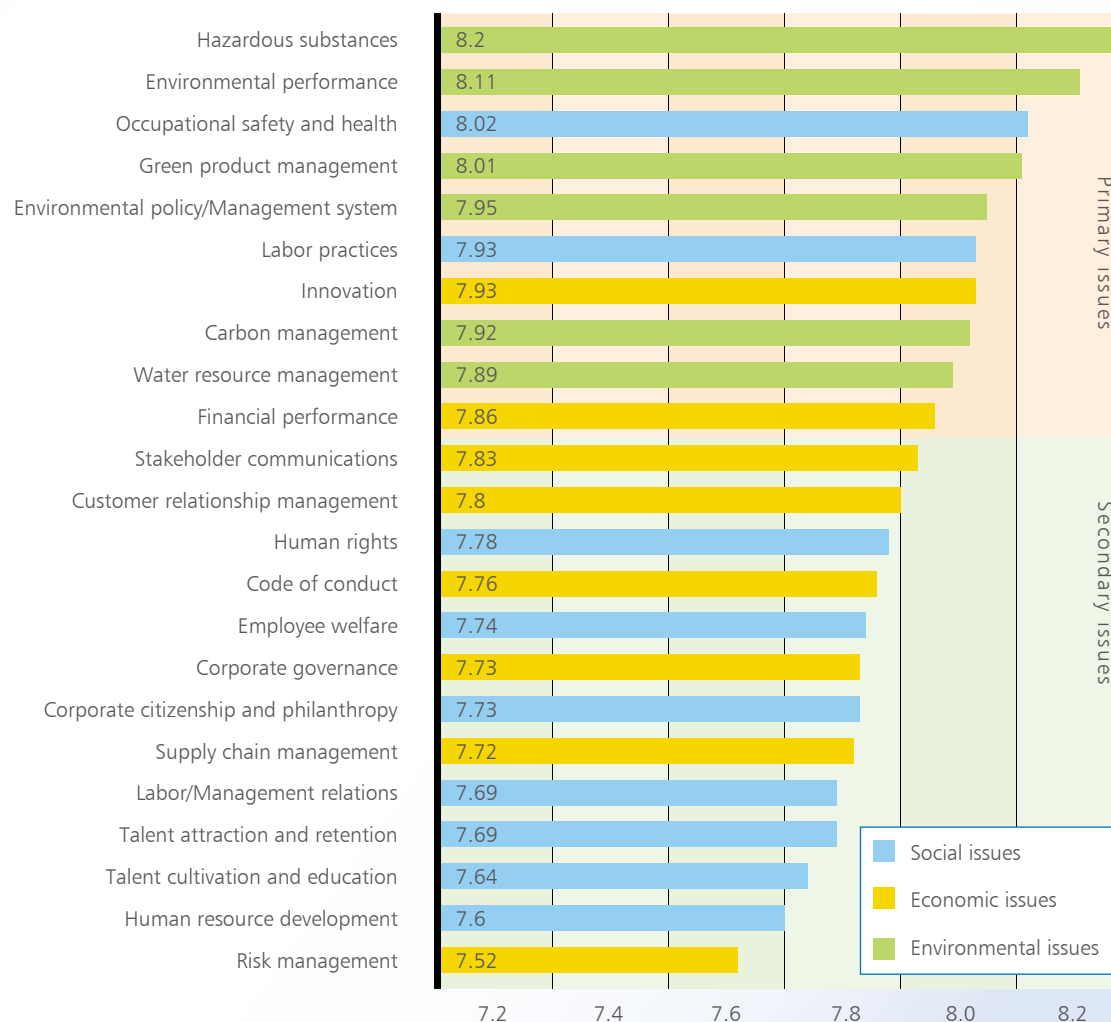
Step 4: Analyze the materiality of each issue

In order to identify the material issues that stakeholders are most concerned about, Lite-On has adopted a risk-based model. This model features the use of Failure Mode & Effect Analysis (FMEA) to evaluate the "Occurrence," "Detection" and "Severity" of each issue. Based on this model, Lite-On has developed three criteria that can be applied for this purpose, these are: "Stakeholders that the issue is to be communicated with," "Level of stakeholders' attention to the issue," and "How the issue contributes to the overall communication goal."

Step 5: Review and conclusion

Through questionnaires distributed to various stakeholders, Lite-On was able to gather responses on their concerns toward each issue. These responses were analyzed using the Analytic Network Process (ANP) to determine the weight for each assessment criteria. Lastly, a Risk Priority Number (RPN) was calculated for every issue based on how the criteria are scored and weighted; the RPN is then used to determine the priority of disclosures made in this CSR report.

Based on the results of this materiality analysis, Lite-On was able to identify the 10 issues that stakeholders are most concerned about, which are: "Hazardous substances", "Environmental performance", "Occupational safety and health", "Green product management", "Environmental Policy/Management Systems", "Labor practices", "Innovation", "Carbon management", "Water resource management", and "Financial performance". These are the key topics in Lite-On's communications with its stakeholders, and areas where the company will focus on for improvement. (Primary issues [2 icons]; Secondary issues)



Note: Hsu, Chia-Wei, Wen-Hao Lee, Wei-Chung Chao, 2013. Materiality analysis model in sustainability reporting: a case study at Lite-On Technology Corporation. Journal of Cleaner Production 57, 142-151.

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1.2.2 Methods of Communication with Stakeholders

Methods of Communication with Stakeholders :

Stakeholders	Issues and patterns of communication	Communication channels
Investors (shareholders)	<ol style="list-style-type: none"> 1. Lite-On convenes an annual general meeting every June, during which the company's highest governance authority joins the executive management to report to shareholders on the company's financial performance and future plans, while guiding them through voting and acknowledgment of key agenda items. 2. The company organizes an investor conference after each quarterly results report. These investor conferences are hosted personally by the executive management, during which shareholders and the public are briefed on the company's business plans and results. Furthermore, the company's spokesperson participates in quarterly global investor forums, where institutional investors attend a one-on-one session regarding the company's prospects. The spokesperson also engages in regular telephone conferences with corporate shareholders. 3. The company has an Investor Relations Office in place to handle daily investor inquiries and disseminate information regarding the company's development. The Investor Relations Office is also responsible for gathering investor and public opinion and reporting to the board of directors and the executive management, therefore ensuring effective communication between the board, the management, and investors. 	<ul style="list-style-type: none"> ● Monthly business reports ● Annual general meetings ● Quarterly investor conferences ● Outsider mailbox
Customers	<ol style="list-style-type: none"> 1. An EICC-ON platform has been created so that the company is able to disclose to EICC members and customers information on the company's EICC self-inspections. 2. Annual satisfaction assessments and surveys are conducted according to customer requirements. 3. The company conducts conflict mineral investigations on an annual basis as a means of fulfilling our commitment to the prohibition of conflict minerals use. 4. Confidentiality measures have been implemented as requested by customers. 	<ul style="list-style-type: none"> ● Quarterly business review meetings ● Supplier meetings ● Regular meetings / teleconferences on special issues ● Regular site visits ● Ad-hoc meetings on urgent issues ● Customer audits ● The EICC-ON platform
Suppliers	<ol style="list-style-type: none"> 1. The company has implemented a Green Management System (GMS) and assembled a Hazardous Substance-Free Committee (HSF Committee). Suppliers are required to report their activities on the system regarding materials supplied, the international regulations applicable, satisfaction of customer requirements etc. 2. The company holds annual supplier conferences to communicate with suppliers on the previous year's performance and goals for the upcoming year. These conferences serve as a means of active response to supplier concerns, and provide opportunities for the company to encourage suppliers in adopting new business models that have less impact on the environment, promote compliance with the requirements of globally renowned brands, and commend top-performing suppliers. 3. We hold supplier training activities on such topics as CSR, EICC requirements, and greenhouse gas reduction. 	<ul style="list-style-type: none"> ● Supplier training conferences ● Supplier audits ● Project meetings ● Business review meetings



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Stakeholders	Issues and patterns of communication	Communication channels
Employees (unions)	<ol style="list-style-type: none"> 1. All sites in Taiwan and China have union organizations to tend to employees' welfare. These unions hold regular committee meetings. 2. We have established labor-management consulting mechanisms in accordance with local laws and regulations. Employees' right to consultation is fully protected by law. Employees are able to reflect any work-related concerns through the various channels provided within the company. 3. An employee relations unit has been established under Human Resources with the responsibility of maintaining sound interaction with employees. 	<ul style="list-style-type: none"> ● Union meetings ● Internal communication (email, telephone) ● Business unit meetings ● Internal publications
Government authorities	<ol style="list-style-type: none"> 1. The company makes active disclosures in the CSR section of its website, and complies with the competent authority's labor inspections and reporting requirements. 2. Financial information such as monthly revenue, quarterly reports, half-yearly reports, annual reports, and annual general meeting reports are disclosed regularly on the company's website and on the Market Observation Post System. 	<ul style="list-style-type: none"> ● Public policy hearings and discussions ● Questionnaires and interviews ● Projects and proposals ● Policy consultation meetings
The media	<ol style="list-style-type: none"> 1. Revenue information is published on a monthly basis, whereas business results are announced in quarterly investor conferences and annual general meetings, during which the media is invited to participate. The company also engages the media in a constant exchange of information in order to convey its message to the public. Should any other issues arise, the company holds press conferences or issues press releases to clarify market rumors. 2. The company has a Public Relations Office in place to handle media inquiries and convey its message. The Public Relations Office is also responsible for maintaining good relations with the media as well as gathering news reports and public opinion, and reporting its findings to the executive management. 	<ul style="list-style-type: none"> ● Press conferences ● Press releases ● Outsider mailbox
The community	<ol style="list-style-type: none"> 1. Community assistance: <ul style="list-style-type: none"> ● The company communicates with community volunteers via email and telephone at the schools they serve in. In the event of the occurrence of a major incident, community volunteers will be notified by email and the incident will be open for discussion on social media websites. ● With regards to courses organized, the instructor will distribute feedback forms at the end of each session to understand degree of volunteer satisfaction. Communications with schools are established either through volunteers or directly via online platforms and telephone. 2. Xinyi Community College: <p>Students are given questionnaires through which they can provide suggestions and feedback on the courses they attend. Instructor meetings are held on a regular basis to keep instructors focused on the priorities of the community college. Volunteers of the community college also hold their own meetings to communicate with each other.</p> 	<ol style="list-style-type: none"> 1. Community assistance <ul style="list-style-type: none"> ● Foundation email letterbox ● Social media webpage ● Course feedback form 2. Xinyi Community College <ul style="list-style-type: none"> ● Course satisfaction surveys ● Instructors' meetings ● Volunteers' meetings



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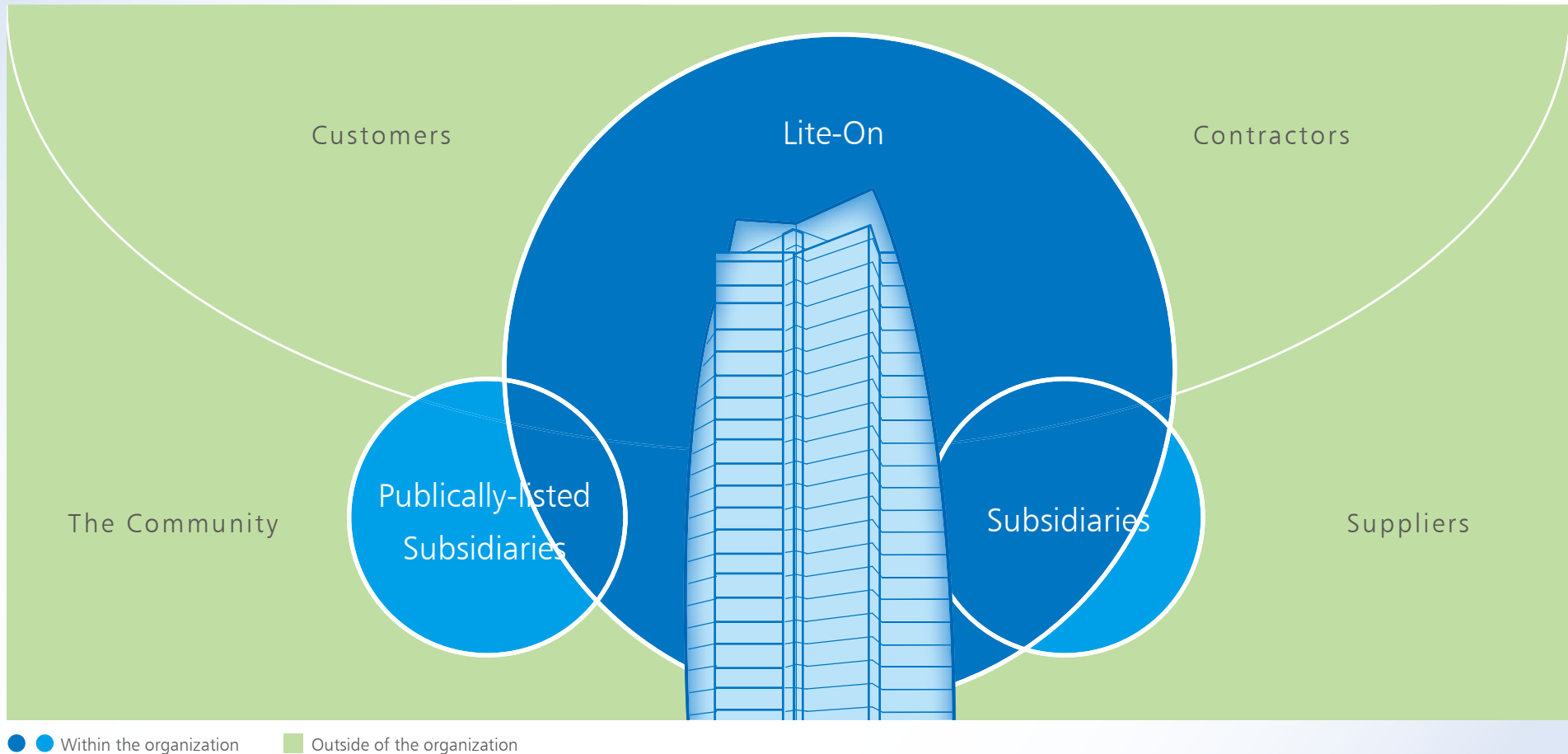
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Stakeholders	Issues and patterns of communication	Communication channels
Research institutions	<p>The company actively engages research institutions in productive interaction. The means through which it communicates with academia include:</p> <ol style="list-style-type: none"> 1. Collaborative product development (carbon footprint, ecological footprint). 2. Assistance in CSR-related interviews and surveys. 3. Disclosures on the CSR section of Lite-On's website. 4. Collaborative technology development between various business segments and academic institutions, and subsidy of research funding etc. 	<ul style="list-style-type: none"> ● Industry-academia collaboration ● Project meetings ● Questionnaires and interviews
Non-Profit Organizations	<ol style="list-style-type: none"> 1. We actively participate in regular or special conferences held by industry groups including the Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association and Taiwan Optoelectronic Semiconductor Industry Association; these events provide us with opportunities for extensive interaction with other industry members. 2. We collaborate with NPO/NGO on various employee care and environment adaptation initiatives. 	<ul style="list-style-type: none"> ● Membership associations ● Event participation



1.2

1.2.3 Scope of Stakeholder Concerns



After identifying the 23 issues that stakeholders are most concerned about, the extent of stakeholders' concerns was determined, in order to ensure that the information disclosed adequately addresses such concerns. Since the scope of coverage is different for each indicator, Lite-On has addressed each stakeholder concern in the maximum scope possible. The extent of disclosure for each indicator will be explained in the corresponding chapters of this report.

1.2

1.2.3

Category	Parties concerned		Within the organization							Outside of the organization		
			Subsidiaries and joint ventures							The Community		
			Lite-On	Lite-On IT	Lite-On Mobile	Leotek	Lite-On Automotive	Li Shin	Lite-On Clean Energy Technology	Lite-On Green Technologies	Suppliers (raw materials)	Contractors (manufacturers)
Economic	Aspects											
	A. Economic performance		●	●	●	●	●	●	●	●		●
	B. Market presence		●	●	●	●	●	●	●	●		
	C. Procurement practices		●	●	●	●	●	●	●	●		
Environmental	A. Materials		●	●	●	○	○	○	○	○		
	B. Energy		●	●	●	○	○	○	○	○	○	●
	C. Water		●	●	●	○	○	○	○	○		
	D. Emission		●	●	●	○	○	○	○	○		●
	E. Effluents and Waste		●	●	●	○	○	○	○	○		●
	F. Products and services		●	●	●	●	●	●	●	●		●
	G. Compliance		●	●	●	○	○	○	○	○	○	●
	H. Transport		●	●	●	○	○	○	○	○		
	I. Overall		●	●	●	○	○	○	○	○		
	J. Supplier environmental assessment		●	●	●	○	○	○	○	○		●
Social	K. Environmental grievance mechanisms		●	●	●	●	●	●	●	●		
	A. Employment		●	●	●	●	●	●	●	●		
	B. Labor/Management Relations		●	●	●	●	●	●	●	●		
	C. Occupational health and safety		●	●	●	●	●	●	●	○		●
	D. Training and education		●	●	●	●	●	●	●	●		
	E. Diversity and equal opportunity		●	●	●	●	●	●	●	●		
	F. Equal remuneration for women and men		●	●	●	○	○	○	○	○		
	G. Supplier assessment for labor practices		●	●	●	○	○	○	○	○		●
	H. Labor practices grievance mechanisms		●	●	●	●	●	●	●	●		

●	Concerns that are material and that have been disclosed in this report	○	Concerns that are material and that will be disclosed over the next 1 ~ 3 years		Concerns that are material
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Category	<div>Parties concerned</div> <div>Aspects</div>		Within the organization							Outside of the organization			
			Lite-On	Subsidiaries and joint ventures						Suppliers (raw materials)	Contractors (manufacturers)	Customers	The Community
				Lite-On IT	Leotek	Lite-On Automotive	Li Shin	Lite-On Clean Energy Technology	Lite-On Green Technologies				
Social	Human rights	I. Investment	●	●	●	●	●	●	●				
		J. Non-discrimination	●	●	●	●	●	●	●	○	○	●	
		K. Freedom of association and collective bargaining	●	●	●	●	●	●	●				
		L. Child labor	●	●	●	●	●	●	●	○	○	●	
		M. Forced or compulsory labor	●	●	●	●	●	●	●	○	○	●	
	Society	N. Security practices	●	●	●	●	●	●	●				
		O. Indigenous rights	●	●	●	●	●	●	●				
		P. Assessment	●	●	●	●	●	●	●				
		Q. Supplier human rights assessment	●	●	●	●	●	●	●			●	
		R. Human rights grievance mechanisms	●	●	●	●	●	●	●				
Product Responsibility	S. Anti-corruption	●	○	○	○	○	○	○	○	○	○	●	
	T. Anti-competitive behavior	●	●	●	●	●	●	●			●		
	U. Compliance	●	●	●	●	●	●	●	○	○			
	V. Supplier assessment for impacts on society	●	●	●	○	○	○	○			●		
	W. Grievance mechanisms for impacts on society	●	●	●	●	●	●	●				●	
Others	A. Customer health and safety	●	●	●	●	●	●	●	○		●		
	B. Product and service labeling	●	●	●	●	●	●	●	○		●		
	C. Marketing communications	●	●	●	●	●	●	●					
	D. Customer privacy	●	●	●	●	●	●	●	○	○	●		
	E. Compliance	●	●	●	●	●	●	●					



1.2

1.2.4 Explanation of the Insider Trading Incident

On December 6, 2013, officers of the competent authority paid a visit to the company to investigate an incident of insider trading. The company complied with the officers' instructions and assisted in the investigation by providing them with relevant information. According to the investigation, the employee involved in the incident had come into contacting insider information only through handling the company's merger and acquisition project. The employee was not part of the company's management, and had no material influence over M&A, business or operational decisions. Because the incident only involved the sole employee's conduct, the employee voluntarily resigned at the time the investigation began. This incident is now subject to judicial procedure, and hence the company is unable to gain further insight into the case to make any further disclosure to stakeholders.

The company has always valued its corporate social responsibilities, and aims to implement a robust risk management framework to identify and control the risks associated with business operations. To this end, Lite-On has established its own CSER Code of Conduct to serve as the highest standard of moral guidance for employees on various issues such as integrity, avoidance of conflict of interest, avoidance of improper gains, information disclosure, etc.. In addition, internal policies such as "Material Insider Information Procedures" have also been introduced to outline the duty of care, integrity and confidentiality that all directors, managers and employees are bound to comply with. Through training courses, employees are made aware of the implications of the Code of Conduct, internal policies, and all legal knowledge they are expected to possess for the execution of their duties.

In light of the recent insider trading incident, the company will take a more pro-active approach to re-assess its internal control systems in addition to making improvements such as changing its M&A standard procedures, launching online courses, and enhancing supervision within a fixed timeframe.



Chapter 2

Development of Corporate Operations



2.1 Company Overview



Company name	Lite-On Technology Corporation
Date of Establishment	1975
Headquarters	Taipei, Taiwan
2013 revenue	NT\$213.214 billion (global consolidated)
2013 EPS	NT\$3.83
2013 total employees	64,491
Stock code	2301

Lite-On Technology was founded in 1975, and was Taiwan's first manufacturer of LED products. Since establishment, Lite-On has achieved several historical milestones. Lite-On became Taiwan's first electronic company to be listed on the TWSE in 1983. Its stock code of 2301 symbolizes the company's spirit of being "the first" in everything it does. In 2002, four listed companies, namely Lite-On Electronics, Lite-On Technology, Silitek, and GVC completed a merger of unprecedented scale in Taiwan's financial history. This merger gave Lite-On the foundation it needed to become the leading electronics manufacturer in the Greater China region. In response to changes in the global IT and communications industry, since the end of 2013 Lite-On has executed a series of reorganizations to integrate subsidiaries (including Lite-On IT Corp., Leotek Electronics Corp., Li Shin International Enterprise Corp., Lite-On Clean Energy Technology Corp., Lite-On Mobile, Dong Guan G-Tech Computers Co., Ltd. and Dong Guan G-Pro Computer Co., Ltd) into the parent company. As Lite-On approaches its 40th anniversary, this reorganization will provide the foundation the company requires to reach 100 years.

Lite-On has been successful in its "quality growth" strategy where it focuses on optoelectronics and key electronic components for its core businesses. It has eight main business groups: Mobile Mechanics, PID, Power system, Storage, MEC, CDSS, OPS and the New Business units. By simplifying organizational structure the company has been able to concentrate resources and assets to more efficient use, and reduce financial and operating costs. To address concerns on environmental protection and future business prospects, Lite-On has been actively shifting its competitive advantage from IT and communications towards new energy in recent years. Investment in new energy has begun to yield positive effects on various other business segments including LED indoor/outdoor lighting, vehicle lighting, power management systems for cloud computing data centers, solid-state drives, and energy-saving products for cars. In the future, Lite-On expects electric car charging stations and battery modules to provide new growth opportunities.



Below is a list of products offered by Lite-On and the company's future prospects:

Power Supplies

Lite-On manufactures products as small as 5W AC adapters to 50,000W Power Management Systems. Its products are widely used in PCs, servers, communication equipment, LCD displays, televisions, game consoles, multi-function peripherals, and industrial computers. Lite-On has aligned its R&D focus towards developing new products and technologies that embrace the latest energy efficiency standards, as well as improving the efficiency of existing products.

Its attempt at raising the efficiency of existing power supplies mostly involves the development of next-generation power conversion technologies such as high power density, high efficiency, low standby power consumption, and intelligent power system management.

In the future, Lite-On plans to expand its power supply applications to specialized industrial applications such as military, aviation, oil drilling, public transportation, healthcare etc, featuring high resistance against wind, water, shock, and corrosion for use in extreme environments. Meanwhile, Lite-On continues to develop high-efficiency Battery Backup Power Supply Systems and high-capacity cloud computing power supplies to establish its reputation as a total power solution provider.

Based on the report of MTC (Micro-Tech Consultant), Lite-On was the world's second largest supplier of power supply products in 2013.

Optoelectronics (LED)

Lite-On's Optoelectronics (LED) mainly consist of Visible LED and Invisible LED.

Visible LED products include LED Lamps, White SMD LED, SMD LED, and LED Displays; they are widely used as indoor/outdoor lighting modules, back lights for LCD displays, home appliance indicators, signboards, and back lights for hand-held and IT devices. Lite-On's lighting LEDs cover a multitude of sizes from as small as PLCC to HV LED and large ceramic PCB (CoB). Many of Lite-On's LED products have passed LM80 testing to serve as indoor/outdoor lighting. From spot, line, to area lighting, Lite-On has the right solution to satisfy customers' needs.

Invisible LED products include photo couplers, finger navigation sensors, optical encoders, infrared transmission, ambient light sensors, and proximity sensors. The photo couplers in particular have been broadly used in power supplies, touch screens, high-resolution printers, hand-held devices, gaming consoles, and industrial automation.



Camera Modules

Lite-On's camera modules are mainly used for computers including notebook PCs, desktop PCs, tablet PCs, All-In-One (AIO) PCs, and cellphones. Lite-On provides customized products according to customers' requirements, and is dedicated to integrating advanced technologies into new products that can meet the needs of all customers.

New technologies/products developed for hand-held camera modules include gyroscope-integrated 3D high precision VCM (voice coil motor), 13M pixel MIPI interface, OIS (optical image stabilizer), and rapid auto-focus that greatly enhance the quality of recorded video and improve still images in low lighting conditions. Furthermore, when combined with high aperture lenses, these auto-focus camera modules (8M and 13M pixels) can focus even faster and produce sharper images.

For computer applications, Lite-On's new products include a built-in auto-focus 5M/8M-pixel USB2/3 interface camera module for tablet PCs and laptops, a built-in 1M/2M FHD pixel compact camera module for ultrabooks, a Microsoft Lync /Skype certified 1M pixel (HD)/ 2M pixel (full HD) camera module for laptops, a built-in camera module for AIOs, and a camera module used specifically for Chromebook PCs. In addition, Lite-On has been successful in developing and mass-producing a USB2/3 interface AIO PC camera module controllable using 2D/3D hand gestures, as well as a camera module for laptops that combines functionalities of a light sensor, a proximity sensor, or a magnetic sensor.

Image Products

The image input/output line comprises end products and modules for home applications as well as business use. In the end product category, Lite-On has successfully developed and mass-produced ink-jet printers, multi-functional monochrome laser printers, and multi-functional color laser printers. As for module products, Lite-On supplies color scanning modules and control panels. With regards to new products and technologies, Lite-On has invested in the R&D of flatbed scanners, feeder-type scanners, and 3D imaging products.

Human Input Solutions

Human Input Solutions products refer to accessories such as desktop keyboards, notebook PC keyboard modules, mice, and intelligent remote controls. In the desktop keyboard category, Lite-On produces conventional as well as Bluetooth keyboards that feature new mechanisms and materials. New products being developed in this category include: Notebook PC keyboard modules with new chassis (3.4mm) and new materials, Bluetooth keyboards for high-end tablet PCs (3.0/4.0mm), Backlight Modules, NFC, and multi-touch keyboards and mice.

Computing Enclosures

Lite-On supplies new-generation enclosures for personal computers, workstations, and servers that are energy-efficient, recyclable, and cause no harm to the environment. In order to meet the growing demand for cloud computing and data centers, the company has shifted its new product focus towards 1U, 2U, 4U and 8U rack servers. For personal computers, the company is working with Intel's form factor requirements to develop vertical, horizontal, and compact enclosures.



Networking Access

Lite-On produces a variety of wireless modules that are currently being used in televisions, laptops and game consoles. It has become the world's leading supplier of laptop wireless modules. In addition, Lite-On also produces wireless routers, wireless home theater systems (both AirPlay and ALLPLAY platforms), high-performance Bluetooth headphones (active noise-canceling), and hands-free units for cars to capitalize on its dominance in the wireless segment. Meanwhile, Lite-On has been successful in developing new products such as: enterprise high power wireless receivers, enterprise high-performance wireless receivers, SME dual-band routers, and wireless audio/video receivers.

Systems Solutions

The range of products offered include desktop computers, Kiosks, ATMs, POSs, and Smart Life appliances such as intelligent remote controls, wireless tablet controllers etc. The Systems segment is currently working with customers to develop the world's most compact business computers and workstations, and is exploring ways to apply this new technology to Kiosks, ATMs, as well as POSs.

Mobile Mechanics

In the mobile devices market, Lite-On is a provider of mechanical solutions and precision tooling services to help its customers customize the mechanical components (e.g., chassis and antenna) which are used to produce end products such as feature phones, smartphones, phone accessories, tablet PCs, personal care products (e.g., electric shavers), and wearable electronics, thereby offering a comprehensive service package covering from product concept, design, development, production, to delivery.



Lite-On's competitive advantage lies in plastic molding and metal forming, surface treatment, antenna design, new manufacturing process development, and the ability to provide innovative integrated solutions. The company's innovative integrated solutions, such as Visual Metal Insert Molding, Narrow Glass Insert Molding, and 3D Printing Antenna, can effectively help the customers save costs, reduce energy consumption, and maximize utilization of space, to realize the seamless and compact mechanical design as well as more functions.

Storage Devices

Lite-On's storage devices mainly consist of optical disc drives (ODD) and solid state drives (SSD).

Lite-On offers an extensive range of ODDs for applications such as desktop PCs, slim types for notebook PCs, ultra-slim plug-and-play drives, game consoles, vehicle audio/video systems, and ultra-slim DVD players. R&D resources are currently being devoted to developing proprietary key components such as Transverse modules for half-height and slim-type drives, and read-write heads for ultra-slim types.

SSDs are starting to replace conventional hard drives due to advantages such as low power consumption, no-noise, shock-resistance, and low operating temperature mainly due to the absence of physical disks, read-write heads, and motors. Lite-On has been focusing on the development of SSDs for many years. It has built up a strong team of technicians and mass-produced SSDs for applications such as desktop PCs, notebook PCs, POSs, ATMs, and arcade game machines. It has even moved ahead of the industry and launched SSDs that feature the PCIe interface. Today, Lite-On has grown to become the main SSD supplier



for the world's top-five computer brands. To capitalize on the opportunities presented by this emerging storage device, Lite-On is currently developing enterprise-grade SSDs that can be used on servers, workstations, and data centers.

Automotive Electronics

Lite-On's automotive electronics range include LED head lamps, vehicular vision systems, wireless camera modules, cruise control systems, engine management systems, and body control systems.

Lite-On's LED applications extend to virtually all lighting modules found in a car, including: LED Head Lamp High/Low Beam Modules, LED Front / Rear Fog Lamp Modules, LED Front / Rear Turning Indicator Modules, LED Infrared Module for Night Vision, Rear Combination Lamps, Central High Mount Stop Lamps, and Daytime Running Lights.

In the development of high brightness LEDs, Lite-On has made significant breakthroughs in terms of heat module design, use of EMC, and power-saving. These new breakthroughs are being adopted by the world's major auto manufacturers.

Given the ongoing trend in new headlamp designs, Lite-On has committed substantial resources into developing multi-functional LED driver modules while taking up the challenge to design matrix LED headlamps. These new developments will be further integrated with vehicle networking systems such as CAN / LIN for smarter applications.



For vehicular vision, Lite-On has successfully developed a mini-size waterproof camera module that can be used as part of driver assistance systems to help drivers park. This new development has already been adopted by Japanese, Chinese and U.S. car makers and is now in mass production. Furthermore, Lite-On has developed a proprietary AVM (Around View Monitoring) system that uses wide-angle lenses combined with a fish-eye calibration algorithm and image-stitching technologies to allow 360-degree vision with no blind spots. The AVM system has been accepted by Chinese car manufacturers and is now in mass production.

For the after-sale market, Lite-On has introduced a wireless digital image transmitter/receiver module that presents a great new alternative to driver assistance systems and vehicular vision systems. The transmitter/receiver module can be easily installed without internal wiring, which saves time and reduces weight of the vehicle. Furthermore, this module can be integrated with image processors, rearview mirror monitors, or navigation systems already present in the vehicle. The transmitter/receiver module delivers crystal clear images with digitized auto channel switching that eliminates the interference commonly found in analog products.

One other new technology for the after-sale market is the cruise control system, featuring intelligent designs to work with all makes and models. The cruise control system caters for various scenarios that a vehicle is likely to encounter, and has been designed with safety, stability and reliability as the top priorities. This product has completely satisfied all design standards stipulated by the U.S. Society of Automotive Engineers, and has attained E1 certification in Germany.

As for engine management systems, Lite-On is able to work with customers and customize engine management to achieve power and energy requirements, while in the meantime helping them save costs and conform to the pollution laws.

The body control system serves as the brain behind all electronic equipment built into the vehicle. It controls everything from body control modules (BCM), motor control modules, electric skylight, electric windows, to power doors. The body control system developed by Lite-On is capable of validating network integrity and checking errors on its own. It features CAN TOOLS to accurately simulate the CAN/LIN environment of a vehicle, and has passed ISO certification as well as those of major car makers.

LED Lighting

Lite-On produces LED lights that cover an extensive range of applications from street lamps, traffic lights, gas stations, refrigerators, showcase lighting, signboard lighting, to commercial indoor/outdoor lighting.

In 2013, Lite-On's subsidiary, Leotek, announced the world's first multi-color LED bulb with particular focus on durability, heat, and light angle. Leotek's design not only features the use of special heat channels to eliminate buildup of heat, and offers 320-degree lighting for an extended warranty period of two years, it further addresses consumer needs by allowing them to change between yellow and white light simply with a switch turn using a patented mechanism. In just one second, consumers can change the ambiance of their homes. This new innovation has passed CNS 15436 and IEC 62471 certification, and is ready to be introduced into home lighting.



Surveillance

Lite-On's competitive advantage in camera modules has allowed it to launch professional, wireless and mobile IP CAMs. Combined with state-of-the-art image processing and network technologies, these IP CAMS can be used in surveillance, home security, and healthcare. Given how network operators have allied with cloud service providers to explore video over IP, the company has several new IP CAM models scheduled for launch in 2014.

Biotech and Healthcare

Since the second half of 2011, Lite-On has been developing its first healthcare product series called Skyla - a clinical chemical analysis system (with built-in analyzer and chemical reagents). So far, the company has successfully developed a VB-P01 Veterinary Clinical Chemistry Analyzer, HB-P01 Clinical Chemistry Analyzer, and 12 panels of reagents that can be used to run 24 different tests. The VB-P01 Veterinary Clinical Chemistry Analyzer was launched in the first half of 2013, and is currently



being sold in Europe and Asia. Meanwhile, the HB-P01 Clinical Chemistry Analyzer has also been granted a permit for use as a medical instrument, and was introduced onto the market in the first half of 2014. Lite-On's research team currently possesses extensive know-how in the development of chemical reagents, and is exploring more tests and panel combinations that can be performed by these analyzers. In addition, extended functionalities (such as single assay) and new reagents can also be developed depending on market demands and feedback to add more value to the product.

Given the rising number of diabetic patients around the world, Lite-On has foreseen strong demand for blood sugar monitors in the future, and hence invested in the development of point-of-care testing systems for HbA1c, as well as hand-held glucose meters (including test strips). The focus of the former is to deliver high precision and to design a price-competitive reagent container, whereas the latter focuses on providing a meter with more functionality, ease of use, and mobility, becoming an all-in-one instrument that draws blood and tests at the same time. These two products are scheduled for mass production by the end of 2014.



Charging Solutions

Lite-On's products in this segment comprise mainly of AC chargers for electric cars. The company offers several specifications including Public & Workplace chargers, Public & Workplace three-phase, Home/Residential Chargers, and Home/Residential three-phase. In order to meet market demands, the products not only comply with European IEC 62196 and U.S. SAE J1772 standards, but have also acquired other electric car certifications such as OCPP and ZE Ready on top of existing UL certification. Apart from providing standardized products, Lite-On is also capable of working with customers in combining of wireless communications, power data, and billing information into an interconnected charging station management system. This system not only satisfies car manufacturers' needs to monitor their customers, but also provides a total solution for power companies.



After many years of research, Lite-On's EV charger had been sold to customers throughout Europe and U.S. and to more than 10,000 electric cars by the beginning of 2014, making it a leader in electric car charging solutions in Europe.



2.1

2.1.1 Lite-On's Major Operations Centers Worldwide 2013



2.1

2.1.2 Business Performance and Outlook

Facing the rapid transformations in the global information and telecommunications industries, Lite-On has already started implementing strategic allocation and innovative transformation for product portfolio optimization. As a result, even with the harsh challenges in the global market, Lite-On has continued with its stellar operating performance in 2013 by achieving a global annual consolidated sales of NT\$213.2 billion and net profits of NT\$8.76 billion, up 18% Y-o-Y with EPS of NT\$3.83. The gross margin and operating margin were 14.3% and 4.7% respectively, of which R&D increased approximately 10% Y-o-Y, further strengthening Lite-On's areas of core competence in optoelectronics, as well as its worldwide leading position to ensure that it continues to meet customer needs.

In 2013, stable growth was achieved in the six major applications/products of Lite-On's core business - high-end server and networking power systems for cloud computing application, mobile devices, LED Lighting applications, automotive electronics, Solid State Drives (SSD) and game consoles - which accounted for over 40% of Lite-On's overall revenue, as well as posting a growth of over 40% Y-o-Y. Power SBG showed consecutive revenue growth, while Camera Module sales presented a yearly growth of 30%, supported by high-mega pixel product expansion and market share gains, hitting another record high; LED components and Lighting revenue also presented a growth of approximately 20% Y-o-Y, of which LED street light revenue increased over 50% Y-o-Y driven by increased demand for energy saving solutions in North America and Taiwan; and vehicle LED lighting revenue was up over 20% Y-o-Y. As for storage devices, thanks to increased demand and ongoing market share gains, Solid State Drive (SSD) and products for game console applications posted impressive yearly growth.

Unit: millions NTD

	2013	2012
Net Sales	213,214	216,047
Gross profit	30,501	30,558
Gross profit margin	14.31%	14.14%
Operating profit	10,042	10,878
Operating profit margin	4.71%	5.04%
Non-operating income/(expenses)	1,447	952
Profit before tax	11,520	11,831
Profit before tax margin	5.40%	5.48%
Income tax expenses	2,629	2,454
Income tax rate	22.82%	20.74%
Net profit after-tax	8,755	7,402
After-tax earnings per share	3.83	3.25

Note:

1. The chart represents Lite-On's consolidated revenue, gross profits and net profits.
2. For more details on business and financial performance, please refer to Lite-On's 2013 annual report published on the company's website www.liteon.com.
3. Refer to page 195 of Lite-On's 2013 Annual Report for information on liabilities and shareholders' equity.
4. Refer to page 83 of Lite-On's 2013 annual report for product-related statistics.
5. Refer to page 195 of Lite-On's 2013 annual report for information on retained earnings.

Lite-On's Board has proposed a 2013 dividend plan offering NT\$ 2.76 per share. Of that sum, the cash and stock dividend portions will be NT\$2.71 and NT\$0.05 per share respectively maintaining a stable and generous dividend policy.

Looking at 2014, the economic development of the European, U.S. and emerging markets are showing positive signs. Lite-On Tech will continue to be cautiously optimistic while facing heavy competition from the global market. We will stand firm on our foundation of "innovation and execution" to consider our competitive niche and advantageous position in our environment. We will strive to find a world-class leading position for our core business and seek differentiation from our competitors. At the same time, profit increase will remain our main target and quality growth of the company will remain our main goal.



2.1

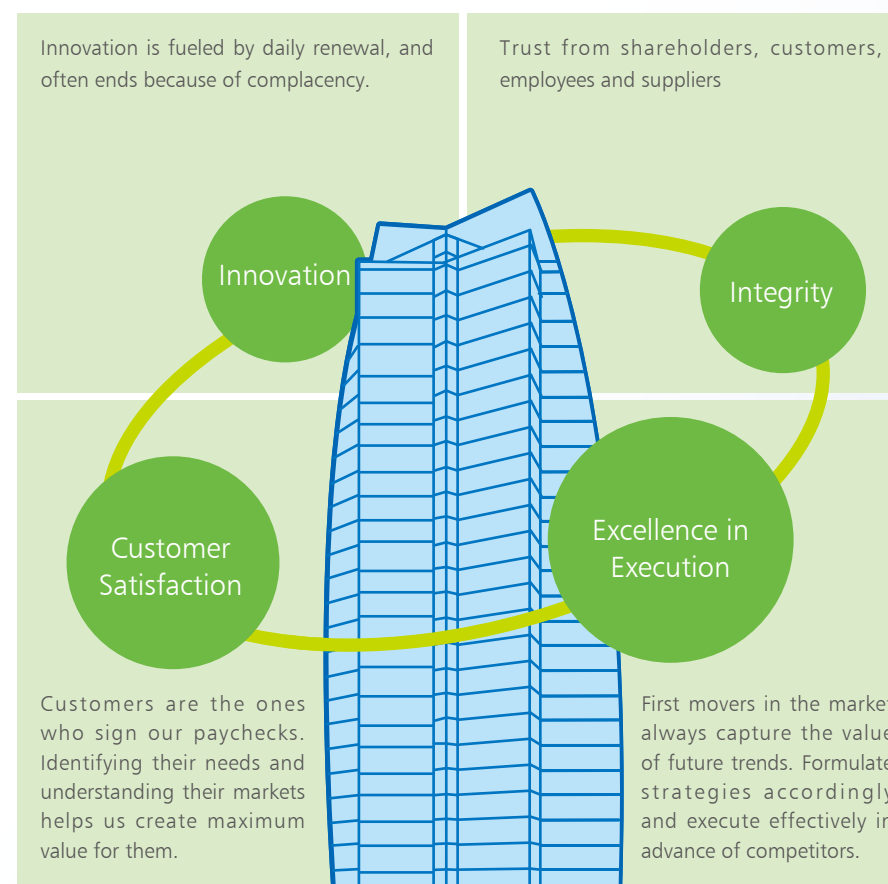
2.1.3 Membership in Groups and Associations

Lite-On actively participates in the activities of industry associations and organizations, and joining regular or irregular industry association conferences as the intensive communication mechanism with other members in the industry.

Name of Association / Organization
China Solid State Lighting Alliance
Climate Savers Computing Initiative
Digital Living Network Alliance (DLNA)
The International Commission on Illumination
Member of UPnP Forum
Member of Wi-Fi Alliance
Photonics Industry and Technology Development Association
Rensselaer Polytechnic Institute
Taipei Computer Association
Taipei Neihu Technology Park Development Association
Taiwan Corporate Sustainability Forum
Taiwan Electrical and Electronic Manufacturers' Association
Taiwan Semiconductor Industry Association
Taiwan Optoelectronic Semiconductor Industry Association, TOSIA
Taiwan Thermal Management Association
Zhaga Consortium
Institute For Information Industry
ISA(International Solid State Lighting Alliance)
Electronics & Communications Association of Guangzhou (Development District)
Dong Guan Taiwan Business Association
Anti-Static Equipment Branch of China Electronic Instrument Industry Association
IPC Association Connecting Electronics Industries
Jiangsu Surface Mount Technology Professional Committee

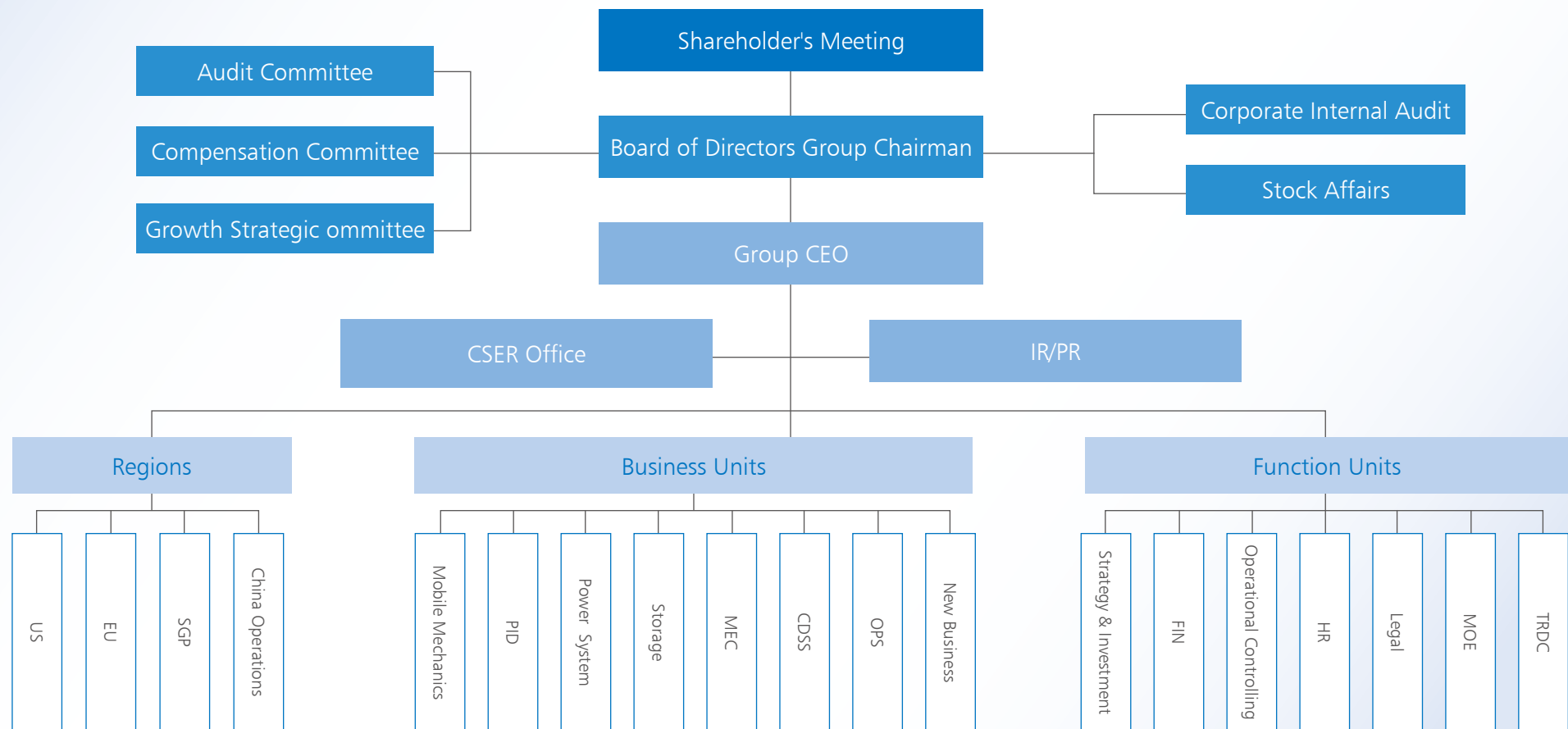
2.1.4 Lite-On Corporate Values

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



2.2 Corporate Governance

Lite-On emphasizes transparent and effective corporate governance and has drafted a corporate governance framework and implemented practices in accordance with the Company Act, Securities and Exchange Act, and other relevant laws and regulations. The company continues to improve its management performance, while safeguarding the rights and interests of investors and other stakeholders.



Lite-On's corporate governance milestones:

1. In 2007, the company introduced the role of independent director to replace supervisors, and established its first Audit Committee. In 2008 and 2010, a Compensation Committee and a Growth Strategy Committee were established respectively under the board of directors.
2. Lite-On places high emphasis on the complete, timely, fair and transparent disclosure of information. In addition to publishing financial data, statements, annual reports and material information onto the Market Observation Post System (MOPS), Lite-On also makes this information accessible from its website for the convenience of local and foreign investors. (www.liteon.com)
3. The company will continue to pursue sound corporate governance and the transparency, timeliness, and fairness of financial information disclosure. In 2013, Lite-On was rated A+ by the Securities and Futures Institute during its Information Disclosure Evaluation.
4. In 2013, Lite-On's Opto site at Changzhou and PID site at Guangzhou both obtained Product Liability Insurance AAA Certification from ACE Group, the world's most creditworthy certifier. So far, six of the company's plant sites have obtained Product Liability Insurance AAA Certification, and Lite-On has set a goal for all plant sites to obtain AAA certification.

Lite-On's Board of Directors, Audit Committee, Compensation Committee and Growth Strategy Committee perform their duties in accordance with the "Board of Directors Meeting Rules," "Audit Committee Organizational Rules," "Remuneration Committee Organizational Rules," and "Growth Strategy Committee Organizational Rules." Their duties and roles are described below:

2.2.1 Board of Directors

The company's directors are elected according to its "Director Election Policy," where candidates are nominated based on the system stipulated in Article 192-1 of the Company Act. The company is required by law to announce before the book closure date of its annual general meeting the period of directors' (including independent directors) nomination (no less than 10 days) and the number of directors (including independent directors) to be elected. The list of director candidates (including independent directors) needs to be reviewed by the board to make sure that all candidates are qualified (including independent directors) before the election commences during the annual general meeting.

The board consists of 11 members; all of whom are elected by shareholders. Board members currently include one Chairman; six institutional investor representatives from Lite-On Capital, Dorcas Investment Co. Ltd., Ta-Sung Inv Co. Ltd. and Yuan Pao Development & Inv. Co., Ltd.; one natural-person director; and three independent directors. These members come from a broad variety of backgrounds and experience, and are capable of fulfilling their duties. They have been given the duty to exercise proper governance of the board of directors, to supervise/appoint/instruct the management, and to oversee the company's financial, social, and environmental performance in ways that maximize stakeholders' interests.

Board members' backgrounds, education, concurrent roles at other companies etc and functioning of the board of directors as well as various functional committees have already been disclosed in the company's annual report. The annual report is accessible on the Market Observation Post System and from the company's website (www.liteon.com).



Lite-On Board Members		Gender
Chairman	Raymond Soong	Male
Director	David Lin	
	Warren Chen, Representative of Lite-On Capital Inc. Joseph Lin, Representative of Dorcas Investment Co., Ltd. Rick Wu, Representative of Ta-Sung Investment Co., Ltd. Keh-Shew Lu, Representative of Ta-Sung Investment Co., Ltd. C.H. Chen, Representative of Yuan Pao Development & Investment Co., Ltd. David Lee, Representative of Yuan Pao Development & Investment Co., Ltd.	
Independent Directors	Kuo-Feng Wu Harvey Chang Edward Yao-Wu Yang	

According to Lite-On's "Board of Directors Meeting Rules," board meetings are held at least once every quarter. A total of nine board meetings were held in 2013.

Note: board members' participation in corporate governance training was disclosed on page 47 of the 2013 annual report.

2.2.2 Audit Committee

Chairperson: Independent Director Kuo-Feng Wu

Members: Independent Director Harvey Chang, Independent Director Edward Yao-Wu Yang

The Audit Committee consists entirely of independent directors. The duties of its three members are to assist the board of directors in reviewing the company's financial statements, internal control systems, audit practices, accounting policies, major asset transactions, and appointment/dismissal of external auditors, finance officers, accounting officers, and internal auditors so as to ensure compliance with government regulations.

Effective internal control systems and audit operations are the foundation of sound corporate governance. In order to maintain an effective internal control system, particularly in the area of risk management, financial and operational control, the Audit Committee regularly reviews reports submitted by internal auditors and assesses the independence of the company's financial statement auditors, thereby ensuring the utmost integrity in financial reporting.

Communications between the Audit Committee and internal/external auditors:

- The Chief Internal Auditor reports to the Audit Committee on any changes to internal controls.
- The Chief Internal Auditor reports to the Audit Committee on any self-assessments conducted during the year.
- The Chief Internal Auditor reports to the Audit Committee on audit plans made and executed during the year.
- The Chief Internal Auditor reports to the Audit Committee on weaknesses discovered during various audits and actions taken to rectify such weaknesses.
- The Chief Internal Auditor provides the Audit Committee with updates on changes to securities-related laws.



2.2

2.2.2

- The Chief Internal Auditor reports to the Audit Committee on any special audit tasks assigned.
- The external auditor reports regularly to the Audit Committee on any yearly and half-yearly audits planned and executed.
- The external auditor reports to the Audit Committee whenever there is a change to the Statement of Financial Accounting Standards or securities-related laws.

According to Lite-On's "Audit Committee Organizational Rules," the Audit Committee meets at least once every quarter. A total of nine Audit Committee meetings were held in 2013.

2.2.3 Remuneration Committee

Chairperson: Independent Director Harvey Chang

Members: Independent Director Kuo-Feng Wu, Independent Director Edward Yang

The Remuneration Committee was established to strengthen corporate governance and align the company with international practices. The Remuneration Committee has been authorized by the board of directors to supervise, review and decide the company's compensation policies. It was the first Remuneration Committee in Taiwan to be granted powers second only to those of the board of directors among publically-listed companies at that time, something which soon became norm for all local companies.

Duties of the Remuneration Committee extend beyond employees' incentives and bonuses, to cover performance appraisals and remuneration of directors and executive managers as well. Lite-On's Remuneration Committee consists of three members; all of whom are chosen from independent directors to ensure objectivity, professionalism and fairness of the committee, while avoiding any conflicts of interest those members may have with the company.

The Remuneration Committee reviews the company's remuneration policies and plans on a regular basis to ensure that they sufficient to attract, motivate and retain talent. The committee reviews the performance and remuneration of directors, the CEO and managers, and evaluates employee bonuses on a yearly basis.

According to Lite-On's "Remuneration Committee Organizational Rules," the Remuneration Committee convenes at least once every six months. A total of three Remuneration Committee meetings were held in 2013.



2.2

2.2.3

Region	Ratio of highest to median annual salary (multiples)	Ratio of highest to median salary adjustment (multiples)
Taiwan (*)	8	0 (**)
China	Salary structure is different among the various plant sites; the company is still consolidating data and will disclose this in its 2014 annual report.	
Thailand		

(*) The compensation includes salary, meal allowance, and fixed bonus; only information of the parent company is disclosed

(**) No salary adjustments were made for executive managers in 2013

(***) Annual salary has been estimated based on employees' monthly salary as at the end of December

2.2.4 Growth Strategy Committee

Chairperson: Independent Director Edward Yao-Wu Yang

Members: Director Raymond Soong, Director David Lin, Director Warren Chen, Director Keh-Shew Lu

The Growth Strategy Committee was established in 2010 in an attempt to strengthen and accelerate the growth of the Lite-On Group. The committee is authorized by the board of directors to review growth strategies for the Company and the Group as a whole. It is also responsible for the preliminary assessment of all major investments of the Company and the Group. It reports its resolutions regularly to the board of directors.

The scope of responsibility of Lite-On's Growth Strategy Committee covers Lite-On Technology Corporation as well as its subsidiaries and certain business departments.

Committee members comprise five directors, all of whom are appointed by the board of directors.

A total of four Growth Strategy Committee meetings were held in 2013.



2.2

2.2.5 List of Major Shareholders

April 21, 2014

Name of major shareholder	No. of shares held	Shareholding percentage
Nan Shan Life Insurance Company Ltd.	87,952,532	3.78%
Raymond Soong	78,125,249	3.36%
Da Rong Inv Co. Ltd	68,316,604	2.94%
Fubon Life Insurance Co., Ltd.	67,135,349	2.88%
Citibank Taiwan in its capacity as Master Custodian for Investment Account of Capital Securities / Futures (HK) Ltd.	49,023,669	2.11%
Citibank Taiwan in its capacity as Master Custodian for Investment Account of GIC Pte Ltd. (Singapore)	48,003,352	2.06%
Da Song Inv Co. Ltd.	46,389,334	1.99%
Standard Chartered Bank in its capacity as Master Custodian for Vanguard Emerging Stock Market Index Fund	38,999,607	1.68%
Yuan Bao Property Development Limited	36,709,426	1.58%
10. Deutsche Bank in its capacity as Master Custodian for Eastspring Investment Asia-Pacific High Yield Equity	34,016,614	1.46%
Government funds and shareholders		
• Labor Insurance Fund	31,419,621	1.35%
• Department of Government Employees Insurance, Bank of Taiwan	30,176,657	1.30%
• Public Service Pension Fund Supervisory Board	25,653,873	1.10%
• Chunghwa Post Co., Ltd.	23,398,104	1.01%
• Old Labor Pension Fund	18,884,424	0.81%
• National Annuity Fund	18,141,550	0.78%
• New Labor Pension Fund	13,820,117	0.59%
Total shares held by government funds and shareholders	161,494,346	6.94%

2.2.6 Dividend Policy and Execution

Dividend policy

The company is currently in the growth stage of its life cycle. After considering its future business prospects, capital requirements and impact on shareholders, the company shall distribute no less than 10% of its current dividends in cash.

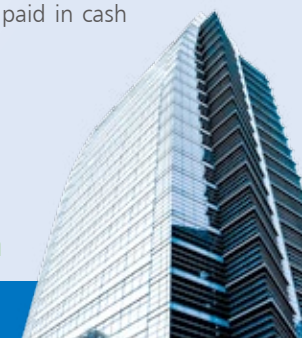
Any earnings remaining after closure of the current financial year are first subject to income tax and reimbursement of previous losses, followed by a 10% provision for statutory reserve and provision or reversal of special reserve as required by regulations. The remainder plus undistributed earnings from previous periods less capital retained for future growth can then be distributed as follows:

1. Employee bonus: no less than 1%
2. Directors' remuneration: no more than 1.5%
3. The remainder is distributed as dividends

Where employees' bonus is distributed in stock, the issuance of company shares may also apply to employees of various subsidiaries. The board of directors is authorized to determine the terms and methods by which stock dividends are distributed.

Dividends resolved for the current year

The distribution of 2013 earnings has been passed during the board of directors meeting held on March 27, 2014. Shareholders will be paid NT\$2,710 cash and issued 5 shares for every thousand shares they hold on the baseline date. Stock dividends that amount to less than one share shall be paid in cash, and the Chairman will engage a designated party to subscribe to the total number of stock dividends that have been paid in cash instead. A total of 11,638,000 new shares have been issued at NT\$10 each.



2.2

2.2.7 Employee Bonus and Directors' Remuneration

1. Please refer to Chapter (6) 1 - Dividend Policy for terms stated in the Articles of Incorporation regarding employees' bonus and directors' remuneration.
2. Amounts of employees' bonus and directors' remuneration have been estimated based on previous experience. The number of shares to be distributed as stock dividends was calculated based on the closing share price one day before the shareholders' meeting and after taking into account the effect of cash and stock dividends. Employees' stock bonus that amounts to less than one share is paid in cash instead. Should there be any significant changes to the amounts resolved by the board of directors after the current financial period has ended, this discrepancy shall be adjusted to the expenses of the year in which the estimates are made. If a different amount is resolved during the shareholders' meeting, the discrepancy will be treated as changes in accounting estimates and accounted in the year the shareholders' meeting takes place.
3. Employee' bonus resolved by the board of directors:
 - (1) The distribution of 2013 earnings has been passed during the board of directors meeting held on March 27, 2014, where employees will be paid NT\$997,212,000 in cash and directors remunerated with NT\$70,039,000 in cash. An employee stock bonus totaling NT\$189,945,000 shall also be distributed. The number of shares to be distributed as stock dividends was calculated based on the closing share price one day before the shareholders' meeting and after taking into account the effect of cash and stock dividends. Stock bonus that amounts to less than one share shall be paid in cash instead. The amount of employees' bonus and directors' remuneration proposed by the board of directors had no material difference from the figures estimated in the 2013 financial statements.
 - (2) The NT\$189,945,000 employee stock bonus represented 2% of the current year's NT\$8,754,848,000 after-tax profit, and 16% of employees' NT\$1,187,157,000 total bonus.
 - (3) Earnings per share after the proposed employees' bonus and directors' remuneration was calculated at NT\$3.83, which was consistent with the EPS shown in the 2013 financial statements.
4. Distribution of employees' bonus and directors' remuneration in the previous year:

Distribution of 2012 earnings included employees' cash bonus of NT\$897,799,000 and directors' remuneration of NT\$61,420,000. Employee stock bonus totaling NT\$171,009,000 was also distributed in 3,669,000 shares based on a closing price of NT\$46.61 per share one day before the shareholders' meeting and after taking into account the effect of cash and stock dividends. The amount of employees' bonus and directors' remuneration paid had no material difference from the figures estimated in the 2012 financial statements.



2.2.8 Anti-corruption

Lite-On upholds its reputation by obeying the laws and ethical standards of the countries in which it carries out its business activities. Lite-On tolerates no violation of laws or ethics during pursuit of sales, profits and performance targets. The company also has measures in place to govern activities that are prone to the risk of bribery, and hence prevent incidents from occurring.

"Integrity" is one of the company's four core values. The company has implemented an Employee Code of Conduct to help employees understand and handle the situations and issues encountered in daily work. This Code of Conduct has been included as part of orientation programs to give new hires an understanding of the company's standards with regard to reputation, laws and ethics. The Ethical Code of Conduct for Employees contains the following ethical guidelines:

1. Gifts and Hospitality:

- 1.1 Company employees may not give or accept any gifts intended to improperly influence normal business or decision making. Company employees must immediately notify their supervisor or return any substantial gifts that they have received. If, however, a gift constitutes a small gift such as often exchanged in business contact, it shall not be subject to this restriction.
- 1.2 Customers and company employees may engage in reasonable social activities within the course of the business contact in so far as such activities are clearly for business purposes and are respectable in tone. However, any excessively generous treatment shall require the prior consent of the employee's supervisor and a subsequent report to the supervisor. While dining is a necessary accompaniment of meetings between company employees and suppliers or customers, the principle of reciprocity should be emphasized.
- 1.3 Company employees should avoid any improper actions, and absolutely may not give or accept any kickbacks in any form under any circumstances. While

engaged in private shopping, company employees and their family members may not accept discounts from suppliers due to their relationship with this company, unless such discounts are given to all employees of this company.

2. Principles Governing Business-related Payments:

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

- 2.1 Payments to suppliers: payments may only be made for goods or services provided by suppliers confirmed by the appropriate purchasing unit of the company to have complied with standards.
- 2.2 Payments to government officials: the company can not provide government officials of any country with payments that are prohibited in that country. Legitimate payments given to government officials must comply with all procedures specifically required by the company.
- 2.3 Payments to consultants, wholesalers or distributors: payments to consultants, wholesalers and distributors must be equivalent to the value of the services they provide.
- 2.4 Payments to customers: payments may not be directly or indirectly given to employees of any existing or potential customer with the intent of inducing them to take improper actions.
- 2.5 Payments to others: payments may be made to persons who are not civil servants or customers in accordance with the procedures prescribed by the company, provided that such payments are not for ordinary commercial purposes as defined by the laws of the country where the payments take place.



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2.6 Payments outside the payee's place of domicile: paying expenses or salaries to an account in a country where the payee does not reside or do business (this may sometimes be termed "distributed expenses") is acceptable as long as this does not violate laws, and provided that the entire transaction does not compromise the company's ethical standards.

2.7 Forgery of records: payments cannot be approved, executed, or accepted if part of the payment is intended or known to be used for purposes other than those stated on the records. When there is no disbursement explanation in the company's account books, all "kickback funds" or similar funds or account transfers are strictly prohibited.

In addition to establishing uniform standards that apply consistently to all employees, Lite-On also emphasizes the need to explain the value of these ethical standards so that employees can understand how they relate to their daily activities and avoid conduct that may violate laws or the company's anti-corruption policy. The company also has consultative services in place to clarify employee queries.

- A. EICC (Electronics Industry Code of Conduct) courses: in addition to organizing EICC workshops at locations where the company operates, the company has also created an online learning platform that trains employees in EICC values including: business integrity, avoidance of illegitimate gains, open information, respect for intellectual property, responsible advertising, fair trading, confidentiality, responsible minerals procurement, respect for privacy, and prohibition against retaliation.
- B. Employee Ethics and Anti-Corruption courses: based on its own Ethical Code of Conduct for Employees, Lite-On has created an online course that informs employees of the various anti-corruption policies and practices the company has in place, while reminding them to avoid conduct that may violate these policies. Since September 2013, all employees are able to take these courses at anytime

using the online learning platform. In addition, these courses have been made compulsory as part of the orientation that new hires joining after September 2013 are required to take. As of the end of December 2013, all 186 new hires had completed these courses. Lite-On is currently launching an anti-corruption awareness enhancement program for its employees; progress of this new program will be disclosed in next year's report.

- C. Material Insider Information and Anti-trust courses: Lite-On has begun development of e-Learning courses that focus on the subjects of material insider information and anti-trust issues. In the future, these courses will be compulsory and will be made accessible online so that they have a more thorough understanding of how the company handles these two issues.
- D. Consultative services and channels: the company has a Legal Department that supports employees with legal counsel over the course of their business dealings with customers. In the occurrence a major legal incident, the Legal Department will position itself at the frontline to resolve the matter with the employees involved, while making sure that the company complies with regulations and that employee interests are protected.
- E. Grievance and reporting channels: internally, the company has hotlines, e-mail and opinion letter boxes available for employees to raise complaints; externally, the company makes public disclosures on its CSR web page regarding any unethical or illegal conduct found over the course of its business. Grievance hotlines, e-mail, and mailboxes have been made available through which outsiders may complain or report their concerns.

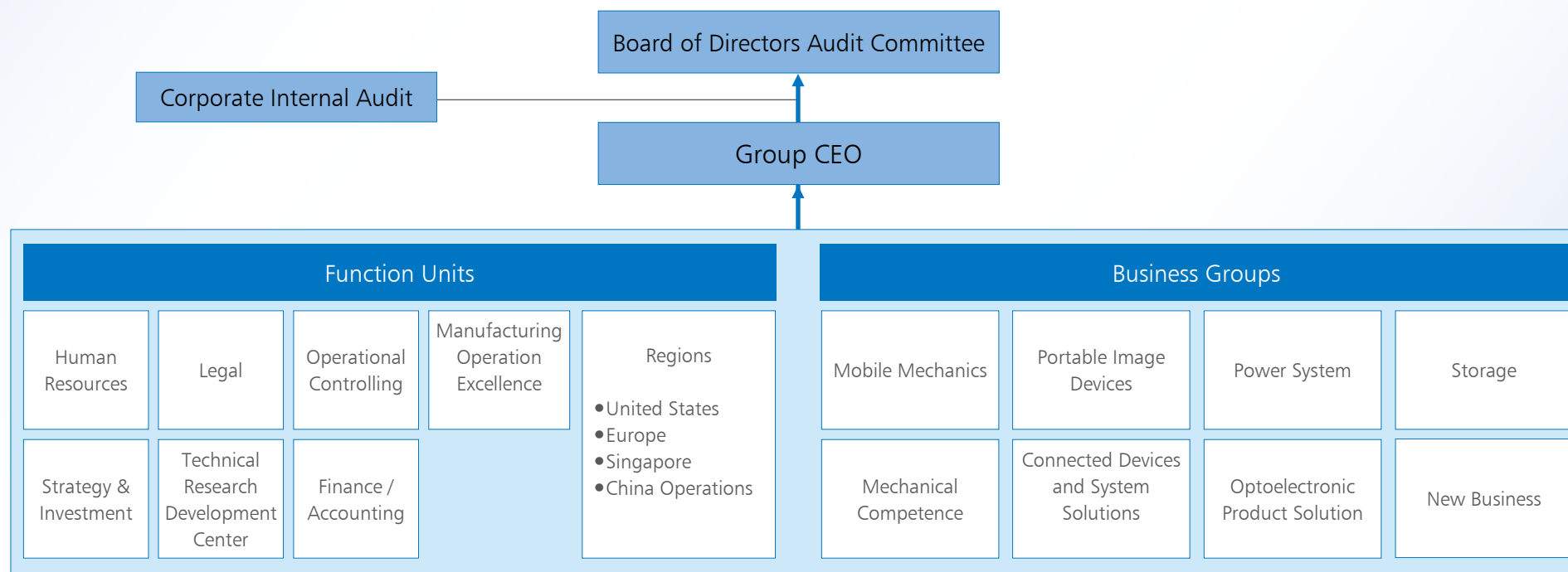


2.2.9 Corporate Risk Management

Lite-On has devoted itself to ensuring the economic, environmental and social sustainability for stakeholders including customers, shareholders, employees and the community. While taking steps to realize this goal, Lite-On adopts a robust risk management framework that identifies and controls the various risks of concern, so that said risk can then be transferred, mitigated, minimized or even eliminated entirely. This risk management framework is also one of the main reasons behind Lite-On's sustainable growth and outstanding performance.

The risk management framework

Lite-On's risk management framework and internal control system allow it to take the initiative and respond to the risks associated with its operations in the most cost-effective manner. The Group CEO serves as the highest ranking officer in the company's risk management framework.



2.2

2.2.9

Risk Management Life Cycle

Based on experience accumulated throughout its long history, the company has been able to develop a comprehensive risk management framework with job functions and areas of responsibility clearly segregated for risk identification purposes. Risks identified within the organization are classified into "External Risks," "Operational Risks," and "Information Disclosure Risks." Each risk is further assessed and assigned a severity level of high, medium, or low, and mapped onto a risk map for ease of identification. This enables the organization to take further steps to transfer, accept, mitigate, and avoid the identified risks. By executing the PDCA cycle (plan, do, check, and act) the company is able to improve its control over various risk factors and reduce the chances of risks occurring and the impact they might have.

"External Risks" refer to external factors such as slow sales, competition, loss of market demand, change in consumer preferences, changes in technologies, new competing products, international incidents, economic recession, mergers and acquisitions, change in foreign currency control, election outcomes, extortion, noise, pollution, natural disasters, etc.. "Operational Risks" refer to problems that are associated with the company itself, such as inability to deliver goods on time, defective goods, unresolved technical issues, high procurement costs,

excess inventory, bad production design, plant malfunction, employee discipline, safety incidents, fire hazard, use of child labor, forced labor, loss of data, information errors, financial reporting mistakes, etc.. "Information Disclosure Risks" refer to risks associated with the disclosure of public information as part of the company's operations, such as pricing failure, leakage of commercial secrets, unreliable financial forecasts, frequent adjustment of financial forecasts, failure to prepare quarterly/annual financial statements on time, failure to disclose required information, correction of errors etc. By setting key performance indicators (KPI) within the organization, Lite-On is able to assess whether key risks have emerged, and take necessary actions to transfer, accept, mitigate or avoid such risks. In order to minimize the possibility and degree of loss, the company adopts a risk management system that is even more pro-active than insurance. Meanwhile, Lite-On is progressively implementing an "AAA Product Liability Control Project" as enhanced management over manufacturing and sales risk.



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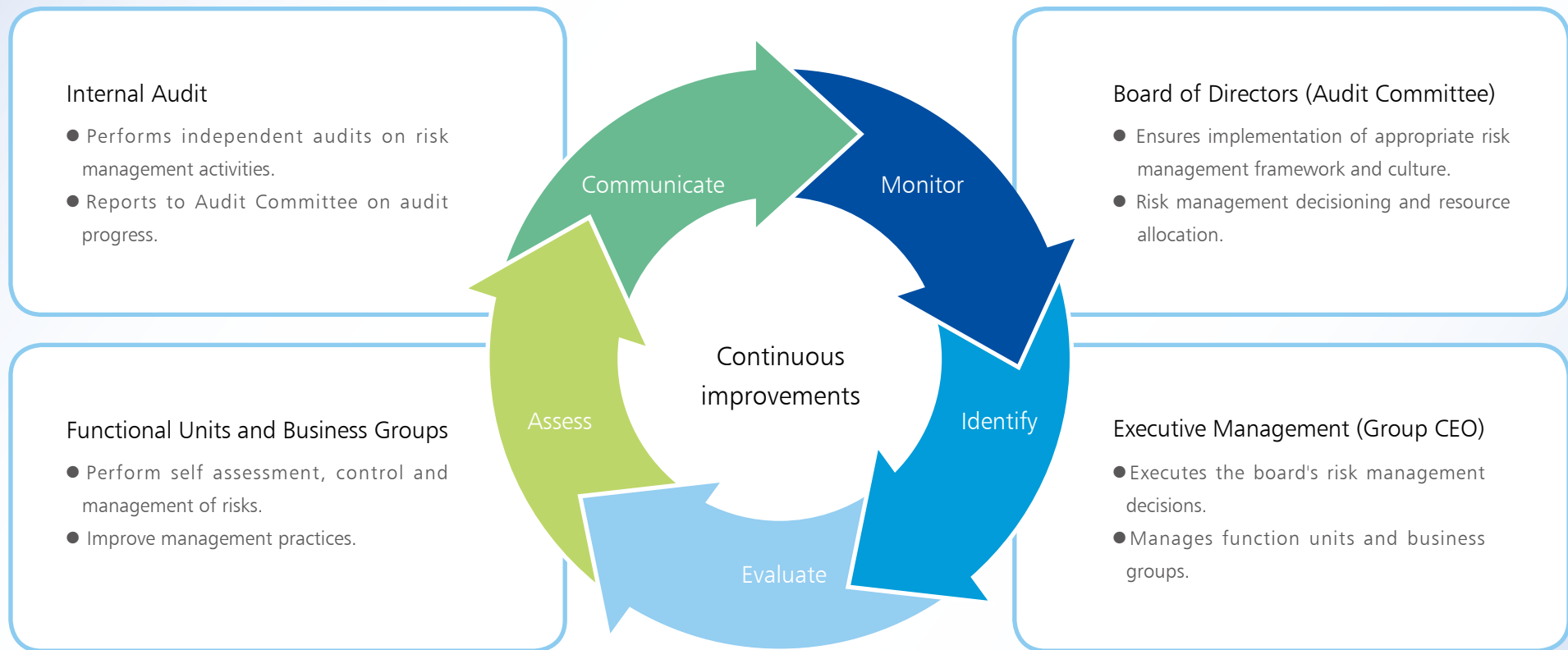
Risk Map

Occurrence	High	<ul style="list-style-type: none"> Operations (neglect of safety rules/loss of personal property) Health and safety (lighting) 	<ul style="list-style-type: none"> Environment (chemicals) Human resources (orders/child labor/work hour) Finance (Electricity bills) Business strategy (shareholder relations) 	<ul style="list-style-type: none"> Market risk (customers' needs and satisfaction)
	Medium	<ul style="list-style-type: none"> Operations (use of water/mistakes) Human resources (hazardous jobs) Environment (noise) Finance (carbon tax) 	<ul style="list-style-type: none"> Safety and health (furnace temperature) Human resources (work hours/grievance channels) Business (budget spending) Operations (products and services) 	<ul style="list-style-type: none"> Politics (political development) Health and safety (chemical corrosion) Business (business performance) Finance (liquidity) Compliance (legal and reputation risks) Strategies (business model/organization)
	Low	<ul style="list-style-type: none"> Compliance (local environmental protection laws) Human resources (protection of whistle-blowers) 	<ul style="list-style-type: none"> Business (pension) Human resources (bribery) Safety and health (substance exposure/fatigue/burns) 	<ul style="list-style-type: none"> Safety and health (safety of gas tanks) Environmental safety (poisonous gas and fire) Human resources (limitation of freedom) Finance (derivatives)
		Low	Medium	High
		Impact		

(Time of analysis: 2013)



Continued Improvement in Risk Management Through PDCA Cycle



Risk Management Projects

In order to address external and operational risks of higher occurrence or impact, Lite-On has implemented a risk management plan throughout all plant sites that focuses on "Raising Safety Awareness," "Protecting Critical Assets," and "Establishing Safety Systems and Rules." Apart from raising risk awareness within Lite-On, the company has also executed a number of risk management projects that not only help identify dangers within various production centers, but also provides suggestions for future improvements. Through one project at a time, Lite-On is able to accomplish the overall goal of its risk management, and build a foundation for sustainable operations.

- Raising safety awareness

The Risk Management Department arranges regular training and seminars featuring the use of case studies to help employees learn from past mistakes, and hence raise their awareness towards safety and risk management.

- Protecting critical assets

Each year, the company conducts infrared tests on electrical appliances used in plant sites, and performs random checks on their risk management practices to identify areas of weakness and ways of minimizing foreseeable risks. Meanwhile, logistics operations are also inspected regularly to reduce logistics risks. All products that Lite-On offers to its customers undergo stringent internal quality control and are certified by third-party engineers who scrutinize everything the company does from product design, manufacturing to after-sale liabilities.

- Establishing safety systems and rules

Lite-On has been establishing a risk control and checking system since 2009 that aims to grade each property by level of associated risk, and thereby

facilitate future assessments and management. Through regular inspections and improvements, Lite-On is able to optimize the risk profiles of its production sites, reducing the possibility of accidents and hence minimizing loss of workers, plant, equipment, raw materials, and operations.

The risk rating and audit system also helps reflect the risk status of various production sites. It reminds workers of the potential dangers present in the workplace, and allows quantifiable targets to be set and improved upon. In the short term, the system helps eliminate risks as soon as they are discovered; in the long run, it enables management to better plan its risk controls and implementation.

Lite-On will be introducing new business continuity management to make sure that the company can resume operations rapidly and remain competitive when facing any disaster. At the current stage, the company is focused on developing a Business Continuity Plan (BCP) that achieves the following benefits:

- Ensure business recoverability and sustainability; reduce overall operational risks and maintain competitiveness.
- Provide assurances to customers and secure or even expand market share.
- Protect the company's reputation and shareholders' interests.
- Reduce costs of supply chain management and create industry service value.



Chapter 3

Lite-On and the Environment



3.1 Lite-On's Green Commitment

Lite-On is aware of the influence that one company has on the environment, and has thus made a commitment to protect it. This commitment has been incorporated into Lite-On's CSER Code of Conduct, in which it aims to minimize environmental impacts and ensure business sustainability through ongoing improvements to product design, procedure management, supply chain management and after-sales services. Furthermore, Lite-On will continue working with customers, industry alliance, and the supply chain to explore means of improving environmental management.

Lite-On's Environmental Protection Code of Conduct

Lite-On is committed to designing and manufacturing products that preserve the Earth's ecology, and educating employees on the importance of environmental protection. To minimize our impact on the environment, Lite-On and its subsidiaries are fully engaged in environmental management to control the creation of air pollution, hazardous waste material, energy use and noise during the design and manufacturing process. In addition, Lite-On is committed to establish, maintain and continually improve on our Environmental Management System to define operational procedures for environmental control and to monitor the progress of its implementation.

Specifically, Lite-On is committed to:

- Improving energy-saving, environmental protection against pollution in all of our sites.
- Reducing paper, water and all the kind of natural resources usage in office operations and in all of our sites.
- Defining, maintaining and improving related standard operating procedures based on ISO14001 regulations for the effective implementation of controls on air pollution, hazardous waste material and noise.
- Reducing air pollution, hazardous waste material and noise in all applicable sites.
- Complying fully with applicable environmental legal, customer and other requirements.
- Communicating with employees, suppliers and customers to provide a more complete understanding of Lite-On's environmental policy and efforts.



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

- Supply Chain Management: Lite-On continually encourages the development of innovative business models that help reduce environmental impact.
- Product Design: Lite-On applies design-for-the-environment principles for all of its products and services to minimize impact on the environment.
- Manufacturing Processes and Site Management: Lite-On continuously improves environmental management systems at both manufacturing and non-manufacturing sites.
- After Sales Service: Lite-On strives to minimize the environmental impact of product packaging and business activities, such as distribution and sales. When possible, Lite-On also provides environmental information to customers.



3.1

3.1.1 Environmental Management Goals

Lite-On has set clear goals on environmental protection and energy conservation, and implemented a number of management practices to address uses of energy and resources and discharge of pollutants. The following is a list of management goals created to address significant environmental aspects. Lite-On hopes to make its products less pollutive, more energy-efficient, more easily recycled, and friendlier to the environment from development, manufacturing, use, to the disposal stage.

1. Carbon Reduction Goals:

The impact of climate change has become a critical environmental issue worldwide, which makes mitigation of the greenhouse effect a responsibility shared by every country. In order to achieve long-term carbon neutrality, Lite-On follows ISO 14064 for the establishment of its greenhouse gas emission baselines, a Taking 2011 as the base year, Lite-On aims to reduce carbon emission intensity by 6% by 2014.

2. Energy Saving Goals:

In implementing ISO 14064 Lite-On has identified that more than 95% of its greenhouse gas emissions are from power usage. As a result, Lite-On has identified energy conservation as the primary means of reducing carbon emissions, supported by the launch of energy management systems and energy-saving plans. Taking 2011 as the base year, Lite-On aims to reduce power consumption intensity by 6% by 2014.

3. Waste Reduction Goals:

Waste is essentially resources that have been misplaced. To make more efficient use of resources, Lite-On will continue to implement measures that reduce industrial waste and increase the proportion of recyclable waste. Projects will be executed over 3-year cycles, and taking 2011 as the base year, Lite-On has set goals to reduce total waste intensity by 10% by 2014.

4. Water Conservation Goals:

Facing a changing global environment and increasing water shortages, the need to conserve water is the next most important environmental imperative after energy conservation and carbon reduction. Based on the need to protect water resources and maintain sustainable operations, Lite-On has already begun planning a water conservation program. By improving processes, conserving water, and reusing water, we are taking active steps to reduce wastewater from production processes. Lite-On's water-conservation projects will be executed over 3-year cycles, and taking 2011 as the base year, water consumption intensity has been set to be reduced by 10% by 2014.

5. Product Energy Efficiency Goals:

Starting in 2012 (the base year), Lite-On has set goals to increase energy efficiency for server and laptop power supplies by 2% by 2013.

Apart from actively implementing energy conservation and carbon reduction programs in manufacturing processes, Lite-On is also looking at the carbon footprint of its electronic products throughout their entire life cycle. We have found that the largest carbon emissions occur during the use stage. We have therefore concluded that the most effective way of reducing carbon emissions is to design energy-conserving products. Lite-On is actively developing energy-conserving products, and every year carefully sets product energy conservation targets. In the case of power supplies, which account for a large share of sales, apart from meeting the highest demands of the US EPA Energy Star standard, Lite-On is also striving to ensure that its chief power supply products achieve even greater energy efficiency and lower energy consumption. Lite-On sets energy efficiency targets for all new products developed each year, and bit by bit, progressively achieves energy and carbon reduction goals.



3.1

3.1.2 Environmental Accounting

Lite-On has planned its environmental strategies and goals over short-term, medium-term and long-term horizons. These strategies have been incorporated by associating environmental performance with appraisals of various plants and sites. Each plant and site has its own environmental management system in place and has obtained ISO 14001 and ISO 14064-1 certification from independent third parties. All production procedures and use of materials is free of pollution concerns, and conform to the requirements of environmental protection laws in countries where the plants operate. All wastes are disposed of and processed by engaging certified service providers in a manner that complies with environmental protection laws. Lite-On continued to be free of environmental violations and pollution incidents in 2013; it has never been fined for such issues. In addition, Lite-On has developed a new IT system in 2013 that accounts for expenditure for purposes such as environmental protection, safety, health, and penalties received for violations of the above. This systematic data analysis provides the foundation on which Lite-On is able to improve its CSER performance.

Lite-On has classified its environmental expenditure based on the "Environment Accounting Guide for Industries" published by the Taiwan EPA (Environmental Protection Administration), and has included safety and health related expenditure as part of the system. There are seven major expense categories and 87 sub-categories in total. Lite-On's environmental expenditure in 2013 is shown in the following table. It totals NT\$ 1,089.50 million for the year with operating costs representing the highest percentage at 86.1%.



3.1

3.1.2

Environmental Expenditure in 2013

Expenditure	Amount (millions NTD)	Percentage (%)
1 Operating costs	938.32	86.1%
2 Upstream-downstream costs	9.44	0.9%
3 Management costs	76.81	7.0%
4 R&D costs	42.70	3.9%
5 Social activity costs	3.47	0.3%
6 Loss and compensation costs	7.45	0.7%
7 Other expenditure (taxes and levies)	11.32	1.0%
Total	1,089.50	100.0%

* Environmental expenditure in 2013 includes that incurred by Lite-On and its subsidiaries, namely Lite-On IT and Lite-On Mobile

Note:

1. Operating costs
 - Pollution prevention costs (costs incurred to reduce impacts on the environment, such as installation of pollutant treatment equipment at the end of pipelines)
 - Global environmental protection costs (costs incurred to improve production activities that pose a negative impacts on the entire globe or in a broader region)
 - Resource sustainability costs
 - Industrial safety costs
 - Direct and indirect health costs
2. Upstream-downstream costs
 - Costs incurred to ensure green procurement of products, supplies, fuel and raw materials (or reduced use of toxic chemicals)
 - Costs incurred to recycle and reuse products manufactured/sold, including their containers
 - Costs incurred in providing products and services that promote environmental protection, workplace safety and health
 - Costs incurred to ensure safe procurement of products, supplies, fuel and raw materials
3. Management/R&D costs
 - Costs incurred for employees to attend environmental, workplace safety, health, and fire control training
 - Costs associated with employee training
 - Costs incurred in acquiring environmental/safety/health management systems and certifications
 - Costs incurred in monitoring and measuring environmental/safety/health impacts
 - Costs incurred on environment/safety/health related insurance, manpower needed to carry out related activities, and shared power/water expenses
 - Costs incurred on research projects related to environmental protection, workplace safety, health, and development of new products and procedures that are aimed to minimize environmental impacts
4. Social activity costs
 - Costs incurred to preserve nature, reforest, and improve the living environment
 - Costs incurred for sponsoring environmental events (e.g. seminars) and promotions in the local community
 - Costs incurred for joining an environmental/sustainability association
 - Costs incurred for promoting environmental protection/CSER



3.2 Response to Climate Change and Global Warming

It is increasingly apparent that greenhouse gases are causing global climate change, and this has become one of the environmental issues of most concern to governments around the world and to Lite-On. Having identified climate change as one of its key risks, Lite-On paid close attention to the ways global climates are changing and to how the world is reacting to this phenomenon. These issues are analyzed and reviewed by the executive management on a regular basis, and are escalated to the board of directors.

3.2.1 Lite-On's Climate Change Policy

In response to climate change, we did more than just "mitigations" by reducing energy and carbon emissions, but also "adaptations" to the changing climate. This means striving to adjust business activities, management approaches or even exploring new opportunities to fit the changed climate. "Adaptations" is what we must do to reduce the impact of climate change on our operations.

3.2.2 Impact and Challenge of Climate Change

Lite-On put climate change as a major risk that needs to be properly prepared for. Climate change affects the company in a number of ways such as the need to comply with more stringent laws and the impact such change will have on the overall environment. It is necessary for Lite-On to identify the risks and implications of government policies before being able to implement response measures:

Legal Risks

the Environmental Protection Administration identified six greenhouse gases, namely CO₂, CH₄, N₂O, HFCs, PFCs and SF₆, as air pollutants on May 9, 2012, and later announced its "Regulations on Reporting of Greenhouse Gas Emissions" on December 20 & 25 in the same year. The new regulations outline the frequency and deadlines by which greenhouse gas emissions need to be reported, inspected and verified, as well as the government's examination principles, authority and penalties in this matter. The new regulations also require companies to "announce stationary sources of air pollution," which made Lite-On subject to reporting of greenhouse gas emissions from April 2013 onwards. Meanwhile, many countries are exploring the possibilities of introducing a carbon tax or energy tax, which would increase the cost of raw materials and energy sources, and ultimately impact on production costs in these countries.

Overall Impact of Climate Change

some of the climate change we have seen so far include rising temperatures, changes in rainfall patterns, extreme weather conditions (in terms of both frequency and severity), rising sea levels etc. These changes may affect us in the form of drought, heat waves, excessive rain, storm surges, landslides, typhoons, changes in ecosystems, changes in land surface, land subsidence, coastal floods, degraded air and water quality etc.



3.2

3.2.2

Impact and Challenges

- (1) Disasters: disasters caused by climate change may include floods, slope-land disasters, and droughts. Taiwan's distinct geographical characteristics make it much more vulnerable to climate change than other countries. The most significant impact of all is perhaps the escalation of recurring disasters such as flood, landslide, drought etc to a devastating level.
- (2) Damage to critical infrastructure: rising temperatures are starting to pose concerns as to whether buildings, oil refineries, power generating facilities and other energy-related infrastructure will be able to withstand the increased strain. Extreme rainfall may cause floods that threaten the safety of existing infrastructure, whereas rising temperatures may strain concrete structures beyond their original design tolerances, and cause severe floods if they are breached. Following each extreme rainfall, soil is washed down into reservoirs as silt, reducing future water supply capacity. Water supply systems may not be able to distribute water at consistent pressure or at all as water usage increases beyond available resources given rising temperatures. Irrigation systems are also at risk given increasing water flows, water levels, silt and driftwood that put additional pressure on dikes, pumps and gates. Damage to these facilities may escalate the severity of floods. As for impact on transport systems, typhoons bring more violent waves that threaten the structure of port facilities, whereas excessive rainfall is capable of washing off soil from under roads to cause disruption to railroads or public road systems. Heavy rain is likely to cause floods that damage communications equipment situated on lower floors, whereas high temperatures reduce the useful lifetime of such equipment; both of which pose additional operating costs to telecommunications carriers.
- (3) Water resources: rainfall volumes, runoff and evapotranspiration are expected to increase in the future, with the latter two increasing faster than rainfall. As a result, less water will be absorbed by the ground. There will also be more drastic changes in river flows; water levels are likely to rise even higher during periods of high flow (summer), and lessen during periods of low flow (winter and spring). This diversity impacts the ability of dams to supply water and mitigate floods, and reduces the capacity of our water supply system. Changes in temperature and rainfall also affect irrigation and agriculture. During periods of low flow, pollutants that have been released into rivers cannot be diluted and therefore water quality is degraded. At times of high flow, the rivers often carry soil washed down from mountains that make the water quality less desirable.
- (4) Land use: a lack of water resources forces people to extract groundwater, causing subsidence and salinization. Rising sea levels pose concerns regarding coastal floods at low-rise areas should typhoons occur. Because of the urban heat island effect, temperature differences between urban and suburban areas may be as high as 10°C .
- (5) Coastal areas: rising sea levels will result in the erosion of coastal lands, retreat of coastlines, loss of coastal habitats, and changes to the coastal ecosystem. In addition, rising sea levels will also increase the likelihood of coastal floods during typhoon season as well as inland floods because water cannot drain into the ocean. The greenhouse effect has been estimated to pose a threat of extinction to as many as 30% of species around the world. Rising temperatures and CO2 content in the ocean also changes calcium carbonate levels, slowing down the growth of coral reefs, or even causing them to disappear with severe impact on marine life.
- (6) Energy supply: climate change may increase the likelihood of droughts, during which manufacturers and water companies are both compelled to incur substantial expenses in changing production procedures, transferring orders, making



3.2

3.2.2

deliveries, purchasing water, or from the cost of catch up schedules. Floods cause damage to plants, machinery, raw materials and finished goods, which manufacturers need to restore and rebuild at additional costs. Due to the urban heat island effect, companies are required to make additional investments in new air conditioners, energy-saving solutions, and incur costs to operate them. Prolonged periods of heat will cause a significant hike in power usage during summer, putting a strain on the nation's power supply.

- (7) Biodiversity: global warming may cause coniferous forests to retreat to higher altitudes, covering lesser areas of land. In addition, increasing frequency and extent of extreme weather conditions disturbs river life and the role it plays in ecosystems. In addition, impact on marine life includes: rising temperatures - which poses challenges to the adaptability of various species, increasing acidity of seawater - which changes the physical and chemical characteristics of the sea, change in rainfall patterns - which affects the level of salt and oxygen in seawater, changes in the direction and strength of currents, changes in the distribution of nutrients and salt etc. Rising temperatures, droughts, floods, typhoons, wild fire and other extreme weather conditions and disasters bring threats such as pests and foreign species. It will be increasingly challenging to maintain our existing nature reserves.
- (8) Health: rising temperatures cause insect-borne diseases (e.g. Dengue fever, Tsutsugamushi disease, Japanese encephalitis etc) to spread over a longer period and wider area particularly in summer. Meanwhile, agents of other infectious diseases (e.g. malaria, Chikungunya fever) may enter Southeast Asia and cause the disease to become localized. Extreme rainfall patterns also increase the likelihood of droughts and floods, while lack of access to clean water or increasing contact with dirty water heightens the risk of skin infection, water poisoning, hepatitis A, bacillary dysentery, leptospirosis, Melioidosis etc.



3.2

3.2.3 Establishing the Vision of an Adaptation Policy

Policy Vision

Shaping Lite-On's adaptability to climate risk.

3.2.4 An Adaptability Policy for All Areas

(1) An Adaptability Strategy for Disasters:

- i. Enhance training on climate change, disaster prevention, and information exchange should disaster occur; engage Lite-On employees and convey risks in similar matters.
- ii. Prevent disaster and secure assistance through the use of insurance.
- iii. Develop emergency response procedures throughout all Lite-On offices

(2) An Adaptability Strategy for Infrastructure:

- i. Conduct a full-scale review of all Lite-On buildings that have yet to reach the end of their useful lives (including plants in Taiwan, China and Thailand), particularly with regards to their ability to withstand disaster.
- ii. Repair and enhance all of Lite-On's critical infrastructures that have been deemed inadequate to withstand disaster.
- iii. Lite-On has installed disaster prevention and life-sustaining facilities at key locations, and developed procedures to monitor, prevent and contain disaster. Any damage needs to be repaired.
- iv. Improve the quality and skills of employees assigned to maintain critical infrastructure.
- v. Comply with architectural laws and apply new technologies to construct buildings that are resistant to flood, drought, wind, and shock.

(3) An Adaptability Strategy for Water Resources:

- i. Fully utilize existing water storage within Lite-On. Renew and improve water supply facilities whenever deemed appropriate, and minimize leakage in the existing water supply system.
- ii. Explore uses of alternative water resources such as rainwater and reclaimed water in all Lite-On sites.
- iii. Implement emergency response procedures for water shortages.
- iv. Encourage water recycling and reuse in all Lite-On sites, and encourage water conservation.
- v. Construct water-saving facilities at Lite-On plants, and reduce water consumption without compromising production capacity.

(4) An Adaptability Strategy for Land Use:

- i. Conduct simulations based on geographical characteristics and recent occurrences such as landslides and land subsidence to determine whether Lite-On's business locations are in a danger zone.
- ii. Comply with government regulations and review Lite-On's weaknesses in adapting to climate change. Explore solutions such as the construction of green facilities or green plants.

(5) An Adaptability Strategy for Energy Supply:

Issues regarding energy conservation and renewable energy have been covered as part of Lite-On's mitigation strategies. We have implemented "energy saving solutions" at all sites (as detailed in Section 3.4.2), therefore this section only discusses adaptation strategies.

- i. Lite-On has been participating in meetings and cooperative projects with suppliers to improve competitiveness as well as adaptability to climate change.
- ii. Lite-On will raise capital and make use of new technologies to conduct necessary research and replace equipment.



3.2

3.2.4



- iii. The company will develop or adopt CO2 recycling technologies.
- iv. The company will venture into the manufacturing of renewable energy equipment and components.
- v. Lite-On will explore new business opportunities in line with the way the government introduces policies and how the climate is changing. These include the development of low power-consuming substitutes that do not compromise functionality.

(6) An Adaptability Strategy for Biodiversity:

- i. Lite-On is currently participating in community services to help build a biodiversity monitoring system and database. This system monitors and collects data regularly to help evaluate and adjust strategies and action plans.
- ii. Lite-On will develop an alert system that aims to prepare against biodiversity impact.

(7) An Adaptability Strategy for Health:

- i. Lite-On will step up its efforts in maintaining a healthy environment, preventing disease and ensuring employees' health and safety.
- ii. Lite-On will implement an emergency aid and medical system that promotes health and connects seamlessly between monitoring, reporting, prevention and response to disease/disaster.
- iii. Lite-On will organize drills on disaster prevention, mitigation, response and recovery, as well as medical assistance in times of disaster to help raise responsiveness to disease and disaster.
- iv. Lite-On will coordinate with local health authorities and hospitals in drills and training for disease/disaster prevention.
- v. Lite-On will implement a real-time, ongoing disease reporting and monitoring system to aid in disease control.



3.3 Reducing Greenhouse Gases

We are well aware of the fact that the climate and natural habitats are deteriorating because of increasing greenhouse gases in the atmosphere and global warming. Being a corporate citizen of planet Earth, Lite-On fulfills its corporate responsibilities by measuring the greenhouse gases emission, and implementing feasible reduction plans to mitigate the climate change.

Lite-On has developed systematic processes for the surveying and documenting of greenhouse gases based on future ISO requirements. In addition, we have also developed an internal document system supported by verification procedures to provide a foundation for its future reduction efforts, and its vision of a low-carbon society.



3.3.1 Greenhouse Gas Inventory

Lite-On based on ISO-14064-1 to perform annual greenhouse gas (GHG, hereafter) emission accounting and inventory for the previous year. In 2007, the "2006 Greenhouse Gas Report" was released for the first time. The latest report was for 2013, containing 18 operation sites for a total greenhouse gas emission of 289,200 tons. In May 2014, Lite-On passed SGS Taiwan's ISO14064-1 on-site verification and awarded a Greenhouse Gas Verification Statement. Compared to the 277,842 tons of GHG emitted in 2011 (the base year), it had increased by 11,358 tons (or 4%). While, at the basis of GHG emission intensity was 2.14 tons CO₂e per million NTD of revenue, lower than the 2.34 tons CO₂e / million NTD (or 8.6%) in 2011 (the base year). In the coming days, Lite-On will keep improving energy efficiency to attain a lower CO₂ emissions intensity.

The results of this GHG accounting and inventory have posted on our website and onto the Greenhouse Gas Data Center maintained by the Industrial Development Bureau. Furthermore, Lite-On also participate the response to DP questionnaire since 2008 for stakeholder awareness.

Descriptions on Data Disclosure:

In response to changes in the global IT and communications industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. For this reason, subsidiaries were included as part of the 2013 greenhouse gas survey conducted in 2014. To ensure the continuity and comparability of data presented in the report, disclosures were made both on a standalone basis and inclusive of subsidiaries.



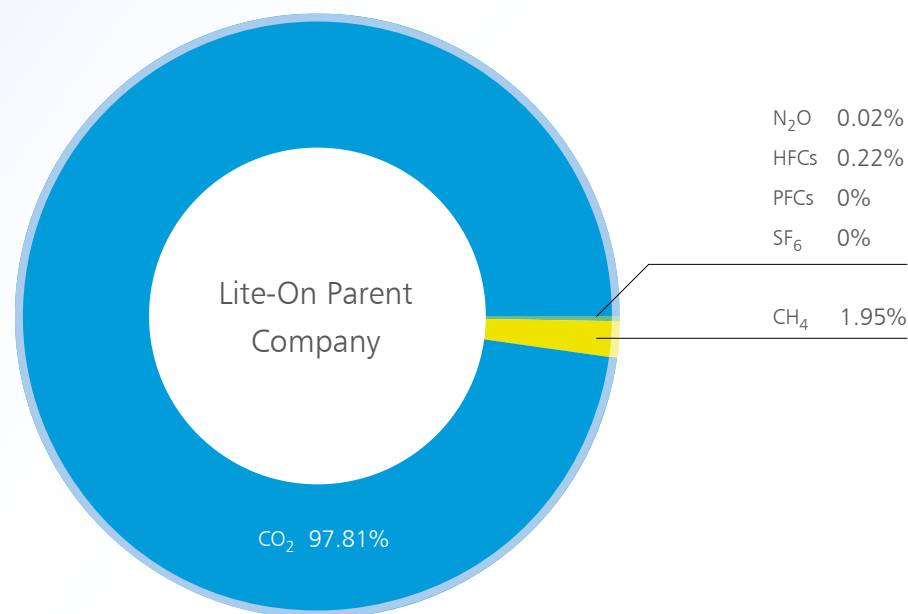
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3.3.1

2013 Greenhouse Gas Survey - Lite-On

Greenhouse gas emission (unit: tons)

CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Total	Scope 1 Direct emission	Scope 2 Indirect emission
282,861	5,646	51	643	0	0	289,200	11,537	277,663
97.81%	1.95%	0.02%	0.22%	0%	0%	100.00%	4.00%	96.00%

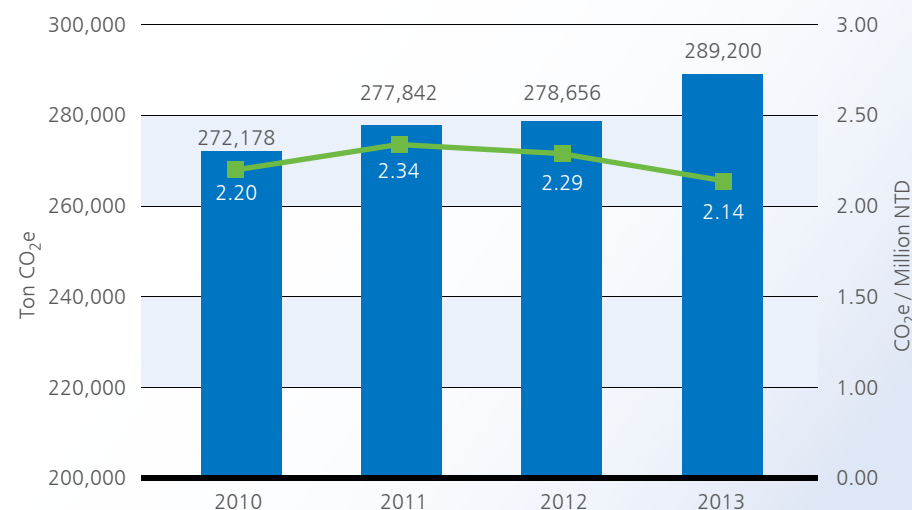


Note 1: Direct emission of greenhouse gases (Scope 1) includes: fuel combustion in fixed equipment, production activities, fuel combustion in transport equipment, and diffusion (fire extinguishers and refrigerants). Direct emissions totaled 11,537 tons CO₂e/year, which accounted for approximately 4.0% of total emissions.

Note 2: Indirect emission of greenhouse gases (Scope 2) includes: purchased electricity and steam supply. Indirect emissions totaled 277,663 tons CO₂e/year, which accounted for approximately 96% of total emissions.

Note 3: For other sources of indirect greenhouse gas emissions (Scope 3) in 2013, the company only took into account emissions due to employees' business trips, which was verified at 1,895 tons CO₂e.

Lite-On (parent company) Greenhouse Gas Intensity



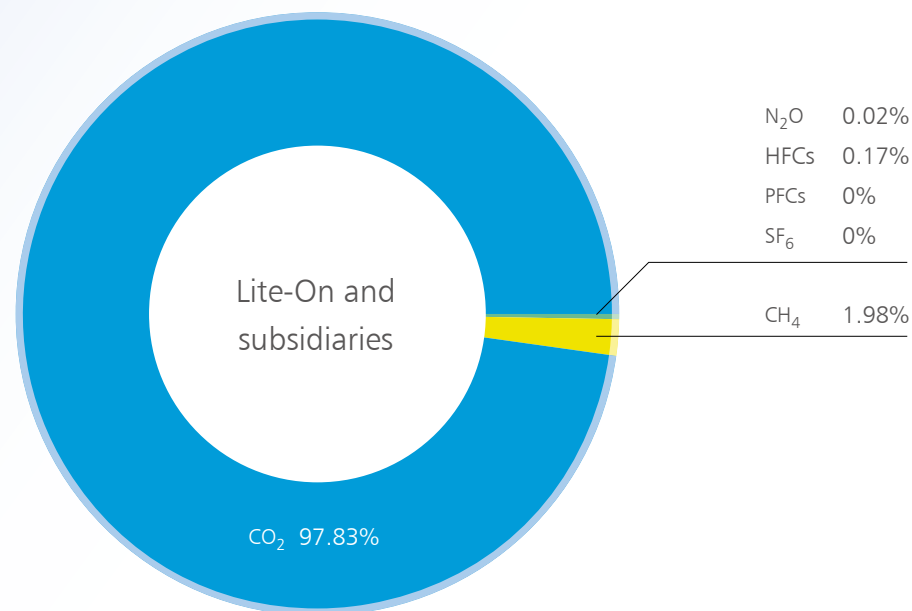
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3.3.1

2013 Greenhouse Gas Survey - Lite-On and subsidiaries (Lite-On IT's Guangzhou and Beihai plants, and Lite-On Mobile's Huanan plant)

Greenhouse gas emission (unit: tons)

CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Total	Scope 1 Direct emission	Scope 2 Indirect emission
408,779	8,277	66	721	0	0	417,843	16,100	401,743
97.83%	1.98%	0.02%	0.17%	0%	0%	100.00%	3.85%	96.15%



Greenhouse Gas Emissions 2011-2013

	Lite-On parent company			Lite-On and subsidiaries (Note)
	2011 (the base year)	2012	2013	2013
Greenhouse gas emissions (Scope 1), Tons of CO ₂ e	10,746	12,297	11,537	16,100
Greenhouse gas emissions (Scope 2), Tons of CO ₂ e	267,096	266,360	277,665	401,743
Greenhouse gas emissions (Scope 3), Tons of CO ₂ e	N/A	1,993	1,895	1,895
Volume of Scope 1 and Scope 2 emissions - by gas type	CO ₂ : 273,823 CH ₄ : 2,392 N ₂ O: 319 HFCs: 1,308	CO ₂ : 271,751 CH ₄ : 5,788 N ₂ O: 46 HFCs: 1,072	CO ₂ : 282,863 CH ₄ : 5,646 N ₂ O: 51 HFCs: 643	CO ₂ : 408,779 CH ₄ : 8,277 N ₂ O: 66 HFCs: 721
Percentage of Scope 1 and Scope 2 emissions - by gas type	CO ₂ : 98.55% CH ₄ : 0.86% N ₂ O: 0.11% HFCs: 0.47%	CO ₂ : 97.52% CH ₄ : 2.08% N ₂ O: 0.02% HFCs: 0.38%	CO ₂ : 97.81% CH ₄ : 1.95% N ₂ O: 0.02% HFCs: 0.22%	CO ₂ : 97.83% CH ₄ : 1.98% N ₂ O: 0.02% HFCs: 0.17%
Biomass emissions (Scope 1), Tons of CO ₂ e	0	1,425	1,120	1,120
Biomass emissions (Scope 3), Tons of CO ₂ e	N/A	N/A	N/A	N/A
Scope 3 activities, Tons of CO ₂ e	N/A	Employees' overseas business trips (for Taiwan)	Employees' overseas business trips (for Taiwan)	Employees' overseas business trips (for Taiwan)
Exceeds the significance threshold? (3%)	No	No	No	No
Significant changes beyond the significance threshold	None	None	None	None
Standards and methodology	ISO 14064-1	ISO 14064-1	ISO 14064-1	ISO 14064-1
Source of emission coefficient	IPCC 2006	IPCC 2006	IPCC 2006	IPCC 2006
Operational/financial control (Scope 1 and Scope 2)	Operational control	Operational control	Operational control	Operational control

Note: Lite-On and subsidiaries (Lite-On IT's Guangzhou and Beihai plants, and Lite-On Mobile's Shenzhen, Guangzhou and Zhuhai plants)

3.3

3.3.2 Energy-saving Measures



1. Lite-On Run a Course of Energy Saving Activities for CO₂ Emission Reduction

Being part of new hire orientation, CSER Awareness training with energy saving practices is included at e-Learning platform. The practices below are basically adopted:

- Air conditioning temperatures should be set at 27-28°C
- Turn off lights when you leave a room
- Conserve water
- Bring your own handkerchief
- Bring your own chopsticks and mug
- Don't print out hard copies
- Do't wear a tie
- Turn off and unplug your computer when you leave work; some elevators may not be used during off-peak hours



3.3

3.3.2

2. Energy-saving Measures at Offices and Plants

We maintained the continuous improvement of energy efficiency over all offices and plant. Energy-saving measures below are implemented in 2013 for those sites located in southern China and also on-site verified by the third-party sponsored by Dongguan city official and Guangzhou city official respectively.

In summary, 9,504,687 KWh of electricity were saved in consumption. It covered those activities of each sites below:

Site	Item	Energy-saving solutions	Kilowatt/hour saved
Dongguan Chang-an Plant	1	Switch to LED lighting	1,215,967
	2	Added inverter to air-conditioning unit and water pump	930,830
	3	Converted the conventional burn-in room into one that is capable of recycling energy	1,298,878
	4	Discussed with customers to change into a parallel burn-in setup (the number represents power saved by Parallel BI)	342,199
	5	Installed cleaning devices to the central air-conditioning unit for increased COP (the number represents power saved by the chiller unit)	458,902
	6	Recycling of residual heat from compressors to heat water for dormitory use	606,061
Dongguan Zhitong Plant	7	Concentrated production activities to reduce use of air conditioning	162,274
	8	Switched 40W light bulbs into energy efficient bulbs (T5, 28W)	147,960
	9	Change of coolant used in the cooling tower	157,500

Site	Item	Energy-saving solutions	Kilowatt/hour saved
Dongguan Silitec Plant	10	Introduced one day's break per week, during which the plant shuts down most of its operations and saves 363KW of energy	383,328
	11	Replaced 50 CRT monitors with LED displays, reducing energy consumption from 80W to 20W per unit.	936
	12	Changed 270 T8 fluorescent tubes into energy-saving alternatives (T5) in the paint workshop	10,814
Guangzhou Xuli Plant	13	Inverter upgrade - improved energy consumption of the chiller unit	70,815
	14	Inverter upgrade - improved energy consumption of the cooling tower	11,346
	15	Inverter upgrade - improved energy consumption of the chilled water pump	158,088
	16	Inverter upgrade - improved energy consumption of the cooling water pump	112,307
	17	Switched from chilled water cooling to tower cooling for the air compressor	290,160
	18	Changed humidifier from thermal to spray type	2,246,306
	19	Use of heat pump for the heating of COB units	168,480
	20	Replaced old air conditioners with 100 GREE inverter units	120,960
Lite-On Guang-zhou Plant	21	Changed T5 tubes to LED lighting	66,924
	22	Improved energy efficiency of high-capacity compressors	47,736
Guangzhou Shijie Plant	23	Improved the ventilation system of 3F office and RD	114,816
	24	Recycling and reuse of residual heat from compressors	76,800
	25	Replaced hydrocarbon refrigerants used in air compressors	34,290
	26	Replaced T8-28W tubes with LED T8-12W tubes	119,211
	27	Consolidation of air conditioning units	150,800
Total power saved			9,504,687



3.3

3.3.3 Direct and Indirect Energy Consumption

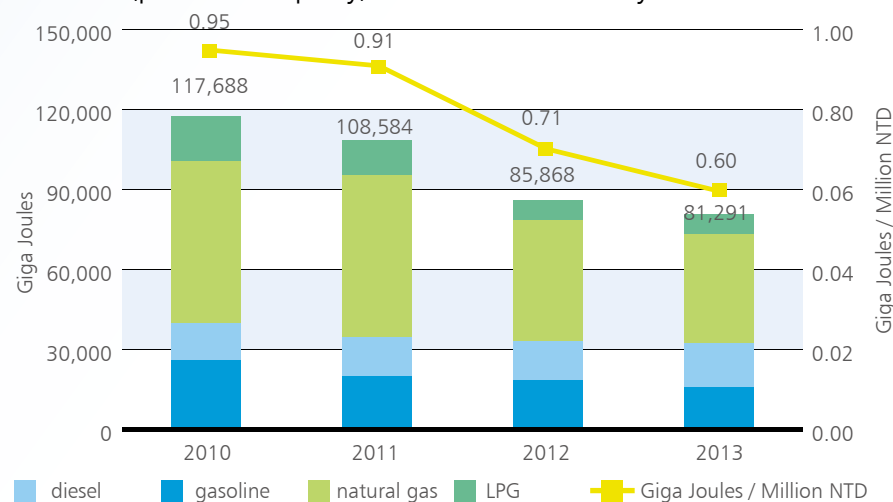
In response to changes in the ICT industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. For this reason, statistics on energy consumption in 2013 were included into the CSR report starting from 2013. To ensure the continuity and comparability of data presented in the report, disclosures were made both on a standalone basis and inclusive of subsidiaries.

1. Direct Energy

In 2013, Lite-On (parent company) consumed 81,291 gigajoules (GJ) of fossil fuels, equivalent to an intensity of 0.60 GJ / million NTD that has a 15% lower than 2012's and a 35% lower than 0.91GJ / million NTD of 2011's (the base year).

Details are covering the use of fossil fuels:

Lite-On (parent company) Fossil Fuels Intensity



- 441 kiloliters of diesel used in 2013, which was a 14% less than 2012's.
- 520 kiloliters of gasoline used in 2013, which was a 15% higher than 2012's.
- 1053 cubic meters of natural gas used in 2013 this was a 10% less than 2012's.
- 154 kilo tons of LPG used in 2013, which was a 2% higher than 2012's.

2013 Fossil Fuel Consumption - Lite-On and subsidiaries (Lite-On IT's all plants and Lite-On Mobile's plants in southern China):

Type of fossil fuel used	Volume consumed
Diesel (kiloliters)	492
Gasoline (kiloliters)	696
Natural gas (cubic meters)	1,649
LPG (tons)	155
Total energy consumed (GJ)	112,027



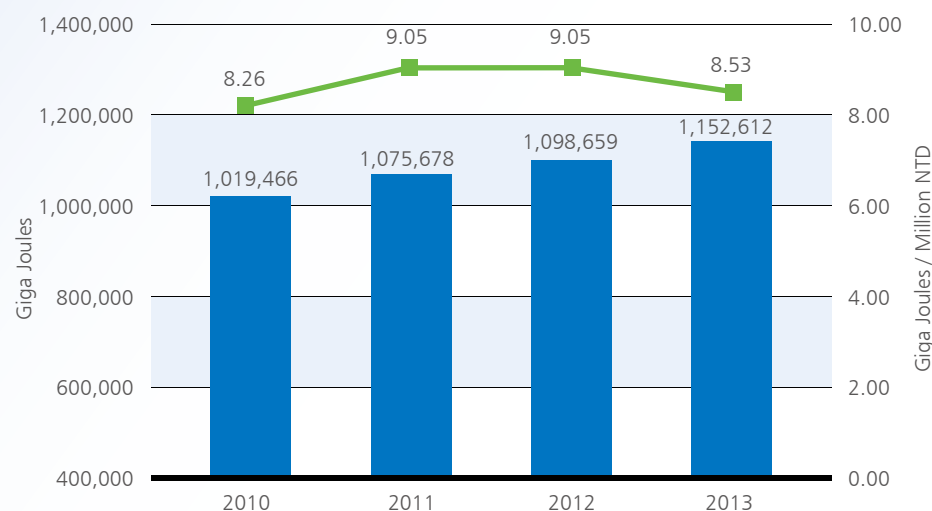
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2. Indirect Energy

In 2013, indirect energy was consumed in 320,170 MWh (or 1,152,612 GJ) at a 4.9 % increase than 2012. The intensity of energy consumption in 2013 was 8.53 GJ per million NTD which has a 5.7% lower than 2012's and a 5.8% lower than 2011's (the base year).

Lite-On (parent company) Electricity Consumption Intensity

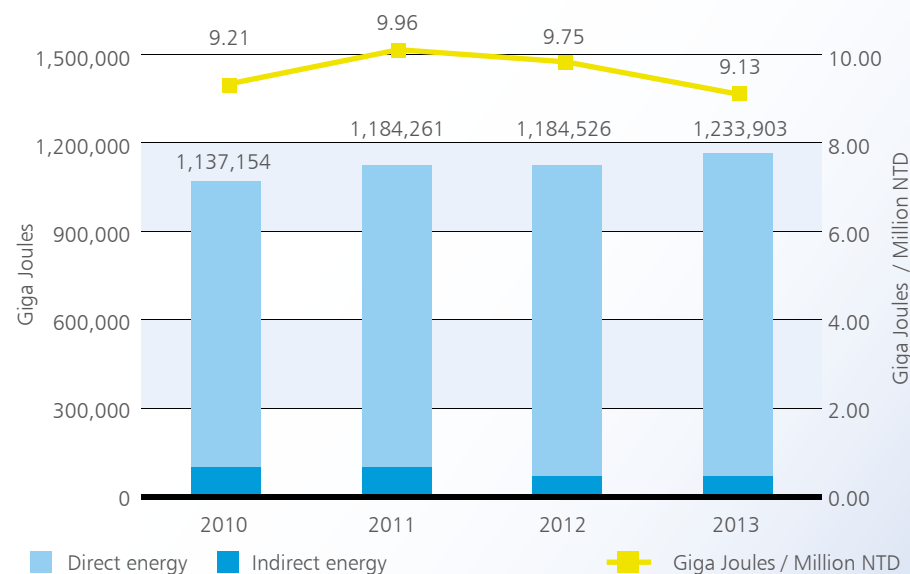


In 2013, Lite-On and subsidiaries (Lite-On IT's and Lite-On Mobile's plant in southern China) consumed energy at 449,980 MWh totally, equivalent to 1,619,928 GJ and represented an intensity level of 9.53 GJ per million NTD.

3. Total Energy Consumption

Lite-On (parent company) consumed energy in 1,233,903 GJ totally, which has an intensity level of 9.13 J / million NTD and was 6.4% lower than 2012's. The intensity level was also 8.4% lower than 2011's (the base year).

Lite-On (parent company) Energy Consumption Intensity



In 2013, Lite-On and subsidiaries (Lite-On IT's all plants and Lite-On Mobile's plants in southern China) consumed energy in 1,731,955 GJ totally, which represented an intensity of 10.18 GJ per million NTD.



3.3

3.3.4 Air Pollution Control

Lite-On's production activities mainly involve product fabrication, which produces relatively less air pollution when compared to other energy-intensive electronic manufacturers. Lite-On is not required by law to apply, measure or report stationary sources of air pollution in any of its operational locations. Emergency power generators and canteen are its main sources of air pollution. Each plant has its own environmental management system in place to prevent possible sources of air pollution, despite the fact that air pollutants produced by these plants do not pose any significant environmental aspects. In terms of prevention measures, Lite-On has conducted air pollution control integrating indoor air quality management (including the operating environment) and outdoor pollution control. Below is a combination of management practices, procedure improvements, and enhanced training adopted to improve workplace quality and to reduce the volume of air pollutants emitted into the environment.



	Preventive management	Pollution control
Indoor air quality management	<ul style="list-style-type: none"> ● Reduce and replace use of toxic or highly volatile reagents (e.g. reducing the inventory storage or using ethanol instead of IPA). ● Avoid use of volatile consumer products in offices. 	<ul style="list-style-type: none"> ● Monitor ventilation at the production area to maintain air quality ● Monitor, wash and replace filters in air-condition regularly to maintain indoor air quality. ● Grow green plants in office areas.
Air pollution control	<ul style="list-style-type: none"> ● Prohibit outdoor burning. ● Reduce or cease pollutive processes. ● Use fuels with low sulfur content. ● Apply centralized management of corporate vehicles and reduce the number of trips taken 	<ul style="list-style-type: none"> ● Install activated-carbon based adsorption systems for volatile organic compounds ● Use wet scrubbers for inorganic wastear ● Install flue gas desulfurization equipment for diesel-based power generation (during emergencies)

Each plant site has followed ISO 14001 standards and implemented prevention guidelines for the various sources of air pollution (equipment, facilities, etc). Each equipment is properly serviced and maintained, and inspected by designated departments on a regular basis. In the event that air pollution cannot be immediately controlled, Lite-On will execute emergency response procedures to identify the cause and contain pollution within normal levels.



3.4 Water Resource Management

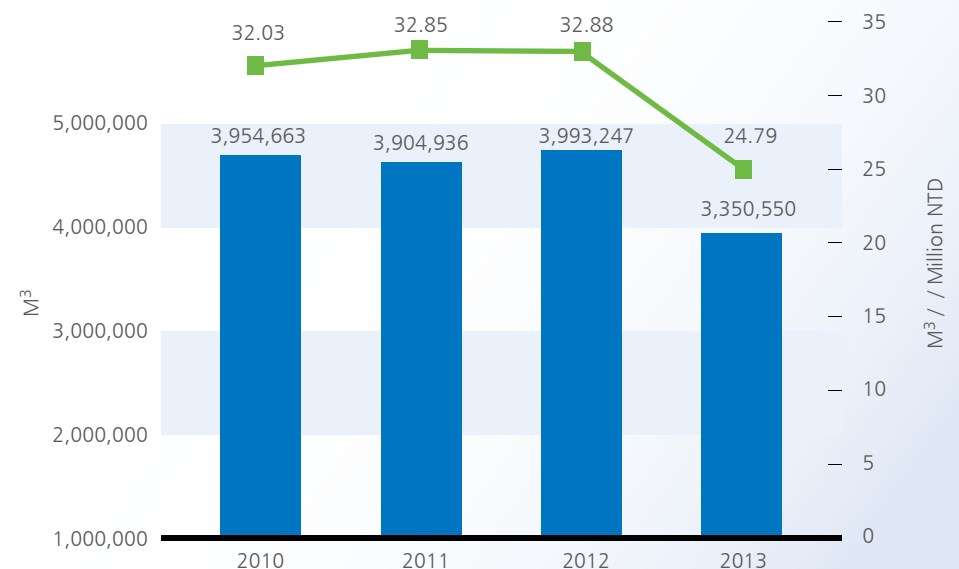
Given ongoing climate change, issues concerning water resources are becoming more significant than ever, and Lite-On has adopted a system based on ISO 14001 as a means of conserving water resources. Lite-On is mainly an assembly plant. Lite-On does not consume significant volume of water in its production, and the biggest water user is plant facilities (air conditioners, compressors, etc.) and employees' daily use; each accounts for approximately half of total usage. Lite-On's water source is entirely from the municipal water supply system, and uses no water from rivers, lakes or underground. It has no significant impact on local water resources or on water accessibility of the local community.

To conserve water, Lite-On has set clear targets on water consumption and made plans over three-year cycles to achieve them. The most recent cycle began in 2011 (the base year) and aims to reduce water consumption intensity by 10% by 2014, along with the introduction of new water-saving facilities and management practices. In addition to making improvements to existing facilities, the company also attempts to raise water efficiency by changing employees' habits. Below are the water conservation measures adopted within the company:

- Added control valves at faucets
- Changed coolant to reduce the amount of water used for air conditioning
- Rearranged water distribution for the cooling tower to reduce unevenness and wastage caused by overflow
- Adjusted toilet valves and arranged leakage inspections on a daily basis
- Installed new water-free urinals at men's toilets or reduced flush volume
- Cleaning of kitchen floors by mopping instead of intensive washing, and using water left over from washing vegetables
- Recycled pure water and collected it for flushing toilets
- Turned off water valves at night and used reserve water only
- Checked water outlets and inspected water usage everyday
- Collected rainwater to water plants

In response to changes in the global IT and communications industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. For this reason, water consumption by certain subsidiaries were included as part of 2013 statistics. To ensure the continuity and comparability of data presented in the report, disclosures were made respectively on a standalone basis and inclusive of subsidiaries.

Lite-On (parent company) Water Consumption Intensity



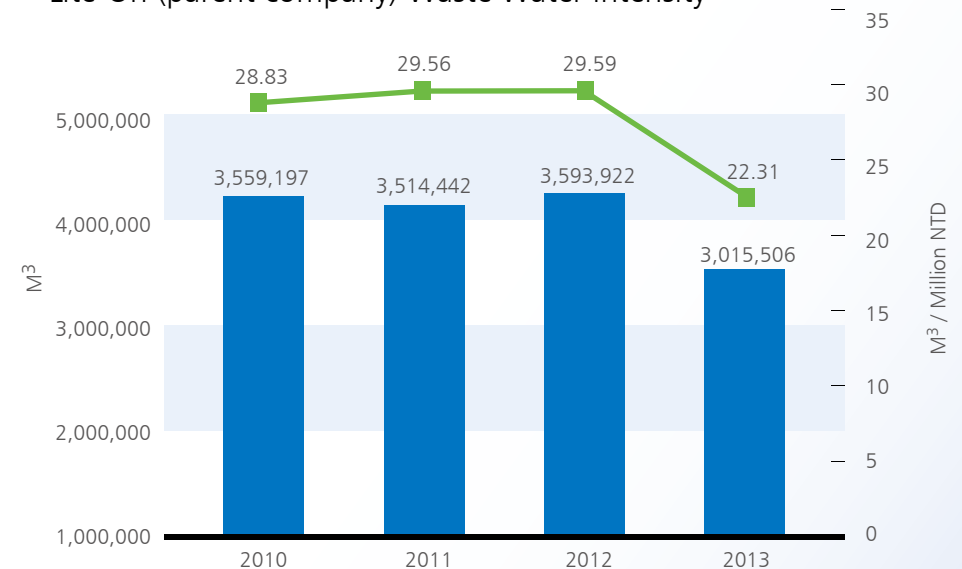
In 2013, Lite-On (parent company) used 3,350,550m³ of water in total, 642,697m³ or 16.1% less than 2012. The water consumption intensity was equivalent to 24.79 m³ / million NTD in 2013, 24.6% less than the 32.88 m³ / million NTD recorded in 2012, and 24.5% less than 2011 (the base year).

In 2013, Lite-On and subsidiaries (i.e. Lite-On IT and Lite-On Mobile) used 4,326,788 m³ of water in total and at an intensity level of 25.44m³ / million NTD.

Overall, apart from minor wastage and the 10% of water used for garden irrigation, all wastewater produced by Lite-On's plants is either properly treated or discharged into water treatment plants as required by law, before releasing into receiving water. All wastewater discharged complies with the quality requirements specific to the place of operation, and poses no significant impact on the natural environment. According to statistics prepared by each plant, more than 95% of water was used for employees' daily needs and for plant equipment. Average water consumption per person was calculated at 183.8 lpcd. The intensity of water consumed was equivalent to 25.44m³ / million NTD, far lower than other electronics manufacturers. The amount of water recycled totaled 18,405 tons; most of which is recycled from cleaner production and was channeled into high-capacity processors where it is treated for further use.

In 2013, Lite-On produced 3,015,506m³ of wastewater¹ in total, which was 578,416m³ less compared to 2012. The intensity of wastewater discharged in 2013 was equivalent to 22.31 m³ / million NTD.

Lite-On (parent company) Waste Water Intensity



Note: Lite-On plants do not use water for special production processes, so wastewater was calculated based on the same standard as daily use, 90% of total water consumed.

In 2013, Lite-On and subsidiaries (Lite-On IT and Lite-On Mobile) discharged 3,574,661m³ of wastewater at an intensity level of 21.02m³ / million NTD.



3.5 Green Product Design

All business units at Lite-On are committed to the green design of products. The company's green design is reflected in every stage of product life cycle from low-impact materials selection, product design, supplier production flow, in-house production flow, packaging design, transportation, energy efficiency of products, to end-of-life disposal and recycling.

3.5.1 Summary of Green Product Designs in 2013

Table of Green Product Design Cases

Product category	Focus of green design	Economic and environmental benefits
Server power supplies	<ul style="list-style-type: none"> Increased energy efficiency 	Average energy efficiency of Lite-On server power supplies is as high as 96%, much higher than existing regulatory requirements. With every server power supply having a 2% increase in energy efficiency, user can save 67 kWh of power every year.
Laptop power adapters	<ul style="list-style-type: none"> Increased energy efficiency 	Average energy efficiency of Lite-On laptop power adapters is as high as 90%, higher than the standards of U.S. Energy Star. With every laptop power adapter having a 2% increase in energy efficiency, user can save 11 kWh of power every year.
Smartphone camera modules	<ul style="list-style-type: none"> Increased energy efficiency Reduced materials use Lower environmental toxicity 	<ol style="list-style-type: none"> 1. Apply Mid-Mount/Close-loop VCM solutions, for faster and more precise focusing to save energy. 2. Features optical image stabilization (OIS), which minimizes the need to re-shoot photos and hence saves energy. 3. Common cubic design to increase product reuse rate. 4. Integrated VCM design that reduces the number of parts and processes needed. Universal design concept that improves production yield and reduces material losses. 5. Halogen-free materials.

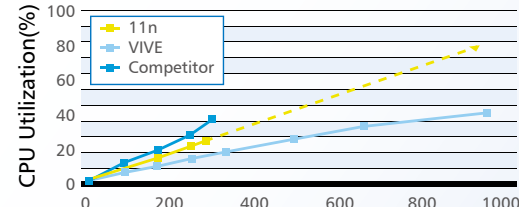
Product category	Focus of green design	Economic and environmental benefits
Built-in USB webcam for laptops	<ul style="list-style-type: none"> Increased energy efficiency Lower environmental impact materials 	<ol style="list-style-type: none"> 1. 93% of webcams developed in 2013 featured 3.3V USB power input. (91% of webcams developed in 2012 featured 3.3V USB power input) 2. Power consumption between the original and the new design: <ul style="list-style-type: none"> ● S5K6A1 ~98mA(max) vs. S5K6A2 ~75mA(max) ● OV9726 ~95mA(max) vs. IMX119 ~75.8mA(max) ● IMX119 ~75.8mA(max) vs. IMX188 ~56mA(max) ● OV9726 ~95mA(max) vs. OV9772 ~76mA(max) ● OV9726 ~95mA(max) vs. OV9728 ~60mA(max) 3. Introduced a more energy-efficient backend LPM L1 USB controller. 4. Halogen-free materials.
Built-in camera module for tablet PCs	<ul style="list-style-type: none"> Increased energy efficiency Lower environmental impact materials 	<ol style="list-style-type: none"> 1. Developed a new image sensor that is more energy-efficient. 2. Increased the ratio of MIPI tablet cameras projects to more than 50%, and thus reduced backend power consumption. 3. Applied halogen-free materials and reduced environmental pollution.
Energy-efficient lighting products	<ul style="list-style-type: none"> Increased energy efficiency Reduced materials use Lower environmental impact materials 	<ol style="list-style-type: none"> 1. Developed Zhaga-compliant LED Light Engines: <ul style="list-style-type: none"> ● Product energy efficiency increased to 92 lm/W ● Designed Zhaga Book 3 compliant lighting products. Zhaga Consortium has established guidelines on LED lighting fixtures so that consumers need not replace the entire set if only the light source is damaged; simply replace them with new light sources and consumers are able to reduce wastage by a significant extent. ● Use materials that conform with RoHS 2.0 and REACH standard.



3.5

3.5.1

Product category	Focus of green design	Economic and environmental benefits
Energy-efficient LED light source	<ul style="list-style-type: none"> ● Increased energy efficiency ● Lower environmental impact materials 	<ol style="list-style-type: none"> 1. Lite-On has obtained LM80 certification from U.S. Energy Star for SMD LEDs and CoB products. These products vary in capacity from anything between 0.1W and 150W, and are available in many colors to support a wide range of applications. 2. At a color rendering level of 80+ CRI, Lite-On's LEDs are capable of delivering warm colors (2700K) at a luminous efficiency of 150 lm/W or more, and daylight colors (5000K) at a luminous efficiency of 180 lm/W or more. 3. When used with lighting fixtures, Lite-On's LEDs are capable of delivering warm colors at a luminous efficiency of 100 lm/W, and daylight colors at a luminous efficiency exceeding 120 lm/W. Both figures far exceed the 12.5 lm/W produced by incandescent light bulbs that are being banned around the world, as well as the 65 lm/W achieved by more energy-efficient bulbs and the 80 lm/W achieved by T8 tubes. They not only reduce the amount of electricity used on lighting, but also avoid problems with mercury pollution that light bulbs and T8 tubes are prone to.
Scanners, multi-functional devices, ATMs and related imaging products	<ul style="list-style-type: none"> ● Reduced materials use ● Increased energy efficiency ● Lower environmental impact materials 	<ol style="list-style-type: none"> 1. Developed a common parts database that enables the use of common parts in up to 80% of all imaging products, and thus reduced the amount of materials consumption on making different varieties. 2. All imaging products aim to achieve 100% recyclable; so far, more than 90% of parts can be disassembled and recycled. 3. Scanners have adopted a new Lean Design that saves materials and simplifies subsequent production procedures. 4. Optimized packaging to achieve smaller sizes and increase container capacity by 15%. 5. Developed products for the Chinese market (C) that conform with GB/T 28166 standards: 37F <ul style="list-style-type: none"> ● Maximum output (flatbed scanning) = 12.2W (required to be <33.6W) ● Maximum output (feeder scanning) = 16.6W (required to be <33.6W) ● Output when shut down = 0.4W (required to be <1W) ● Output during sleep mode = 2.4W (required to be <4.5W) ● Used LED light source (0.36W) instead of CCFL (8W) 6. Used 100% RoHS and REACH compliant materials.

Product category	Focus of green design	Economic and environmental benefits									
Low power consumption solutions for 2.4G optical mouse	<ul style="list-style-type: none"> ● Increased energy efficiency ● Reduced materials use ● Lower environmental impact materials 	<p>Lite-On's solution allows each optical mouse to run on one battery only. With 120,000 products shipped in a year, 120,000 batteries can be saved which reduces the potential waste of resources and minimizes the pollution that waste batteries may have on our environment.</p>									
Wireless networking products	<ul style="list-style-type: none"> ● Increased energy efficiency 	<ol style="list-style-type: none"> 1. Reduced power consumption (introduction of Low Power Wi-Fi solution) by adopting the new 802.11ac standards, while in the meantime cutting down CPU load by more than 40% without compromising network performance.  2. Dual-Core, High-Performance CPU with offload accelerators <ul style="list-style-type: none"> ● 1.4 GHz Dual Core SMP Krait; up to 9900 DMIPS ● Multi-threaded dual core acceleration engine (up to 800 MHz) ● Offload accelerators for Switching/Routing, Wi-Fi, Storage & Crypto ● Advanced Power Management ● Dynamic throttling of CPU Cores for Power efficiency 3. Using Wi-Fi for the remote improves cost, size and simplicity of the Host <ul style="list-style-type: none"> ● Wi-Fi available bandwidth and latency improves user experience. ● Average current consumption of the two remotes was measured and compared: <table border="1"> <thead> <tr> <th>Technology</th><th>Navigation 1 press/10s</th><th>Keep alive</th></tr> </thead> <tbody> <tr> <td>WiFi Remote</td><td>1.9mA</td><td>1.4mA</td></tr> <tr> <td>BT 2.1 Remote</td><td>4.3mA</td><td>3.3mA</td></tr> </tbody> </table> <p>The battery life of remote controls may differ depending on user habits; but judging by the 1.4mA at standby mode, a Wi-Fi remote control uses less than half the energy of its Bluetooth counterpart developed in 2012.</p> 	Technology	Navigation 1 press/10s	Keep alive	WiFi Remote	1.9mA	1.4mA	BT 2.1 Remote	4.3mA	3.3mA
Technology	Navigation 1 press/10s	Keep alive									
WiFi Remote	1.9mA	1.4mA									
BT 2.1 Remote	4.3mA	3.3mA									

3.5

3.5.1

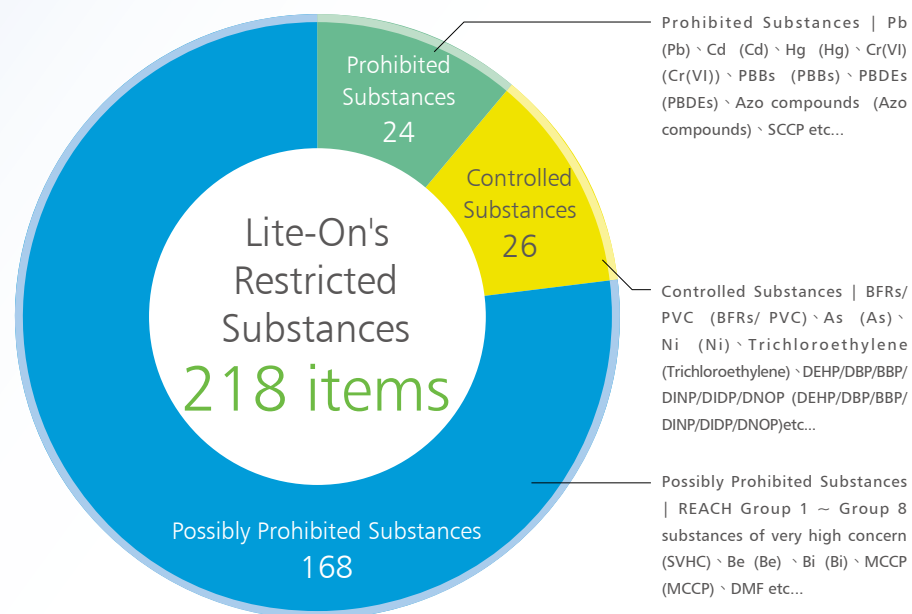
Product category	Focus of green design	Economic and environmental benefits
Mini PCs	<ul style="list-style-type: none"> ● Increased energy efficiency ● Reduced materials use 	<ol style="list-style-type: none"> 1. Developed products with power-saving functions in excess of ErP (Energy-related Products) standards: <ul style="list-style-type: none"> ● ErP standards require power consumption to be $\leq 0.50W$ when shut down, while our current design has been measured at $\leq 0.2W$. 2. Continued the minimalist design concepts of products from previous generations, and used more than 65% of electronic components found in earlier generations.
Home gateways	<ul style="list-style-type: none"> ● Increased energy efficiency ● Reduced materials use 	<ol style="list-style-type: none"> 1. The new generation home gateway features the use of ARM processors that consume 50% less power than conventional processors. 2. Reduced home gateways to the size of a set-top box, which saves approximately 60% on chassis materials.
Solid state drive	<ul style="list-style-type: none"> ● Conserves energy ● Reduced materials use 	<ol style="list-style-type: none"> 1. Products were made with halogen-free materials to ensure minimum impact on the environment. 2. Offered users the value pack option with minimal packaging, and thus save 298 kg of iron, 11.5 tons of aluminum, 2.7 tons of plastics, and 13.5 tons of paper each year.
Veterinary Clinical Chemistry Analyzer	<ul style="list-style-type: none"> ● Increased energy efficiency ● Reduced use of consumables ● Lower environmental toxicity 	<ol style="list-style-type: none"> 1. The device has LED built-in as the light source, which offers high energy efficiency and longer endurance without the need to change bulbs regularly like traditional analyzers. 2. Developed products with power-saving functions in compliance with ErP (Energy-related Products) standards: <ul style="list-style-type: none"> ● Power consumption at off-mode $\leq 0.50W$ ● Power consumption at standby mode $\leq 0.50W$ ● Power consumption at standby mode with basic information displayed $\leq 1.00W$ 3. Optimized packaging design and increased the number of test trays that can be fitted into the pack. 4. Adopted the use of halogen-free, recyclable, and non-hazardous materials that conform to RoHS and REACH standards.



3.6 Restriction on the Use of Hazardous Substances

In order to ensure that it uses only materials that are environmentally friendly and conform to international standards and customer requirements, Lite-On strictly demands all suppliers comply with its LS301 standards on hazardous substances. LS301 currently covers 218 different substances; they are classified into three categories: Prohibited, Controlled, and Possibly Prohibited (e.g. substances of very high concern (SVHC) at REACH). With the implementation of green supply chain management, we hope to bring customers the least toxic and least pollutive products as possible, and minimize any harmful impact they may have on the environment or the human being during the process.

Lite-On has a GMS (Green Management System) and a HSF Committee in place, and has published material requirements, international laws, customer policies, and codes



of conduct for suppliers' reference. Suppliers are required to report the results of their green product tests and substance controls on the GMS, where the company will analyze to confirm that they have complied with the green product guidelines and met international standards before releasing information regarding its green product management to customers. Customers' green product requirements such as ErP, 3R and WEEE have been incorporated into the company's management, and serve as guidelines for green product design.

The GMS enables Lite-On to exercise green product management at higher efficiency, convenience, and in greater detail. It has become part of Lite-On's green competitiveness. Through the use of this platform, the company was able to manage its supply chain with greater efficiency by filtering out those not capable of consistently supplying qualified electronic parts and producing green products to the satisfaction of international customers. Since its launch in 2010, the GMS has been fully implemented throughout all business units in Lite-On, and has accumulated an extensive database of more than 35,000 different types of homogeneous materials.

Based on the four main values of Integration, Team Spirit, Regulation and Scalability, Lite-On's HSF (Hazardous Substances Free) Committee has created a platform through which various departments such as R&D, Quality Control and Supply Chain Management may communicate and share the latest changes in international laws, technology development, and ways of addressing environmental concerns. This committee is spearheaded by Lite-On's headquarters and comprises of members from various business units. Existence of the HSF Committee allows environmental factors to be taken into consideration as early as during the product design stage, and monitored real-time using the GMS to facilitate immediate improvements.

3.7 Main Raw Materials

Use of raw materials not only affects operating performance directly, but is also closely connected to the depletion of natural resources. In light of Earth's limited resources, Lite-On keeps records of raw materials used and evaluates the efficiency of such usage on a regular basis. Over time, Lite-On will be able to make more efficient use of its resources and reduce the quantity of materials used in packaging. There are three categories of raw materials that are used in Lite-On's production: Metallic, Non-metallic and Packaging.

In response to changes in the global ICT industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. For this reason, statistics on raw materials used by subsidiaries were included into the CSR report starting from 2013. To ensure the continuity and comparability of data presented in the report, disclosures were made both on a standalone basis and inclusive of subsidiaries.

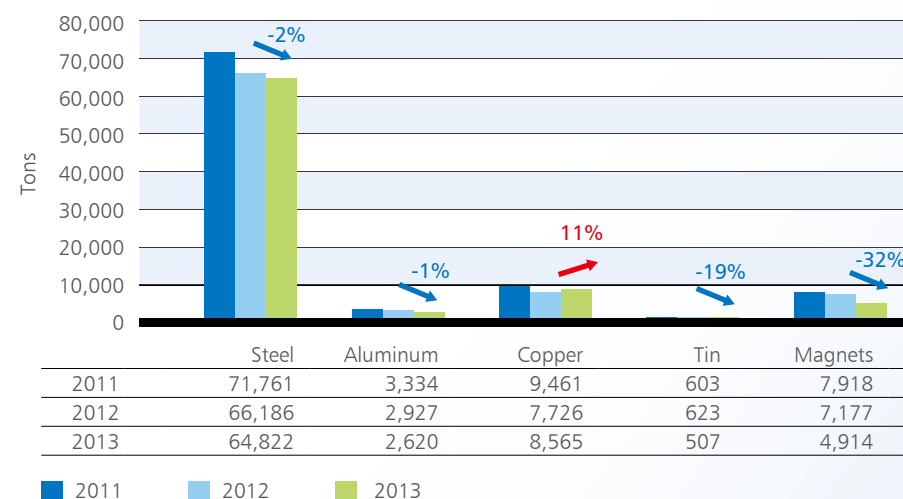
Below are raw materials purchased in 2013:

3.7.1 Metallic Materials

Use of metallic materials by Lite-On

Steel	mainly comprising external casing, screws, power adapters, and fan blades. A total of 64,822 tons were purchased in 2013, 2% less than the previous year.
Aluminum	mainly comprised of cooling fins. A total of 2,620 tons were purchased in 2013, 10% less than the previous year.
Copper	mainly comprised of wires, printed circuit boards and cables. A total of 8,565 tons were purchased in 2013, 11% higher than the previous year.
Tin	mainly comprised of tin wire, tin bars, and tin paste used mostly for the power supply segment. Due to growth in products shipped, a total of 507 tons were purchased in 2013.
Magnets	mainly used in power adapters. A total of 4,914 tons were purchased in 2013, 32% less than the previous year.

Use of metallic materials by Lite-On (parent company)



Use of metallic materials by Lite-On and subsidiaries (Lite-On IT and Lite-On Mobile) in 2013:

Type	Volume used (tons)
Steel	82,665
Aluminum	3,741
Copper	8,575
Tin	523
Magnets	4,924

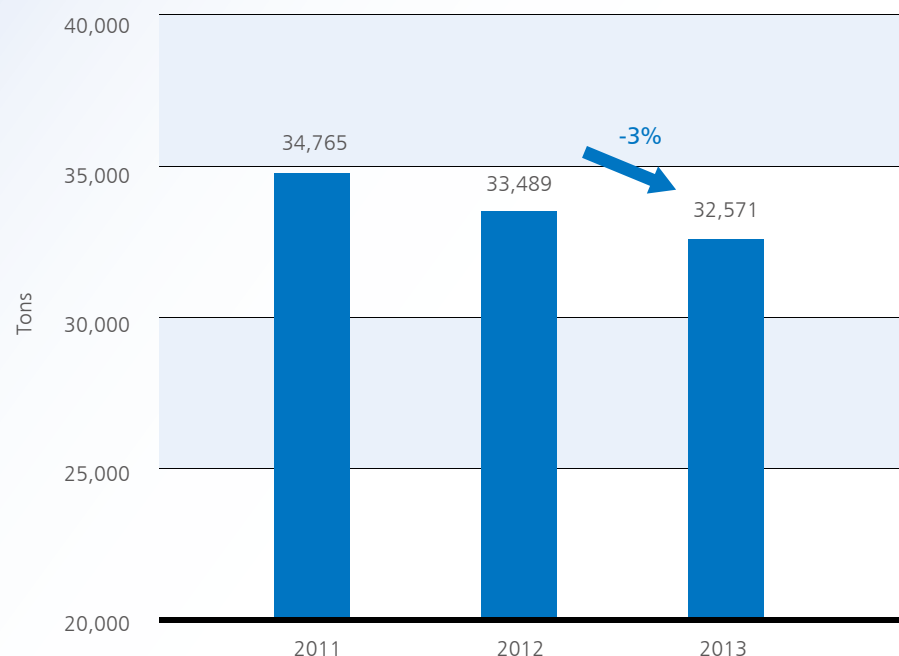
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3.7.2 Non-metallic Materials

Use of non-metallic materials by Lite-On (parent company)

Plastic: used in all product lines including external casing, insulation, socket etc. A total of 32,571 tons were purchased in 2013, 3% less than the previous year.

Use of plastic materials by the parent company

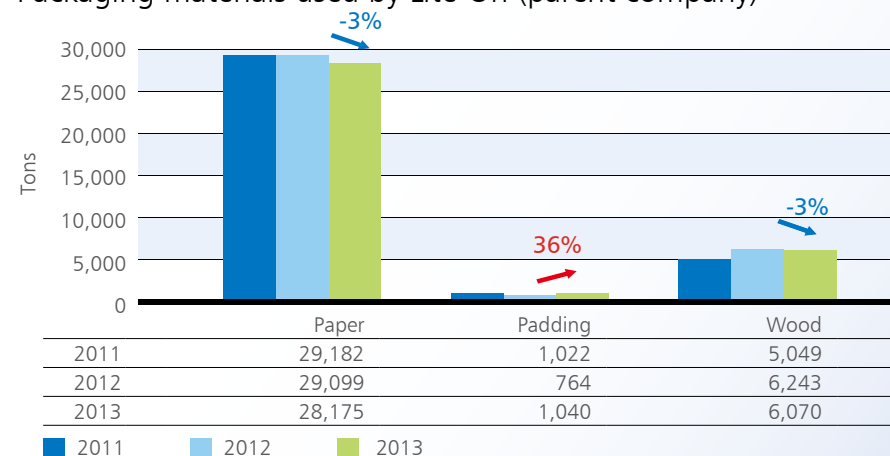


In 2013, Lite-On (all business segments) and subsidiaries (Lite-On IT and Lite-On Mobile) used 40,351 tons of plastic in total.

3.7.3 Packaging and Shipping Materials

For "local shipments," Lite-On uses recyclable packaging materials as much as possible. Lite-On (parent company) used 28,175 tons of paper (writing paper/cardboards/boxes) in total in 2013, 3% less than the previous year. The amount of padding (foam and bubble wrap) used totaled 1,040 tons, 36% higher than the previous year. This increase was largely due to increased shipments overseas. Furthermore, 6,070 tons of wood were used in 2013, representing a 3% decrease over the previous year.

Packaging materials used by Lite-On (parent company)



Use of packaging materials by Lite-On and subsidiaries (Lite-On IT and Lite-On Mobile) in 2013:

Type	Volume used (tons)
Paper (writing paper/cardboards/boxes)	29,063
Padding	1,060
Wood (pallets)	7,115

3.7

3.7.4 Waste Management and Recovery

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 waste reduction effectively.

Waste Source Management

Waste reduction management of Lite-On mainly 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 enhances optimization, and reduction of proportion of hazardous substances, waste sorting as well as reductions so that resources usability and values are increased. Manufacturing waste management mainly takes the form of packaging

Centralized Storage Management

The centralized waste disposal is intended to optimize classification and upgrade safety. The various operations centers centralize the waste so the source and output of waste are strictly controlled by dedicated unit to manage waste disposal. Meanwhile, Lite-On also work with recycling firms to increase the resource recovery and achieve the ultimate objective of zero waste.

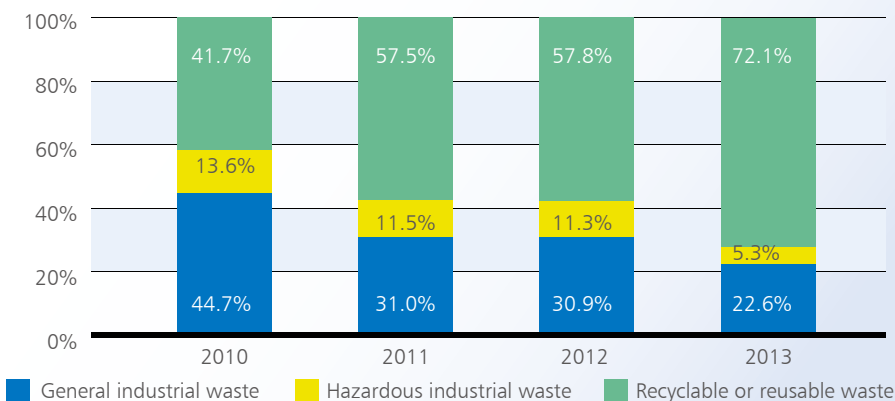
Effective Treatment and Follow-up

The output waste are handled by external professional firms who are legally qualified with the best available technology of waste treatment, and Lite-On perform random

checks to ensure that handling procedures are appropriate as well as waste disposal are well managed.

Waste Management Result

All waste output, transport, and treatment (including recycling) processes comply with the ISO 14001 standards with properly operating and taking records. The wastes are sorted into 3 types including general industrial waste, hazardous industrial waste and recyclable or reusable waste. As shown in the following chart, the recyclable waste share has been consecutively the highest among the three types of waste, and reached to 72.1% in 2013 while hazardous industrial waste decreased to 5.3% in 2013 presenting that Lite-On has gradually improved its resources recovery efficiency by strictly implementing its waste management policy.



3.7

3.7.4

In response to changes in the global ICT industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. As a result, data about Lite-On's waste management included those of its subsidiaries in 2013. To ensure the continuity and comparability of data presented in the report, disclosures were made both on a standalone basis and inclusive of subsidiaries.

Types of Waste	Lite-On (parent company)		Lite-On and subsidiaries (Lite-On IT and Lite-On Mobile)	
	Ton	%	Ton	%
General industrial waste	4,820	22.6%	4,946	16.0%
Hazardous industrial waste	1,123	5.3%	2,133	6.9%
Recyclable or reusable waste	15,373	72.1%	23,890	77.1%
Total	21,317	100.0%	30,969	100.0%



3.8 Green Logistics

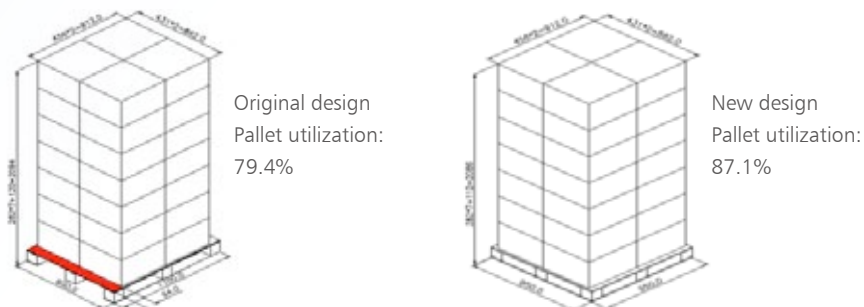
Product transportation and employees' business travel are important aspects of our business. With regards to product transportation, Lite-On has continually improved product packaging to make the best use of container space, and applied effective control over production and logistics activities to avoid delivery via air freight which consumes much greater amounts of energy. Lite-On has installed advanced communications equipment in all of its offices to facilitate multi-national conferencing and thus reduce the need for business trips. Below are the practices adopted by Lite-On and their results:

3.8.1 Increasing Products per Shipment

By improving package design, Lite-On is able to utilize container space more effectively and reduce the number of shipments taken to ship the same quantity of goods, and thus cut down on greenhouse gas emissions.

Laptop keyboard modules, for example, are mainly shipped to local downstream assemblers; they used to be shipped using only a portion of the container and could not fully utilize the space available. However, Lite-On made changes to package design that raised efficiency of transportation.

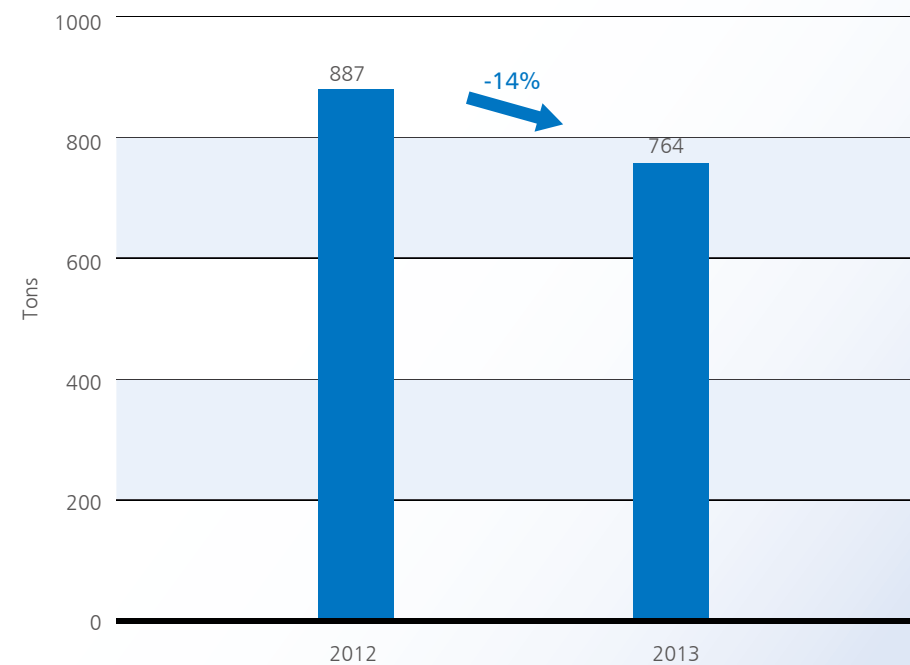
The following is an example of how model SM8825 was redesigned to make more effective use of pallet space, allowing more goods to be loaded at the same time:



3.8.2 Improved Goods Delivery

Lite-On used 123 tons or 14% less air freight in 2013 as compared to 2012.

Air freight volume



Note: the air freight statistics include Lite-On and subsidiaries including Li Shin, Lite-On Mobile, and Lite-On IT

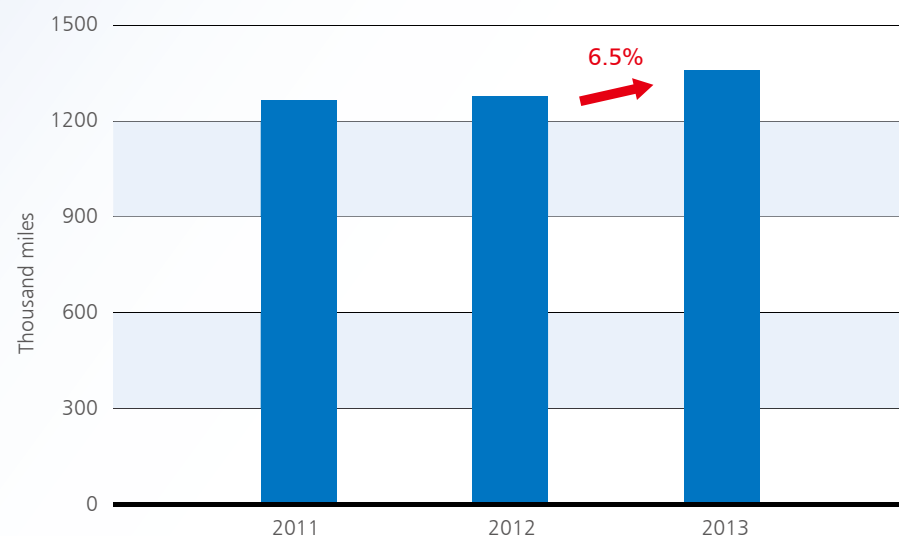
3.8

3.8.3 Employees' Business Travel

In 2013, Lite-On's employees in Taiwan traveled a total of 13,629 miles on business trips; this was 836 miles or 6.5% higher than 2012.

Reason for increased traveling: in response to a changing industry, Lite-On has taken the initiative to consolidate its subsidiaries, merge/acquire other businesses, and expand overseas LED distribution in 2013. This requires employees to travel more often to settle pending issues.

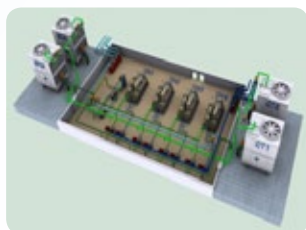
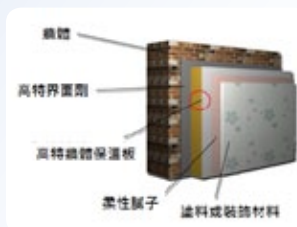
Employees' business trips



Note: the mileage data includes Lite-On and subsidiaries including Li Shin, Lite-On Mobile, and Lite-On IT



3.9.1 Green Building



Lite-On's production sites are mainly located in China, and the one most recently established is in Wujin District, Changzhou City, Jiangsu Province. Built in 2008, the Wujin plant features advanced energy-saving design and the use of recyclable building materials to minimize impact on the environment. It has been designed according to the characteristics of the local environment and climate for optimum energy efficiency. Some of these innovations include a special window design that reduces heat from sunlight and keeps indoor temperatures low without losing luminance, thus minimizing air conditioner workload during summer. On the rooftop, buoyancy-driven ventilation towers have been placed to guide heat upwards and dissipate it outwards. In winter, cool air is introduced in from the outside to regulate indoor temperature and reduce the air conditioner workload. All air conditioning equipment features inverter technology that keeps power consumption at a minimum during standby. The plants' outer walls are constructed with hollow bricks, which have an insulating effect, and enable the buildings to naturally stay warm in the winter and cool in the summer. Plant and office partition walls are made of recyclable, easy-to-assemble panels, achieving a waste reduction effect.

The use of buoyancy-driven ventilation towers and various measures taken to reduce air conditioner

workload have reduced outdoor air temperature by 2~3 degrees, whereas inverter technology saves energy by 26.4% and air compressors achieve a heat recovery efficiency of 40%. The burn-in room also achieves an energy recovery efficiency of 82% and is able to reuse 85% of the heat generated during winter. Lastly, green design has helped save energy by 50% for the reflow soldering process and raised output per man-hour by 68%.

Apart from energy efficiency, beautification of the environment has also been a key focus in green design. Lite-On has grown a variety of plants that not only serve to shield against wind and secure soil, but also improves the air quality and provides employees with a healthy, comfortable place to rest in, thus achieving the right balance between business, lifestyle, and nature.

All of Lite-On's new plants are built with green design in mind. The production/office complex that began construction in 2013 in Zhonghe, Taipei, has been designed strictly in accordance with green building requirements with the goal of attaining Green Building Certification. Some of the key designs include: gardens constructed using soil dug out of the foundations; the use of natural ventilation to reduce air conditioner workload; the use of LOW-E curtain walls and sun visors to reduce heat from outer walls; use of light, durable, low-carbon and renewable building materials; use of metallic sun visors on windows to block glare of the sun, and use of sun visors to reflect light evenly into the indoor area. To save water resources, the building uses only sanitation equipment that has been certified for water efficiency. The garden on the roof has planters designed to collect and retain rainwater, and thus reduce the need to irrigate. In the meantime, Lite-On is also setting aside funds to refurbish old plants and make them more energy efficient and environmentally friendly.



3.9.2 Green Manufacturing

Lite-On's factories are constantly exploring new solutions to reduce use of resources (materials), raise energy efficiency, mitigate toxicity to the environment, and lighten operators' workloads. Some recent efforts include the Cleaner Production initiative and the Improvement Project Tracking (IPT) platform where performance of various production sites is monitored and rated. The top-performing projects are published onto the Best Practice (BP) platform where they can be shared, improved and implemented by other business units.



(1) Production Efficiency Through Automation

Lite-On actively brings automation to its production. By working closely with suppliers and its R&D team, Lite-On has been able to consistently improve the parts and equipment it uses and the products it makes. This has resulted in all-round improvements in production capacity, yield to product quality, plus the benefits of reduced labor costs. A good example of this achievement can be seen in one of Lite-On's plants in southern China, where the number of operators needed to support a production line was reduced from 748 to 495 in 2013.

Parts improvement



Manually inserted



SMD parts

Design improvement



Three labels



One label

3.9

3.9.2

(2) Cleaner Production for Lower Resource Wastage

The Cleaner Production initiative helps make more efficient use of direct and indirect energy/resources during production, while in the meantime reducing discharge of waste and chemicals into the environment. The chassis segment, for example, paints its products according to customer needs. The main materials it uses include paint powders and tapes, and due to the significant cost of materials and the high frequency of re-works, painting has never been a cost-effective job. Furthermore, the materials it uses also produces significant waste and pollution. To address this problem, Lite-On implemented a cleaner technology for this process and made improvements to tools and products so that lesser amounts of paint powder and tape can



be used. DOE was then applied to find the optimal parameter that achieves the best yield, and the IE tool was used to consolidate procedures so that fewer painting coats are needed. As a result, the amount of tape used was reduced by 38.47%, which saved NT\$ 1,768,000 over a three-month period.

(3) Energy-saving Measures

Through the PDCA cycle combined with energy management practices, Lite-On's PID plant in Guangzhou was evaluated by government agencies to have saved 4,889,145 kilowatt/hours of power, topping all Lite-On plants worldwide, for which it was given a performance bonus of RMB 1 million by the local government. In addition, energy-saving measures also improved production efficiency to customers' satisfaction.

Energy-saving Measures
1) Switched all T8 tubes to T5 tubes, which are more energy-efficient.
2) Changed humidifier from high-wattage thermal type to spray type.
3) Replaced old PCBA.
4) Replaced 100 split-type air conditioner units with inverter models.
5) Replaced old solar panels with newer, more energy-efficient models.
6) Recycle and reuse of vented air.
7) Added inverters to existing air conditioning units.



3.10 Customer Service and Satisfaction

3.10.1 Customer Service

Lite-On is a leading international manufacturer of electronic products and optoelectronics parts and components, and our customers include many leading brands in the communications, computer, and consumer electronics industries. Customer satisfaction is a core value. The company strives to meet high quality standards and provide environmentally-friendly services that fulfill customer needs.

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

Apart from continuing to strengthen product design services, the company also formulates comprehensive design SOPs for individual products, and strictly implements these SOPs to ensure that customer specifications and opinions are incorporated into the design process.

In order to satisfy customer needs for prompt delivery, the company handles purchasing, planning, logistics, and cash flow processes online, and uses online information as the basis for its operations. Lite-On integrates data from external suppliers, customers, and banks, etc., ensuring that management information is correct and up-to-date, and facilitating issue-free delivery. Furthermore, in order to expedite technical support, shipping, delivery, and after-sales service, the company has established production facilities, subsidiaries, and distribution warehouses close to customers worldwide.

3.10.2 Quality Commitment

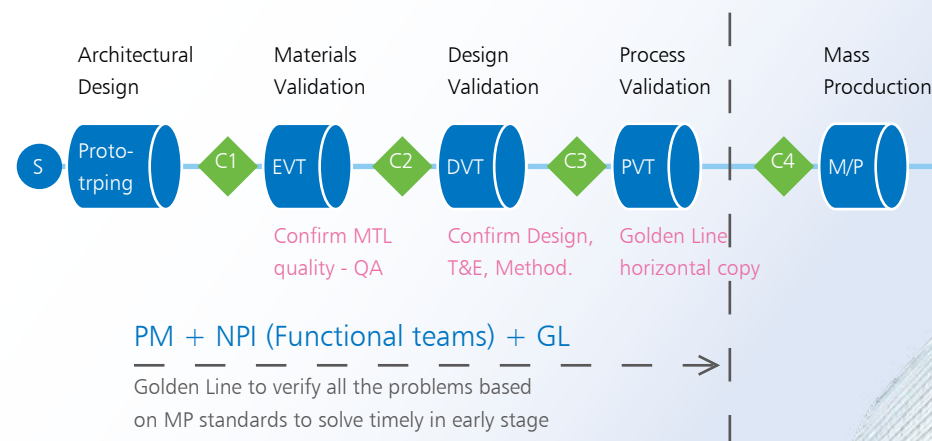
Lite-On's commitment to quality begins from listening to customers and understanding their needs, which are measured using an indicator called CTQ (Critical to Quality). These requirements are met through the company's unrelenting pursuit of excellence and industry leadership. Quality is a critical part

of Lite-On's culture. From product design, material supply, manufacturing to shipment, the company employs a horizontally-integrated internal organization and a vertically-integrated supply chain to give customers the highest satisfaction.

From prototyping to shipment, Lite-On ensures quality in each of the following stages:

- Prototyping
- Material verification and control
- Verification and optimization of designs and equipment
- Verification and optimization of production procedures
- Mass production
- Shipment

Over the course of quality improvement, Lite-On involves the mass production team early in the product introduction stage and implements stringent supplier management as well as model lines to ensure that product quality can be replicated consistently and rapidly in large volumes.



3.10

3.10.2

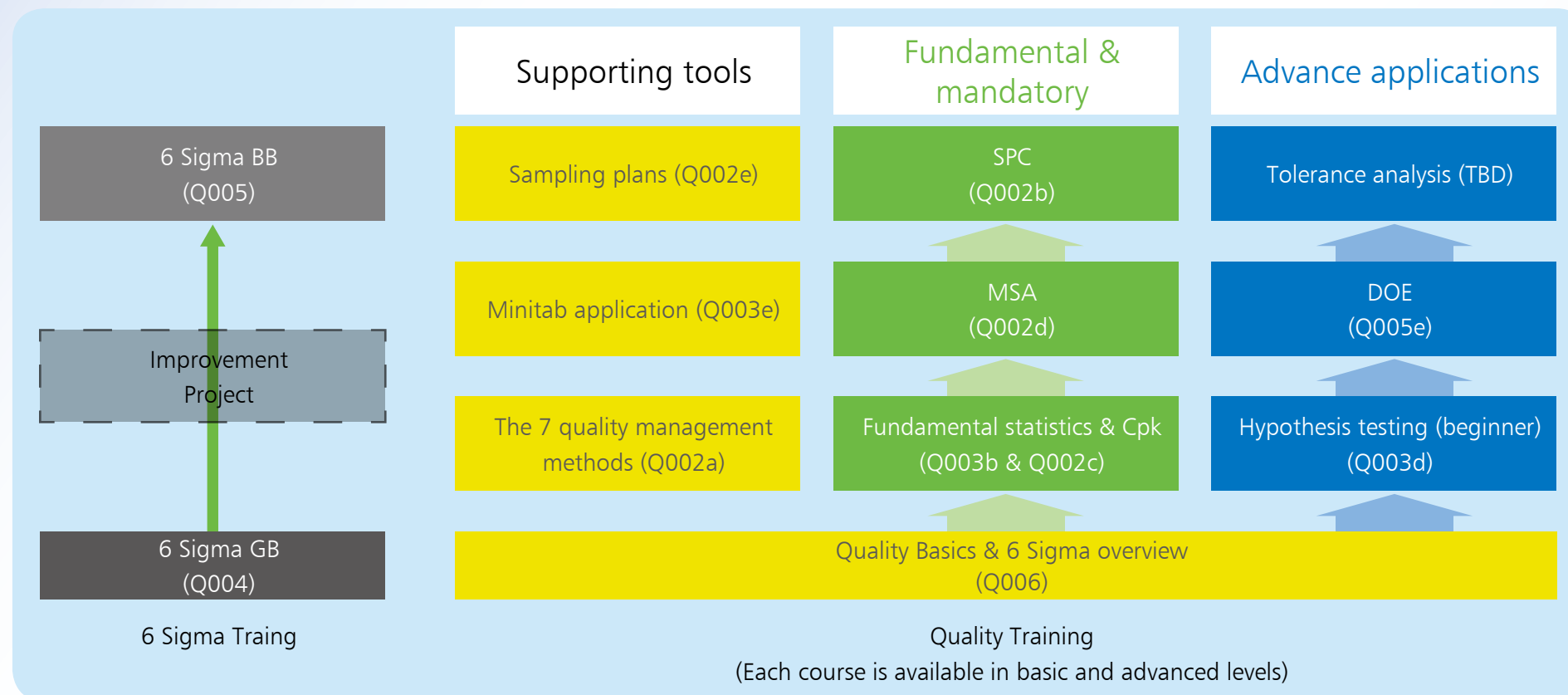
In order to strengthen organizational learning and statistical analysis, while boosting quality awareness, the company implements 6 Sigma activities and provides quality management training classes, including green belt (GB) and black belt (BB) training. The company ensures that employees understand how to use tools and actively take part in improvement projects. Only continuous employee learning and self-improvement can ensure ongoing quality improvement. Between 2005 and 2013, the company trained more than 2,500 GB and more than 100 BB employees, and helped more than 2,000 employees complete their 12-month improvement projects. In addition, a best practice benchmark system is adopted in conjunction with meetings and competitions to ensure that employees at all plants can share, learn, and quickly replicate best practices.

Basics		Q001 Online quality awareness and management		Q002 The 7 quality management methods and procedure controls		Q006 6 Sigma overview	
				Q003 Basic statistical tools for quality analysis		Q007 CoPQ Improvement	
6 Sigma	Q005 BB Training	Q004 GB Training	Define	Measure	Measure	Improve	Control
			Project definition	Fundamental statistics	Procedure analysis	Executing improvement solutions	Control plans
			Project scope and management	Cpk	Graphical analysis		SPC
			Flow charts	MSA	Hypothesis testing		
			Minitab	Cause and effect matrix			
					Correlation and regression analysis	DOE (design of experiment)	RSM (response surface methodology)
					Multivariate analysis	Tolerance analysis	
					FMEA		

3.10

3.10.2

Advance course suggestions



In addition to launching 6 Sigma, all of Lite-On's business units have passed ISO 9001 and 14001 certification. They apply the PDCA cycle thoroughly in everything they do to simplify and rationalize work procedures. All policies, strategies and methodologies have been devised to satisfy the three ultimate desires of customers: Perfect, Free, and Now. These are also Lite-On's three main commitments to customers regarding quality improvements.

3.10

3.10.3 Customer Satisfaction

Customer satisfaction has always been one of Lite-On's most revered principles and core values. In addition, the assessment of customer satisfaction and feedback has become an important basis for continued improvement.

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

Customer satisfaction survey forms are sent to main customers on an annual basis in order to obtain information that can guide yearly improvement plans. Plants also compile "lessons learned" and other customer feedback.

Customers can perform regular or occasional audits at Lite-On plants; these audits provide another important basis for improvement of customer satisfaction levels.

Below are the results of a satisfaction survey conducted by Lite-On's power supply business on 12 major customers in 2013:

		Satisfaction Survey Items						Overall satisfaction
		Green Compliance	Quality	Purge	Delivery	Technology	Responsiveness	
Average satisfaction	Score (out of 5)	4.7	4.4	4.6	4.4	4.5	4.5	4.5
	%	95%	87%	92%	88%	90%	90%	90%
Satisfaction ≥ 4.5	Count	9	7	9	6	8	7	8
	%	75%	58%	75%	50%	67%	58%	67%
Satisfaction $< 4.5 \sim \geq 4.0$	Count	2	2	3	4	3	3	2
	%	17%	17%	25%	33%	25%	25%	17%
Satisfaction < 4.0	Count	1	3	0	2	1	2	2
	%	8%	25%	0%	17%	8%	17%	17%

The 2013 customer satisfaction survey produced an overall satisfaction rate of 90%. Out of a maximum of 5, the company averaged a satisfaction score of 4.5. Among which, 8 customers (67%) gave an overall score of 4.5 or above, 2 customers (17%) gave an overall score between 4.5 and 4.0, whereas 2 customers (17%) gave an overall score of less than 4.0.

Except for "Quality" and Delivery," which scored 87% and 88%, respectively, customers gave satisfaction rates above 90% for each of the concerns listed. Out of a maximum of 5, 7 customers (58%) gave scores of 4.5 or above for "Quality" whereas 3 customers (25%) gave scores of less than 4; 6 customers (50%) gave scores of 4.5 or above for "Delivery," whereas 4 customers (33%) gave scores between 4.5 (exclusive) and 4.0 (inclusive), and 2 customers (17%) gave scores of less than 4.

Lite-On further analyzed how customers had responded individually to each area of concern, and has proposed improvement plans to raise customer satisfaction to desired targets.



3.10

3.10.4 Customer Privacy

While Lite-On strives to improve customer services, the company simultaneously emphasizes respect for customer confidentiality and intellectual property rights. To protect confidential client information, confidentiality agreements are signed with customers, and all employees maintain customer confidentiality when performing their duties. In 2013, there were no instances in which the company damaged customers' rights and interests by violating confidentiality or losing customer data.



3.10.5 Regulatory Compliance

Lite-On strives to uphold all applicable national and international laws, ethical rules, and universally-accepted values, including, for instance, the promotion of fair competition, provision of safe products and services, and compliance with labor laws and practices, human rights declarations, international standards, copyright protections, and company asset and intellectual property rights in any form. Lite-On respects local traditions and values in all areas in which it operates.



3.11 Supply Chain Management

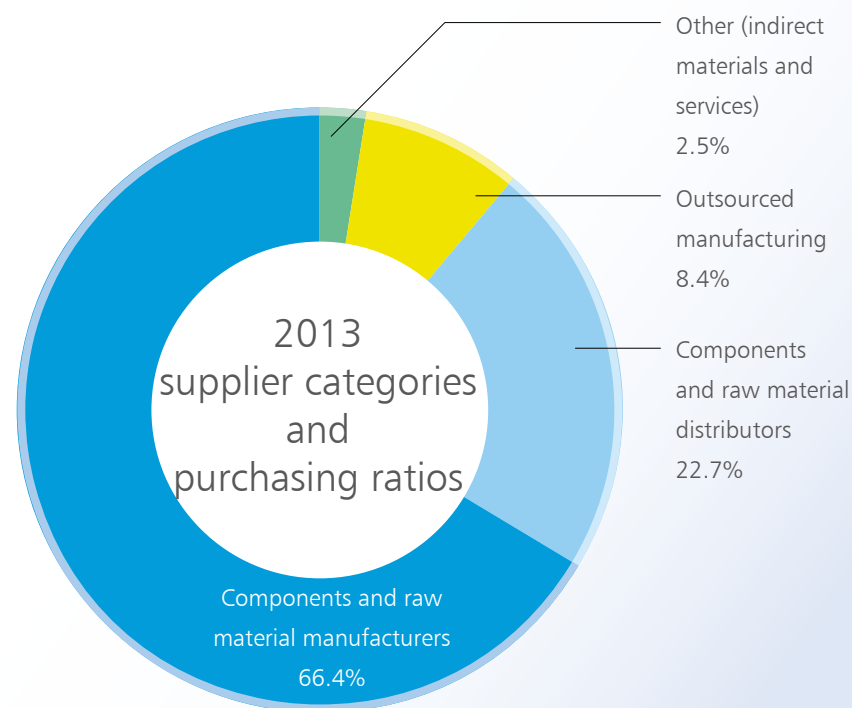
In this era of globalization, a company needs to base its purchasing decisions not only on production, service and operational concerns, but also on CSR and reputation risk as well. Lite-On's supply chain management focuses beyond quality control to cover issues such as workers' welfare, environmental protection, health and safety. It has implemented multiple measures to manage the standard of critical supplies and to reduce the risks and costs of both suppliers and itself for a sustainable, mutually beneficial partnership. Lite-On requires all its suppliers to fully comply with local laws and regulations when performing services for Lite-On. In addition, Lite-On has developed a set of supplier principles based on EICC that demands its suppliers fulfill social responsibilities. Lite-On also has supplier EICC audit guidelines in place to assess suppliers on business ethics, workers' rights, environmental protection, health and safety, and management.

In 2013, Lite-On newly added 227 companies to its suppliers list; all of which satisfy Lite-On's standards regarding environmental protection, workers' welfare, human rights, and social impact. Three suppliers were removed from the list due to inferior quality and inability to make improvements even after repeated guidance.

3.11.1 Supply Chain and Local Procurement

Lite-On offers a diverse and flexible range of products and services; it makes an enormous amount of purchases annually and has built up an extensive supply chain to support its businesses. There are more than 1,000 certified suppliers at level one offering an extensive variety of goods. Suppliers are mainly categorized by their relevance to Lite-On's products, and are distinguished between direct and indirect suppliers. Direct suppliers have accounted for the majority of purchases

made in the past, totaling 97.5% in 2013. Direct suppliers are further classified into three types: manufacturers, distributors, and subcontractors. In 2013, 66.4% of purchases made to direct suppliers involved parts and components supplied by manufacturers; these manufacturers represented the majority of Lite-On's supplier list at 76.4%. Distributors of critical parts and components also accounted for a significant portion at 22.7%, whereas suppliers of indirect materials and services (including transportation and professional services) accounted for 2.5%. See the figure below for a detailed analysis.

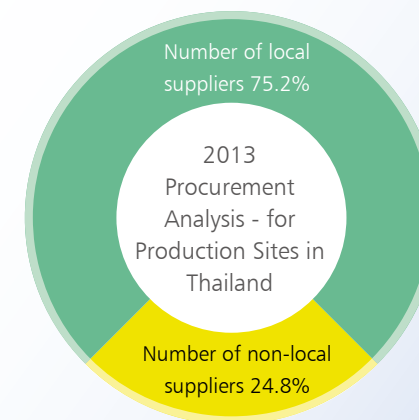
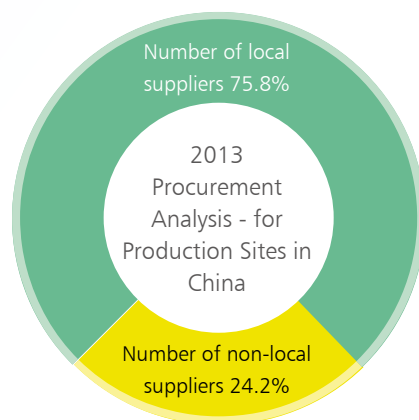


3.11

3.11.1

Local procurement is a critical strategy adopted by Lite-On when searching for supply partners in the various regions it operates in; this approach has been taken for the purpose of building local business relationships, supporting the local economy, and reducing impact on the environment. Lite-On's production sites are mainly located in China and Thailand, and 75.8% of direct purchases made in 2013 were to locally registered businesses of these two countries. Lite-On's localization efforts are reflected

not only in the purchases it makes, but also in the employees it hires; the number of local employees hired by subsidiaries in the two countries mentioned above far exceeds the number of Lite-On's employees. For our production facilities in China, local suppliers represented 75.4% of the supplier list and accounted for 75.8% of purchases made; whereas in Thailand, local suppliers represented 67.5% of the supplier list and accounted for 75.2% of purchases made.



3.11

3.11.2 Supplier Selection and Green Procurement

In order to build a green supply chain, Lite-On has adopted the following principles to assess suppliers in addition to conventional criteria involving quality, cost, timely delivery, service, and technological capability:

- Lite-On's critical suppliers must fully comply with local laws and regulations, and have risk control practices in place to ensure compliance
- Lite-On's suppliers must adopt management practices that ensure protection of the environment, health and safety of employees, and absence of hazardous substances in the goods they supply
- Meet Lite-On's "Standard of Controlled Hazardous Substances" (LS-301)
- Provide adequate and regularly updated declarations or proofs to Lite-On's restricted substance management program

Lite-On has rigorously incorporated environmental code of conduct in supplier management mechanisms, and strictly requires suppliers to meet environmental standards with regard to raw materials, packaging, and pollution emissions. Suppliers must pledge and guarantee that their products do not contain prohibited substances, and must provide the following information:

- Test results and reports for controlled environmental substances in products
- Information concerning the composition of materials and parts
- Toxicity and restrictions on chemical substances relevant to goods supplied (materials safety data sheets)
- Review of compliance with the supplier management system

3.11.3 Supplier Education

Seminars on

"The Practice of Corporate Social Responsibility for Suppliers"

13 seminars and workshops on "The Practice of Corporate Social Responsibility for Suppliers" were held in 2013 to explain Lite-On's CSR commitments. Executive management of suppliers was requested to sign the "Executive Certification of Compliance" that bind them to comply with "EICC 4.0."

3.11.4 Critical Suppliers

To ensure effective management of suppliers, stringent screening criteria is applied during the selection stage followed up with on-site inspections and review meetings to assess suppliers' performance. Lite-On has identified a list of critical suppliers on which to direct its management efforts; in 2013, these critical suppliers represented 29.5% of the total supplier count, and accounted for 71.7% of purchases made by Lite-On. Inspired by the fact that 76.8% of critical suppliers are local businesses, most of Lite-On's suppliers are eager to become a critical supplier for Lite-On. Critical suppliers are identified based on the following criteria:

- High proportions in Lite-On's spending
- High technological and creative abilities
- Unique source
- High level of customization
- Ability to fulfill CSR



3.11

3.11.5 Policy for Conflict Metals

According to EICC, some African mines are exploited to finance armed rebellion within the Democratic Republic of the Congo, and to trade for weapons that can be used to prolong conflicts against the government causing suffering of local civilians. As a world citizen, Lite-On has declared and committed to refrain from the use of metal sourced from conflict mines, while in the meantime demanding that all its suppliers make the same commitment. Lite-On has imposed full restrictions against the use of minerals sourced from conflict mines in Africa since 2010, and adopted the tools suggested by EICC to manage its commitments.

Note: Conflict metals refer to minerals mined from conflict mines within the Democratic Republic of the Congo; these minerals include coltan, cassiterite, wolframite and gold. The ore is refined into tantalum (Ta), tin (Sn), tungsten (W) (the 3Ts), cobalt (Co) and gold (Au), and are used mainly in electronics products.

used to rely upon may someday disappear, posing a major concern for sustainability of our suppliers. Given the extensive number of Lite-On suppliers that depend heavily on water for their production (e.g. electroplating, PCBs, steel and metal refineries, LCD panels, etc.) Lite-On has begun to place an emphasis on supplier ability to conserve and reuse water. Furthermore, according to the Global Water Tool developed by the World Business Council for Sustainable Development (WBCSD), Taiwan, north China and Bangkok have been identified as likely to be prone to water shortages by 2015, which therefore makes response measures an even more imminent need.

3.11.6 Control of Volatile Organic Compounds (VOCs) and Water Resources in the Supply Chain

VOCs pose a long-lasting threat to the environment and to the human body. As a result, Lite-On has demanded all its suppliers install processing facilities in compliance with local government regulations, and encourages them to take the initiative in adopting new technologies that help reduce VOC emissions.

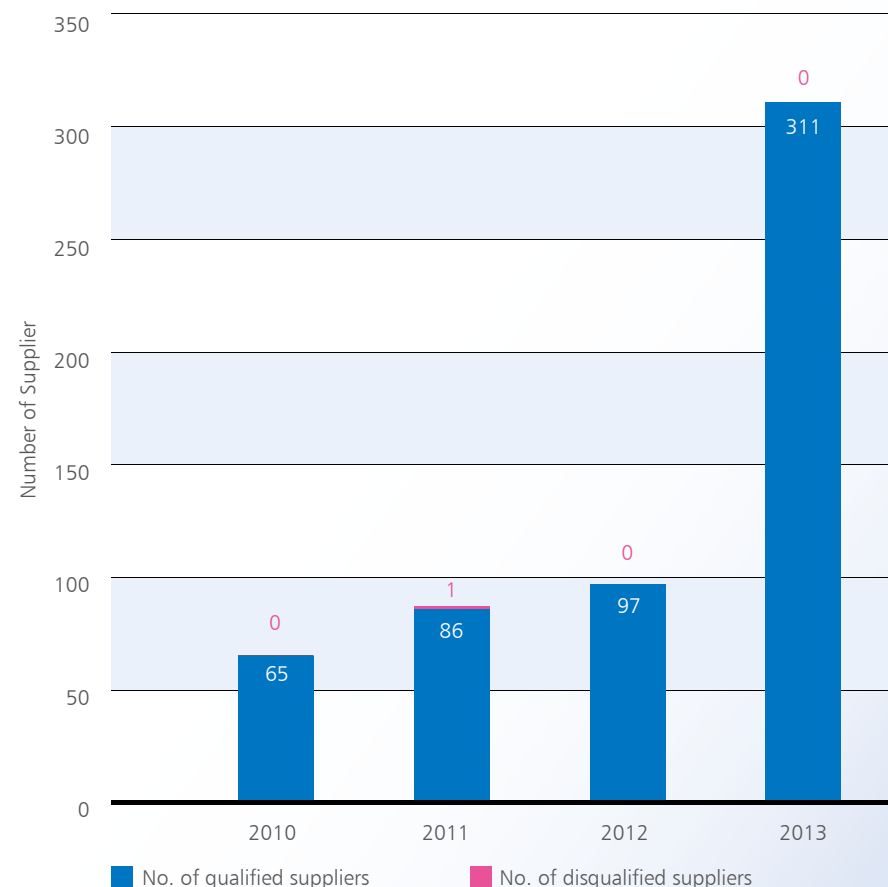
Uses and preservation of water resources have also become two of the pressing issues for now and the future. Due to ongoing climate change, the water resources that we



3.11

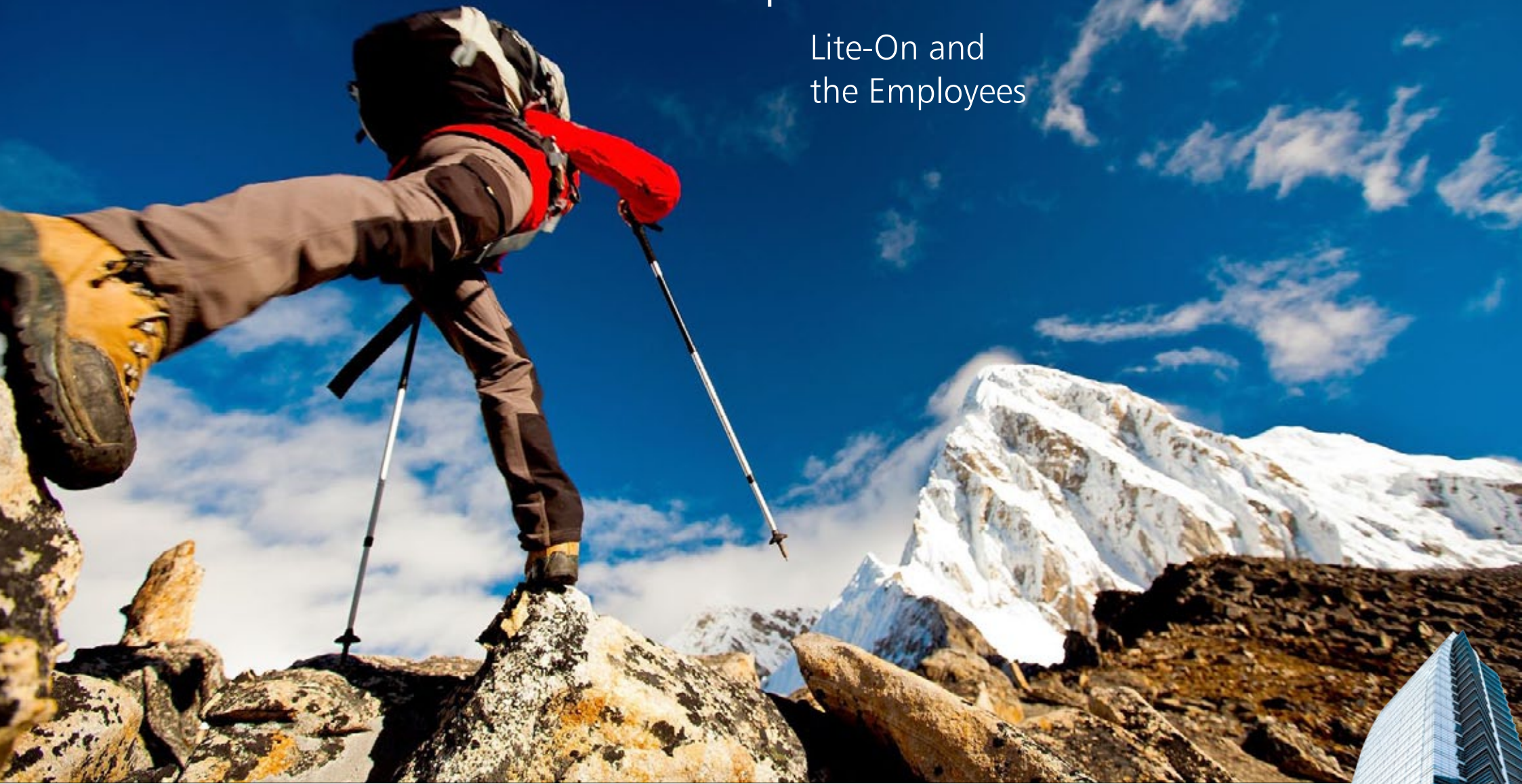
3.11.7 Audit and Guidance on Supplier CSR - Human Rights, Environment, Health and Safety, and Management Systems

Lite-On has supplier management procedures in place to incorporate EICC into the supply chain management. These procedures enable Lite-On to audit and guide its suppliers on issues regarding "human rights, environment, safety, health, and management." Lite-On continuously encourages supplier to place emphasis on business ethics, protection of worker rights and provision of a healthy and safe environment to work in, and to explore new materials and procedures that pose a lesser impact on the environment. EICC audit tools are used to review and assess how suppliers fulfill CSR. Lite-On audited a total of 311 suppliers in 2013, and the most common issue found was overtime. After the audit was completed, Lite-On requested suppliers to make rectifications within a given time. Suppliers' conduct was rated either qualified or disqualified; no suppliers were disqualified in 2013 for CSR issues. See the following figure for audit results in previous years.



Chapter 4

Lite-On and
the Employees



4.1 Employee Policy

Since its establishment, Lite-On's success has been founded on values of "Customer Satisfaction," "Execution," "Innovation," and "Integrity." It is the hope of the company to differentiate itself from the competition by offering the best quality and by helping customers create opportunities and profits, thus making Lite-On a sustainable and trustworthy company to shareholders, customers and employees alike.

Lite-On has long treated its employees as the company's most important assets in achieving its core values and vision, for they are the key that helps the company grow and improve. Lite-On complies strictly with labor regulations and has policies in place to secure employees' interests. It continually introduces new projects that promote employee health, and offers competitive salary packages to incentivize employees to work in an environment with "Passion, Excellence, Innovation, and Growth" environment. All human resource policies have been based on these four goals, and are designed to give employees optimal care in work, life, and health. While encouraging employees to deliver top performance at work and help the company grow, the company also cares about achieving a healthy work-life balance and hopes employees enjoy their daily tasks, and that their goals are aligned to the company's to achieve greater success as well as a rewarding career.





Passion

In order to help each employee maintain a healthy work-life balance, Lite-On organizes regular seminars on mental health and family life, as well as company-wide events (e.g. incentive trips, sports competitions, year-end gatherings etc). Furthermore, outside experts have also been engaged to provide consultative services for employees regarding work, life and health. Through the launch of campaigns and projects, Lite-On provides each employee with the warmest care.

Excellence

In order to maintain a decent, safe and healthy work environment, Lite-On prohibits all kinds of sexual harassment and discrimination within the workplace. Employees are assured that they will not be discriminated against for their race, religious beliefs, skin color, nationality, or gender. In addition to outlining clear rules and policies (e.g. Sexual Harassment Prevention, Grievance and Disciplinary Policy, Employee Code of Conduct etc), Lite-On has also set up email letterboxes and hotlines that employees may use to report sexual harassment. Upon receiving an employee's report, a Complaint Resolution Panel will be convened immediately to resolve the matter. Furthermore, there are strict confidentiality rules in place to protect the plaintiff's identity. There has never been any incident of sexual harassment or discrimination within Lite-On.

Lite-On has established its management systems based on the Electronic Industry Code of Conduct (EICC). Plants in China are subject to regular EICC audits either by customers themselves or by independent third parties. They also take the initiative to undergo self-audit by different business units to ensure that their conduct fully complies with policies, and that employees' interests are fully protected.

Innovation

Lite-On recognizes the fact that employees need to tend to matters such as family and healthcare outside of work hours. In order to help employees achieve a work-life balance and maintain their health, the company has launched an assistance program where employees may seek help on any issues they may have.

Growth

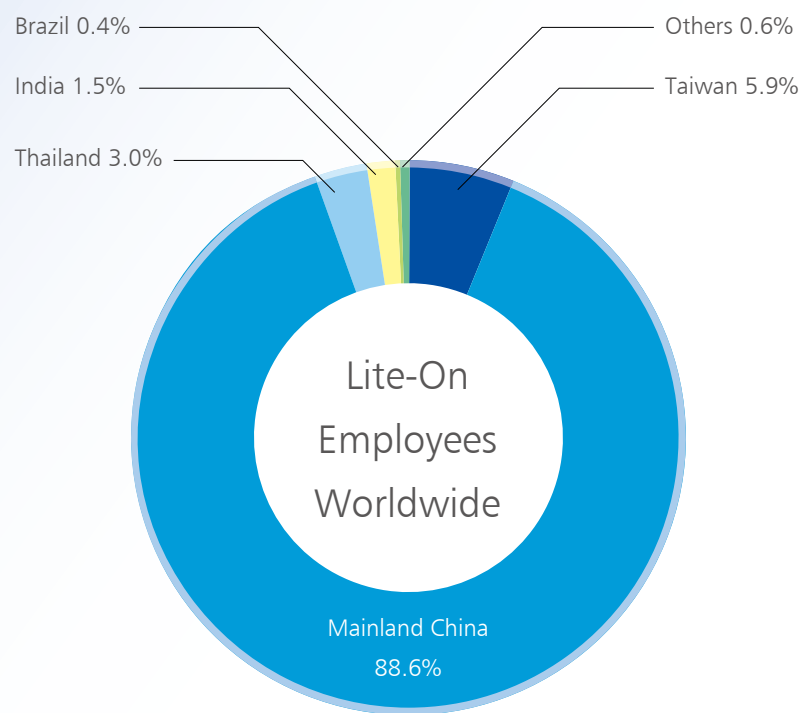
With regards to training and development, Lite-On provides employees with systematic training courses that help them develop the professional skills and qualities needed to progress in their career, as well as a user-friendly online learning system which they may use at their own convenience. The company also subsidizes employees' participation in external training. The broad variety of internal and external resources gives employees the opportunity to learn and grow on their own.



4.2 Employee Overview

4.2.1 Employee Structure and Distribution

As at the end of 2013, Lite-On had 64,491 employees worldwide; 55.6% male and 44.4% female. There were 3,818 employees in Taiwan, while the remaining 60,673 were located throughout China and other overseas plants. 97.5% of employees were in Asia.



	Taiwan	Mainland China	Thailand	India	Brazil	Other	TTL
Male	7.00%	88.98%	0.97%	2.11%	0.26%	0.68%	55.60%
Female	4.57%	88.19%	5.61%	0.70%	0.54%	0.39%	44.40%

Employee composition by contract type

Location	Male					Female				
	Permanent	Foreign	Disabled	Interns	Total	Permanent	Foreign	Disabled	Interns	Total
Taiwan	2,465	18	26	0	2,509	1,294	6	9	0	1,309
Mainland China	30,814	73	74	914	31,875	24,235	4	27	1,015	25,281
Thailand	346	0	0	0	346	1,607	0	0	0	1,607
India	757	0	0	0	757	201	0	0	0	201
Brazil	92	0	0	0	92	151	5	0	0	156
Others	229	13	3	0	245	112	1	0	0	113
Worldwide Total	34,703	104	103	914	35,824	27,600	16	36	1,015	28,667

It is the company's policy to hire local employees as a priority throughout its overseas locations. In Taiwan, employees graded deputy manager and above accounted for 32.7% of total employees, and 99.3% were locals. In China, employees graded deputy manager and above accounted for 0.9% of total employees, and 88.2% were locals. In Thailand, employees graded deputy manager and above accounted for 1.3% of total employees, and were 100% local. In India, employees graded deputy manager and above accounted for 1.7% of total employees, and were 100% local. In Brazil, employees graded deputy manager and above accounted for 2.0% of total employees, and were 100% local.

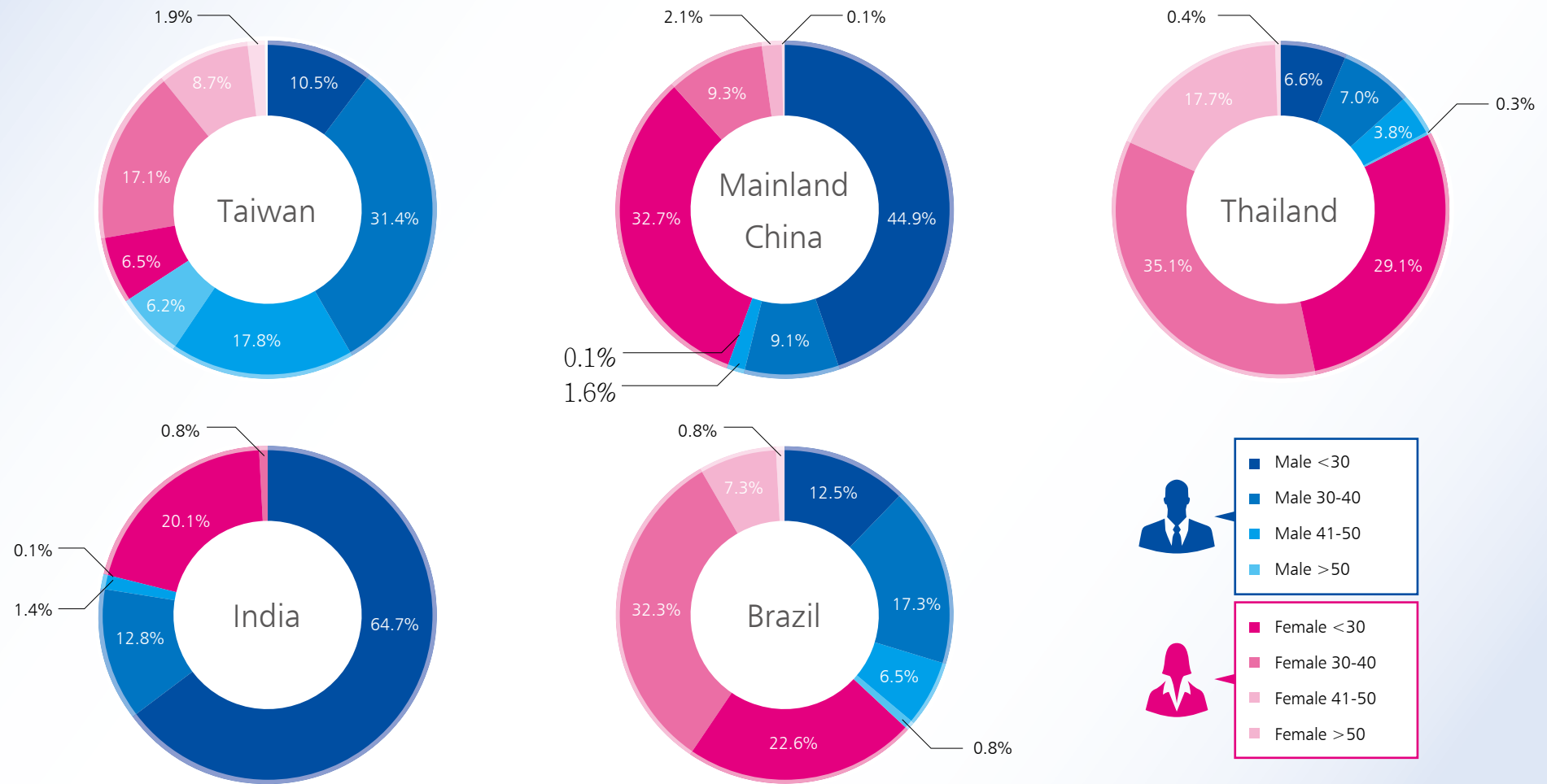
	Taiwan	Mainland China	Thailand	India	Brazil	Other
Deputy Managers and above	32.7%	0.9%	1.3%	1.7%	2.0%	40.6%
Percentage of Deputy Managers and above	99.3%	88.2%	100.0%	100.0%	100.0%	86.4%



4.2

4.2.1

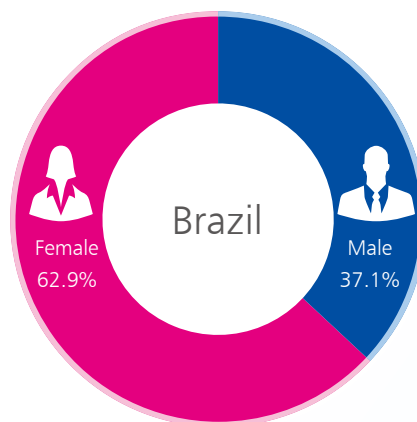
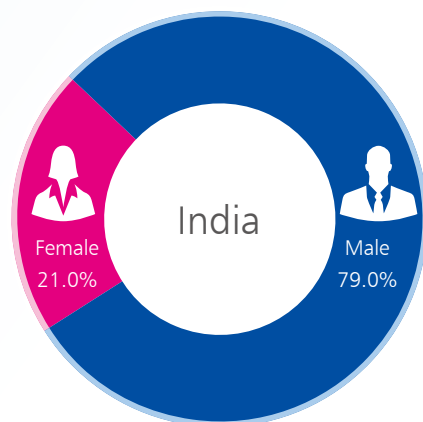
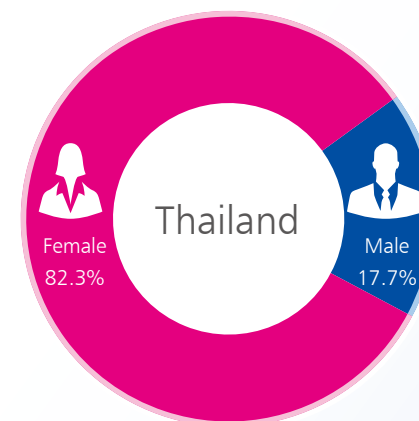
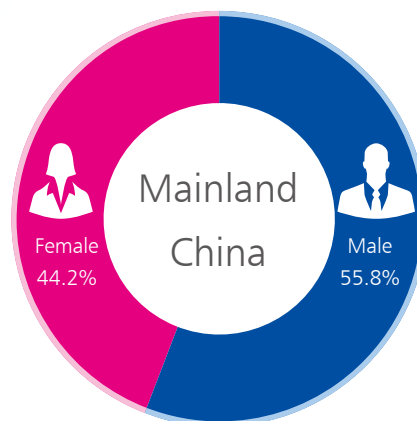
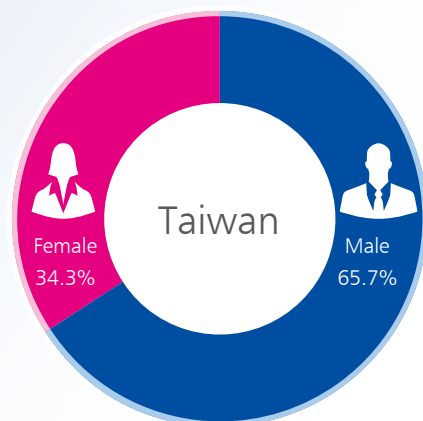
Age Distribution by Region & Gender



4.2

4.2.1

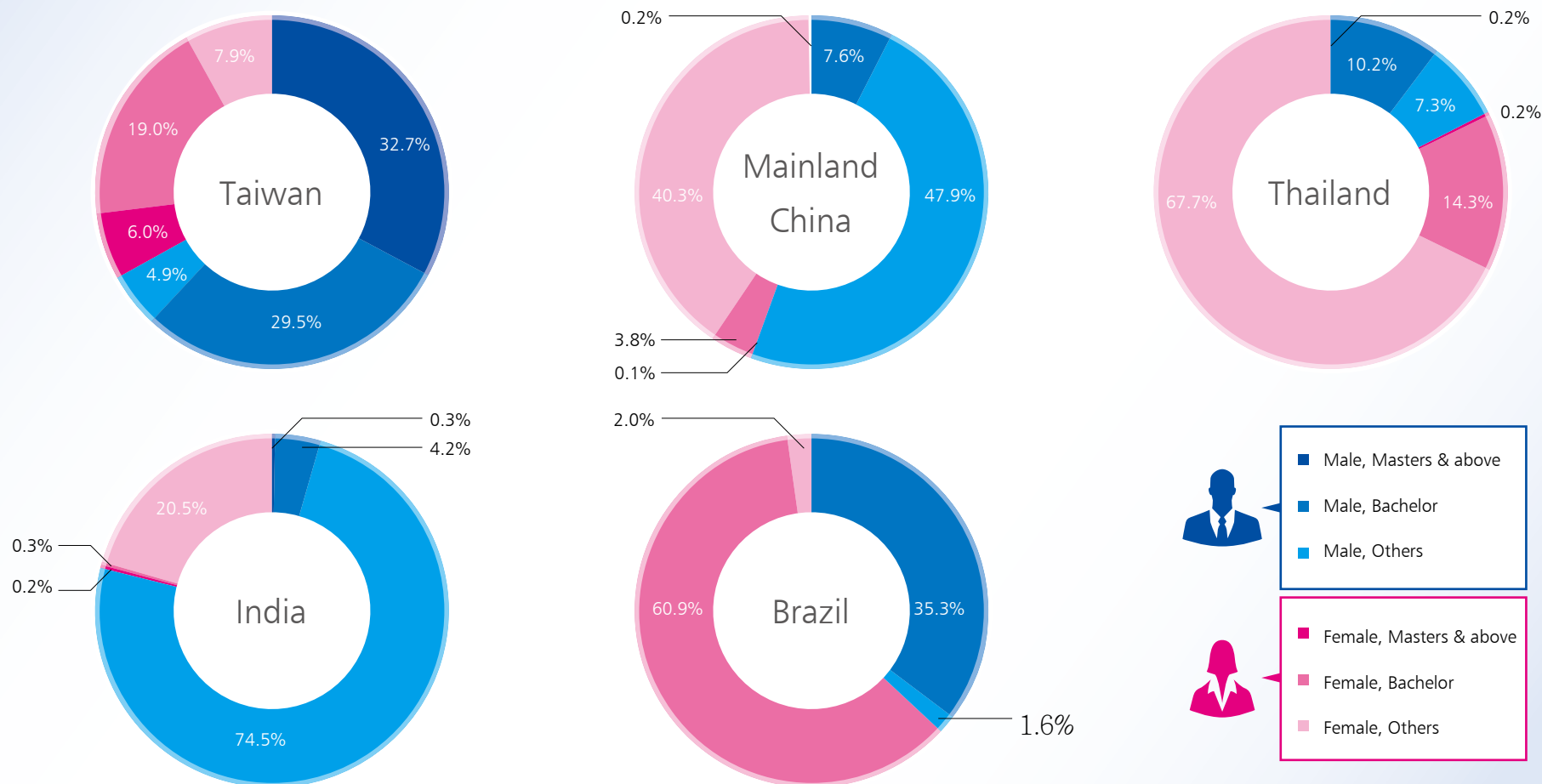
Gender Distribution by Region



4.2

4.2.1

Education Distribution by Region & Gender



4.2

4.2.1

Employee Grade Distribution

	Gender	2013		2012		2011	
Executive management	Male	49	94%	47	94%	53	96%
	Female	3	6%	3	6%	2	4%
	Total	52	100%	50	100%	55	100%
Senior manager	Male	245	91%	238	90%	231	90%
	Female	25	9%	25	10%	26	10%
	Total	270	100%	263	100%	257	100%
Mid-level manager	Male	3,375	76%	3,161	76%	3,137	76%
	Female	1,081	24%	1,011	24%	967	24%
	Total	4,456	100%	4,172	100%	4,104	100%
	Gender	2013		2012		2011	
Ordinary staff (indirect labor)	Male	9,983	66%	9,674	67%	9,950	67%
	Female	5,034	34%	4,848	33%	4,943	33%
	Total	15,017	100%	14,522	100%	14,893	100%
Ordinary staff (direct labor)	Male	25,836	52%	26,176	52%	25,500	50%
	Female	23,638	48%	23,783	48%	25,388	50%
	Total	49,474	100%	49,959	100%	50,888	100%
All employees	Male	35,819	56%	35,850	56%	35,450	54%
	Female	28,672	44%	28,631	44%	30,331	46%
	Total	64,491	100%	64,481	100%	65,781	100%

Note 1: indirect labor includes all executive management, senior managers and mid-level managers mentioned above.



4.2

4.2.2 Employee Retention

Lite-On has always treated employees as the most critical asset of a company. It has management courses, promotion and welfare systems in place to encourage employees' self-development and to help them reach their career goals. If an employee applies for resignation, the human resources department immediately arranges a discussion with them to find out the reason behind their departure and does what it can to show concern for and retain the employee.

The following are the annual turnover figures, which are based on the cumulative number of employees actively submitting their resignation each month, i.e., (sum of persons hired by the company and actively applying to resign, Jan.–Dec.)/(sum of in-service employees at the end of each month, Jan.–Dec./12)*100%.

1. Employee Turnover Rate

Cumulative Turnover in 2013 - by Age & Region

Location	Direct labor (DL)					Indirect labor (IDL)				
	<30	30-40	41-50	>50	Total	<30	30-40	41-50	>50	Total
Taiwan	2.9%	2.3%	0.0%	0.0%	2.1%	16.8%	9.5%	5.0%	4.3%	8.9%
Mainland Chian	199.2%	86.5%	55.8%	25.6%	178.3%	47.5%	15.6%	3.5%	1.9%	32.6%
Thailand	73.7%	23.4%	7.5%	0.0%	40.7%	48.7%	19.5%	6.3%	0.0%	15.7%
India	30.7%	0.4%	0.0%	0.0%	30.6%	3.1%	1.9%	0.2%	0.0%	2.6%
Brazil	1.2%	1.2%	0.0%	0.0%	1.1%	0.4%	0.8%	1.2%	0.0%	0.8%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	43.5%	33.0%	32.4%	56.8%	40.1%
Worldwide Total	193.8%	78.2%	46.8%	17.5%	170.3%	43.1%	13.8%	6.6%	15.1%	25.9%

Note: the relatively high employee turnover in China is largely attributable to the local labor shortage.

Cumulative Turnover in 2013—by Gender & Region

Location	Direct labor (DL)		ndirect labor (IDL)	
	Male	Female	Male	Female
Taiwan	1.3%	3.8%	10.0%	6.6%
Mainland China	203.3%	130.5%	25.4%	45.0%
Thailand	42.9%	39.3%	16.6%	15.2%
India	37.6%	8.4%	4.9%	0.3%
Brazil	0.8%	1.6%	0.4%	2.0%
Other	0.0%	0.0%	40.3%	40.0%

Note: the relatively high employee turnover in China is largely attributable to the local labor shortage.



4.2

4.2.2

The monthly new onboard rate below is calculated as: (total number of new recruits between Jan. – Dec.)/(sum of month-end employee count for each month between Jan. – Dec./12)*100%.

2. Cumulative New Onboard Rate in 2013

By Age & Region

Location	Direct labor				Indirect labor			
	<30	30-40	41-50	>50	<30	30-40	41-50	>50
Taiwan	3.1%	4.4%	1.1%	0%	14.5%	10.5%	4.9%	1.4%
Mainland China	159.2%	45.1%	26.6%	13.4%	32.8%	7.8%	2.8%	0%
Thailand	193.5%	32.3%	2.5%	0%	35.1%	7.9%	2.7%	0%
India	109.9%	0.5%	0%	0%	9.4%	0.4%	0.1%	0%
Brazil	21.4%	15.7%	1.2%	0%	4.0%	5.2%	2.8%	0%
Others	0%	0%	0%	0%	4.2%	1.5%	2.7%	1.8%

By Gender & Region

Location	Direct labor		Indirect labor	
	Male	Female	Male	Female
Taiwan	1.6%	7.8%	24.9%	10.7%
Mainland China	130.9%	111.2%	28.4%	8.2%
Thailand	9.5%	17.4%	1.4%	0.4%
India	109.8%	112.9%	9.8%	10.4%
Brazil	26.1%	45.5%	13.0%	11.5%
Others	0%	0%	7.4%	18.9%



4.2

4.2.2

3. Employees on child care long-term leave between 2011-2013 (for Lite-On and Taiwanese subsidiaries)

Lite-On offers a variety of assistance to employees with child care needs, such as the option to take extended leave, choose different career paths, and receive subsidies. For this reason, 78.6% of those who applied for extended periods of leave in 2013 would later return to work, and 77.8% of those who did come back stayed in the job. This is a testament to how employees approve of Lite-On's policies.

Definition	Actual data 2013				
	Male	Female	Male	Female	Total
A:No. of people qualified for long-term child care leave (No. of people applying for maternity/paternity leave in the last three years)	A1	A2	346	152	498
B:Actual no. of applicants	B1	B2	4	6	10
C:No. of people expected to be reinstated in the current year	C1	C2	3	11	14
D:Actual no. of people reinstated in the current year	D1	D2	2	9	11
E:No. of people reinstated from long-term child care leave in the previous year, and who have worked for one year since	E1	E2	2	5	7
Percentage of long-term child care leave applicants (No. of long-term child care leave applicants between Jan. – Dec. of the current year)/(No. of people having applied for maternity/paternity leave in the last three Jan. – Dec. periods)*100%	(B/A) x 100%		1.2%	3.9%	2.0%
Long-term child care leave reinstatement rate (No. of people reinstated from long-term child care leave between Jan. – Dec. of the current year)/(No. of people expected to be reinstated from long-term child care leave between Jan. – Dec. of the current year)*100%	(D/C) x 100%		66.7%	81.8%	78.6%
Long-term child care leave retention rate (No. of people reinstated from long-term child care leave between Jan. – Dec. of the previous year)/(No. of people having worked for one year after reinstatement)*100%	(E/Previous year D)*100%		66.7%	83.3%	77.8%

4.2.3 Personnel Recruitment (including policy on prohibition against child labor)

Lite-On utilizes a broad variety of means to recruit top talents to support its operating strategies, and in return provides them with promising career paths. Some of the company's recruitment channels include collaborative programs with prominent universities and colleges, summer internships (in Taiwan), the government's employment promotion programs, and R&D substitute service candidates. Recruiting invariably complies with local laws and regulations, and upholds EICC guidelines. Lite-On refuses to hire child workers, strictly prohibits forced labor, and does not let minors perform hazardous work. In addition, a computer system has been established to manage employees' working hours and vacation time, ensuring that employees can balance work and leisure.

4.2.4 Electronic Industry Code of Conduct (EICC) Committee

Lite-On has established its own EICC audit procedures to ensure the adequacy, effectiveness and appropriateness of its CSR framework, and to monitor how progress conforms with prescribed guidelines, goals and regulations. The audit procedures clearly outline the responsibilities, processes, principles and cycles of each audit, as well as what details are expected in an audit report and how audit findings should be followed up.

The EICC covers a broad range of issues from employees' health and safety, environmental protection, to business ethics. The company follows these guidelines to conduct self-inspections at each of its plants every month, while plants located in Guangzhou, Dongguan and eastern China have all assembled EICC committees to cross-audit each other and ensure 100% compliance. Any conduct that does not conform with the EICC is raised for discussion and improved upon within a given timeframe.



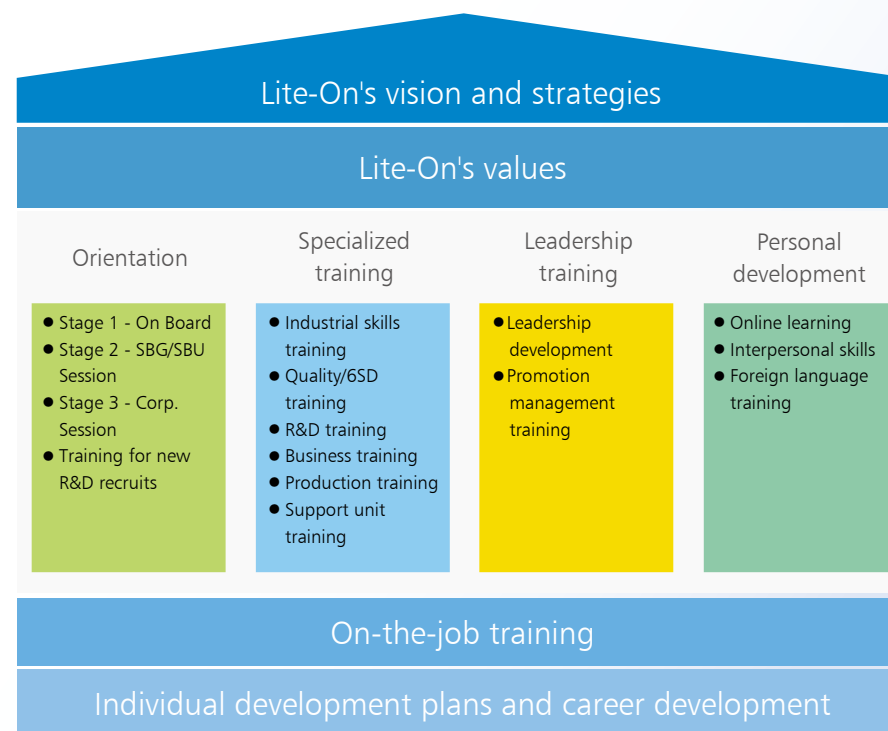
4.3 Employee Development and Training

Employees are Lite-On's most important assets, and training is the key to ensuring growth of human capital. It has been stated as part of Lite-On's mission statement that "the purpose of training is to provide employees with the right management skills, professional knowledge and team work to help the organization thrive and maintain sustainable growth." As a consequence, learning and development receive the highest degree of emphasis at Lite-On.



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

Lite-On's Learning Structure



Learning and Development Roadmap for Lite-On Management

Level	On-the-job training (OJT) system	Off-the-job training (Off-JT) system					Self-development (SD) system
		Orientation	Internal instructors	CSR training	Leadership training	Specialized training	
Executive management level	Skill development organization	Stage 1 training for new hires	Internal instructor's certification training	Executive CSR Awareness Training	Executive management training	R&D training	Digital learning courses
High management level	Learning roadmap			Management Team CSR Training	Upper management training	Quality training	
Middle management level	Case studies and think tank	Stage 2 training for new hires	Advancement course instructor's training		Middle management training	Industrial skills training	Foreign language training
Primary management level	Mentorship	Stage 3 training for new hires	Internal instructor skills enhancement training	Cener Staff CSER Training	Primary-level management training	Quality/6SD training	
Operational level	Technical certification				Team leader training	Business training Procurement training	On-the-job development program



Average Training Hours

All Lite-On employees are equally entitled to receive training, regardless of gender. As a result, statistics are not distinguished by gender but will be prepared as such in the next report. The following table shows the average number of training hours received by Lite-On employees in Taiwan, China and Thailand in 2013 (this includes both classroom and e-Learning courses).

2013 Training Overview - Taiwan:

Training method	Level	Total training participation	Male Total training participation	Female Total training participation	Total training hours	Average training hours per person
Classroom training	Executive management	125	121	4	351.5	8.9
	Upper management	685	616	69	2452.0	10.2
	Middle management	8,830	6,790	2,040	45656.5	19.3
	Indirect labor	5,122	3,162	1,960	40195.0	23.3
	Direct labor	314	75	239	1183.5	2.5
e-Learning	All employees	34,059			2,040.9	0.9
Total		49,135			91,879.4	-

Note: the statistics above include Lite-On and subsidiaries including Lite-On IT, Lite-On Automotive, Leotek, and Lite-On Mobile.

2013 Training Overview - China:

Training method	Level	Total training participation	Total training hours	Average training hours per person
Classroom training	Executive management	2	2.0	0.3
	Upper management	40	157.5	5.9
	Middle management	1,421	6,994.8	6.9
	Indirect labor	18,351	54,936.8	10.6
	Direct labor	155,108	476,723.5	17.8
e-Learning	Total indirect labor	28,213	8,748.3	1.3
Total		203,135	547,562.9	-

Note 1: the statistics above include Lite-On and subsidiaries including Lite-On IT, Liteon Automotive, Leotek, and Lite-On Mobile.

Note 2: statistics for China are still being consolidated, therefore a gender breakdown is not available in 2013, but will be prepared for 2014.

2013 Training Overview - Thailand:

Training method	Level	Total training participation	Total training hours	Average training hours per person
Classroom training	Executive management	-	-	-
	Upper management	-	-	-
	Middle management	62	398.0	5.2
	Indirect labor	232	1,470.5	6.3
	Direct labor	8,476	111,014.0	64.5
Total		8,770	112,882.5	-

Note 1: the above statistics apply only to the parent company's training in Thailand.

Note 2: there was no distinction between training received by different genders in 2013, but this will be available in the 2014 report.



Lite-On is striving to improve its learning development infrastructure. The company's management system provides a superior, well-rounded manpower development environment. The following are some efforts and achievements of the last few years:

Enhancements Made to the Learning Development Infrastructure:

- **Friendly learning environment:**
An e-Learning platform has been created where Taiwanese and Chinese employees may study at their own convenience without restrictions on time and place. The e-Learning platform also eliminates use of physical materials and thus contributes to the natural environment.
- **Abundant learning materials:**
Each year, the company introduces new online courses in addition to a broad range of learning materials such as e-books, English courses, knowledge banks etc. that employees may study on their own outside of working hours. Since the creation of the e-Learning platform in 2006, there has been a consistent increase in the number of users and learning hours.

Improved Training Quality:

To improve training quality, Lite-On follows the principles of the Taiwan Training Quality System (TTQS) to continually associate its training contents with the requirements and strategies of the organization. Lite-On has also devoted much effort to tracking employees' learning results and transfer of knowledge, for which it was given the TTQS Silver Award by the Workforce Development Agency.

Comprehensive Orientation System:

- **3-stage training for new hires:**
 - In order to quickly familiarize new hires with Lite-On's corporate culture, vision, policies, and rules on health and safety, all new hires are required to complete a 3-stage orientation within six months of their onboard date. Furthermore, the company makes sure that 100% of new hires are briefed on Lite-On's sexual harassment prevention policy and employee code of conduct on their first day on the job.
 - Courses on "Lite-On Vision, Mission and Strategy," "Employee Code of Conduct and Anti-Corruption Advocacy," and "Information Security" are included as part of this orientation, which every new employee is required to attend. The orientation not only conveys the company's vision, mission, strategies and ethical standards expected from employees, but also gives trainees a good understanding of how the company enforces its anti-bribery policy.
- **Specialized training for new hires:**
Once new employees commence their duties within their assigned departments, they are subject to full training in professional skills, quality and hands-on practice so that they may begin to make a contribution as soon as possible.



Enhanced Leadership Skills for Primary-level Managers in China:

To enhance the leadership and management skills of primary-level managers (team leaders) in China, Lite-On has been introducing the Training Within Industry (TWI) for Supervisors program into its Chinese factories throughout 2013. The purpose of TWI was to build up a group of qualified internal instructors and standardized training materials that can be applied consistently to improve the leadership and management skills of primary-level managers.

Human Rights Training

• Corporate Social Environment Responsibility (CSER) Training:

- CSER orientation:
To help new hires develop a proper understanding of CSER and the efforts taken by the company, Lite-On has been incorporating CSER as part of its orientation programs.
- CSER e-Learning:
 - Through a series of e-Learning courses, the company addresses employees on CSER issues. In addition, courses such as "Corporate Social Environmental Responsibility (CSER)" and "Social Engagement" have been made a mandatory part of orientation.
 - Furthermore, Lite-On issues regular newsletters (LiteOn Volunteer, My Liteon) and the quarterly "Lite-On Magazine" (an internal publication) as a means of conveying CSR values, inviting employees to volunteer, and sharing what the organization has committed to and achieved.

• CSER training:

In order to provide every employee with a proper understanding of CSER, the company utilizes meeting sessions to convey the latest regulatory changes and the company's CSER efforts, thus progressively incorporating CSER into employees' daily lives.

• Electronic Industry Code of Conduct (EICC) Training:

• Classroom training:

Lite-On has already included EICC as part of orientation for new hires, which gives them an idea of how the company is dedicated to EICC values from the first day. Within the PRC, Lite-On organizes EICC awareness training on a frequent basis with each session introducing more depth and breadth to the topic, so that EICC may become a common language of all employees.

• Online training:

To more appropriately elaborate on the implications of EICC, Lite-On re-designed its e-Learning courses in 2012 based on the latest EICC4.0. Other related courses are also being introduced onto the e-Learning platform so that employees may develop their understanding of this topic in their own time.

• Training progress:

- In 2013, there were a total of 75,595 participations in EICC training (including training on human rights and anti-corruption policies), which represented 106.17% of total employees.



- In 2013, a total of 86,760.8 hours were spent on EICC training (including training on human rights and anti-corruption policies) across all employees. The following shows training hours allocated for each topic:

Courses	Training hours
EICC training	60,732.6 hours
Human rights policy training	17,352.2 hours
Anti-corruption policy training	8,676.0 hours

Note: the statistics above include Lite-On and subsidiaries including Lite-On IT, Liteon Automotive, Leotek, and Lite-On Mobile in Taiwan and China.

- The 2013 EICC Annual Meeting was held in Taiwan in March. Having received recommendations from a number of different parties, the organizer considered Lite-On the exemplar of CSER practices in Taiwan, and hence invited Lite-On's CEO to deliver a speech on "Becoming a World-class Corporate Citizen" and to share Lite-On's CSER vision, strategy, practices, examples, as well as mission and commitment to sustainability. Through this speech, the company's CEO fully demonstrated Lite-On's CSER commitment and leadership to the rest of the world.

- **Enhanced Information Security and Workplace Safety:**

In order to provide employees with a safe environment to work in and protect the company's confidential information, Lite-On has devoted significant amounts of resources to employee safety management and to protection of confidential information in the best interests of customers, employees and shareholders, while maintaining the company's competitive edge.

Lite-On has adopted an advanced security system that controls employee access to offices and plant sites according to the scope of their responsibilities. All security staff are required to undergo a series of strict background checks and to be trained in professional skills such as courtesy, traffic direction, security inspection etc. before commencing duties.



4.4 Protection of Rights and Interests

4.4.1 Protection of Right to Employment

Lite-On treats its employees as the company's most important asset; any policies related to employee interests have been established in accordance with the law:

- Lawful hiring practices

Lite-On complies strictly with employment regulations by prohibiting the use of child labor aged below 15; meanwhile, employees aged below 18 are not allowed to perform dangerous work. All changes to terms of employment have been duly notified as required by law.

- Prevention of sexual harassment and discrimination

The company strictly prohibits overt or implied sexual harassment. Apart from drafting relevant regulations, the company has established a sexual harassment prevention hotline and e-mail mailbox to receive reports of harassment from employees. Lite-On does not discriminate against employees on the basis of their race, religion, skin color, nationality, or gender. No disputes have ever arisen due to discrimination.

- Fair performance assessment

The goal of the company's performance management system is to raise performance both as an individual and as a group. The company has instituted two-way communication and implemented an employee development plan. Performance assessments are fair and reasonable, so that assessment results can provide a basis for promotion, salary increments, bonuses, and employee training. If an employee is not competent to perform his or her work, the company will assist that employee or transfer the employee to a suitable position or affiliated enterprise. If an employee still fails to fulfill the terms of the employer-employee relationship, the company will terminate the employee's contract with severance pay in accordance with relevant laws and regulations.

There are three main procedures in Lite-On's performance appraisal:

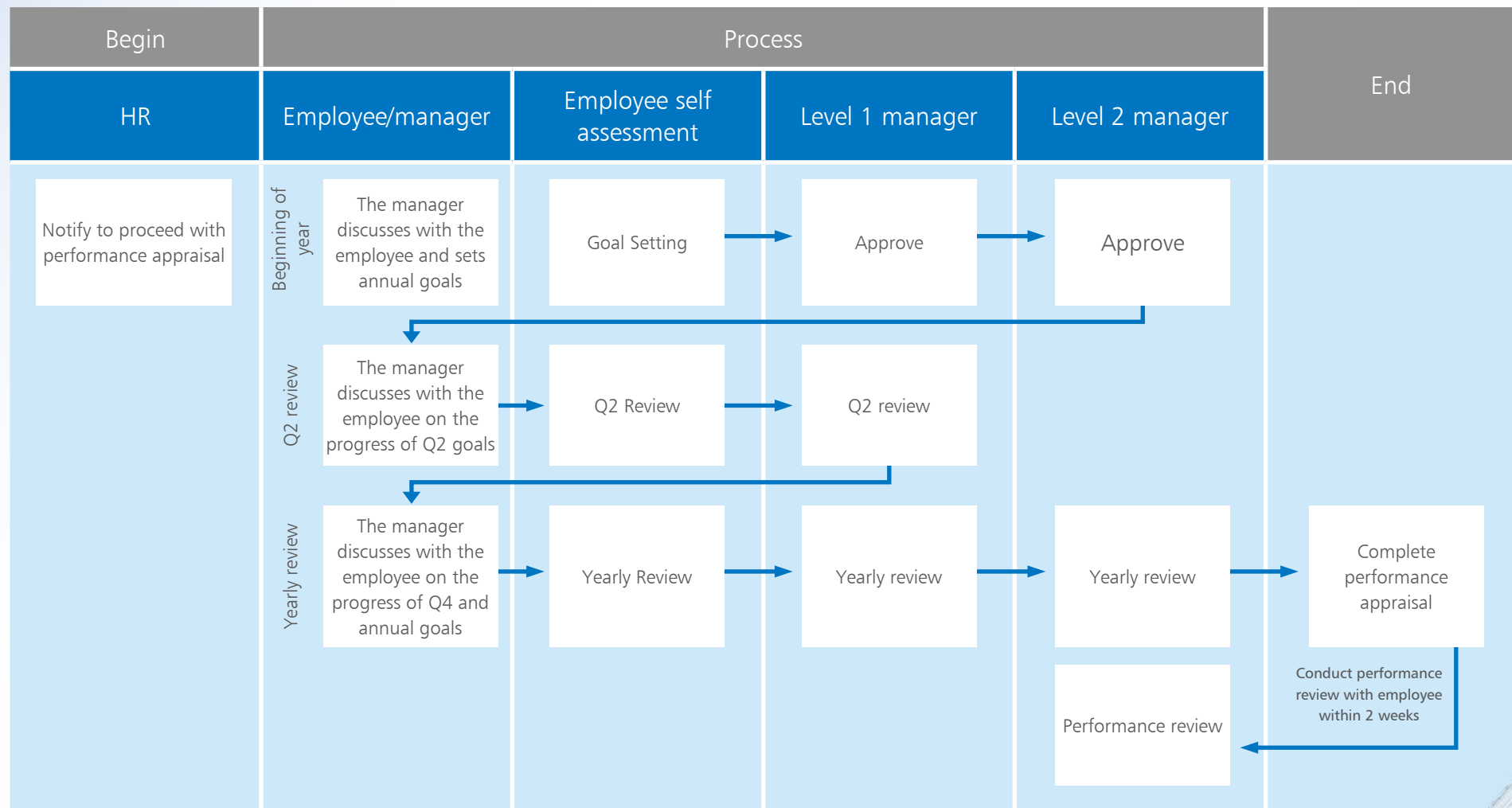
- (1) Goal setting: department managers and their staff are required to set annual performance goals at the beginning of the year.
- (2) Q2 review: department managers are required to communicate with staff on how their first-half goals have been achieved and judge their first-half performance.
- (3) Yearly review: department managers are required to communicate with their staff on how their Q4 and annual goals have been achieved and judge their year-end performance.
- (4) Performance review: this process is intended to help employees improve their future performance and create their own individual development plans (IDP) in ways that improve the company's performance. The review should be based on how the manager has rated the employee's performance and how the employee may improve and progress in the future; it is intended to be a two-way communication. The IDPs focus largely on employees' own choices; they value what employees want to achieve in life and encourage them to pursue self-development in ways that achieve the goals of the organization. In addition to having defined learning systems and roadmaps, Lite-On organizes a broad variety of internal training courses (e.g. professional skill development, quality control, management etc) each year and outlines compulsory courses that employees must take given their level, while in the meantime subsidizing those who wish to attend training courses outside the organization. Employees are free to create their own IDPs depending on their goals and needs, and are encouraged to discuss such plans with their managers. Meanwhile, the manager's role is to provide feedback, suggestions, assistance and progress tracking based on employees' performance, strengths, weaknesses, and the current status and future goals of the department.



4.4

4.4.1

Lite-On's performance appraisal cycle:



4.4

4.4.2 Salary Assurance

Lite-On places particular emphasis on how employees are compensated for their services. Regardless of where the company operates, it offers competitive compensation packages and conducts salary surveys each year to align salary levels with the current market and with the various economic indicators used in this analysis. As a means of attracting top talents, Lite-On offers some of the best starting salary packages for new hires. Employees' salaries and compensation are determined by their education, knowledge, skills, seniority, and individual performance. In no way does gender play a part in these decisions. New employees are not given different starting salaries on the basis of their race, religion, political views, gender, marital status, or union association. The company's compensation policy has been drafted on the basis of the following principles:

- Lite-On is aware of and complies with relevant local laws and regulations, strives to establish harmonious employer-employee relations within the scope of the law, and thereby promotes sustainable management.
- In order to maintain competitiveness in the employment market, pay is set and adjusted in reflection of manpower supply and demand and the profitability of product lines.
- In order to incentivize employees, the company strives to pay appropriate salaries reflecting the market value of professional functions, the contributions of employee, and the results of the performance management system.
- Starting salaries offered to new hires in Taiwan not only comply with local regulations, but are also competitive when compared to industry peers. Currently, Lite-On's starting salary is approximately 1.7 times ~ 2.1 times the minimum wage. Information on salaries offered by Lite-On's Mainland China operations is still being consolidated, given extensive differences in minimum wages across different regions and industries.
- As an added incentive to employees, Lite-On pays a performance bonus each year depending on how each individual and the company has performed. The amount of bonus granted to employees is determined by their responsibilities, contributions, and performance.

Gender Salary Differences by Job Nature (parent company):

Title	Male	Female
Technician/assistant (JG06-08)	1.52	1
Engineer/officer (JG10-14)	1.06	1
Manager (JG16-20)	1.10	1
Department head (JG21 and above)	1.00	1

According to Taiwan regulations, all employees need to be insured under the Labor Insurance and National Health Insurance schemes from their onboard date, and have contributions made to pension funds. In addition to mandatory coverage, the company also provides group insurance policies that cover: life, accidental death, hospitalization, cancer, and emergency medical treatment. Employees may choose to include their spouse/children/parents in the coverage at additional cost. Furthermore, the company offers even broader group insurance coverage for out-stationed employees, giving them peace of mind when working overseas. Compensation for overseas employees has been set at reasonable and competitive levels depending on local market conditions. Meanwhile, long-term and short-term bonuses are also offered as added incentives according to local regulations and industry practices. Overseas employees are covered by social insurance schemes as required by local regulations.

Lite-On's pension policies have been established strictly in compliance with local regulations. In Taiwan, the pension policy complies with the Labor Standards Act where contributions are made regularly to employees' pension accounts; in China, employees are insured according to local regulations in order to secure a comfortable lifestyle after retirement.



4.4

4.4.3 Pension Policy

Lite-On makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan. In Taiwan, employees' pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme). Employees who came onboard on or before June 30, 2005, are entitled to carry forward their years of service from the old scheme to the new scheme. Under the old scheme, the company contributes 2% of employees' monthly salaries into a pension account held with the Central Trust of China. This reserve has accumulated to NT\$860 million to date, and is sufficient to provide for employees' retirement needs.

Under the new scheme, the company contributes 6% of employees' monthly salaries into their personal pension accounts. In addition to the contributions made by the employer, employees may also choose to contribute another 0%~6% of their salaries into their pension accounts.

Region	Pension plan	Percentage of salary contributed to the pension fund	Pension participation rate
Taiwan	Old scheme (The company's pension account)	Employer 2% Employees 0%	100%
	New scheme (Employees' personal pension accounts)	Employer 6% Employees 0-6%	
China	Social insurance (Employees' personal accounts)	Employer 10-20% Employees 8-11%	100%
Thailand	Social Fund (Gov.) (Employees' personal pension accounts)	Employer 5% Employees 5%	100%



4.5 Employee Relations

Harmonious employee relations are founded on good communications, which is why Lite-On and its subsidiaries value the importance of internal communications and make available the following channels:

- Every business unit is required to conduct monthly management meetings and organize two-way discussions with employees on a quarterly or monthly basis (a total of 29 sessions were held in Taiwan and 201 sessions overseas in 2013). These meetings and discussions enable management to communicate directly with employees regarding their vision and hence develop common goals. Employees may also use this opportunity to provide feedback and suggestions, and hence maintain harmonious relations.
- Internal publications: employees are encouraged to write articles and share their ideas in the company's internal publications (the quarterly Lite-On Magazine in Taiwan, and monthly periodicals at overseas sites), while management uses this media to report on corporate performance and disseminate news on various events, so that employees around the world may have a better understanding of company matters. In 2012, a dedicated platform was created for internal publications, which allows employees to read, learn and share information online through the e-Learning Center.
- Internal announcements: depending on the nature of announcements made, the company distributes newsletters such as "My Lite-On," "ER Team," "Lite-On Volunteer" etc and uses its "HR Portal" to provide employees with information on the company's latest activities. The company also issues questionnaires after each event to collect suggestions that can be adopted for further improvements.
- "Employee Grievance" channels: the company has grievance hotlines, e-mail mailboxes, opinion boxes and counseling stations available to receive employees' opinions and suggestions. In 2013, there were no employee grievances in Taiwan whereas more than 200 cases were received overseas, 100% of which were resolved. Every business unit has an exclusive HR representative assigned to respond to employees' opinions and needs.

- Union association: a local union has been established for employees of Lite-On Zhonghe First Plant; 46% of Zhonghe plant workers have joined this union. Union directors and supervisors organized a one-day summer trip this year for members as a means of building employee relations. Outside Taiwan, Lite-On's Chinese plants at Guangzhou, Changzhou and Dongguan have also established their own unions; the Guangzhou union currently has a 95% participation rate, the Changzhou union has a 9% participation rate, while the Dongguan union has just been established and started recruiting members. Union representatives have been assigned to each department to learn employees' needs and suggestions and have them resolved during regular meetings. The unions also take the initiative in organizing activities (group trips) and programs that aim to protect employees' rightful interests and maintain harmonious employment relationships.

Lite-On prohibits all kinds of sexual harassment and discrimination within the workplace. Employees are assured that they will not be discriminated against based on their race, religious beliefs, skin color, nationality, or gender. In addition to outlining clear rules and policies (e.g. Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment, Employee Moral Guidelines etc), Lite-On has also setup e-mail mailboxes and hotlines that employees may use to report sexual harassment. There are strict confidentiality rules in place to protect the complainant's identity. There has never been any incident of sexual harassment or discrimination within Lite-On.



China plant sites - opinion boxes

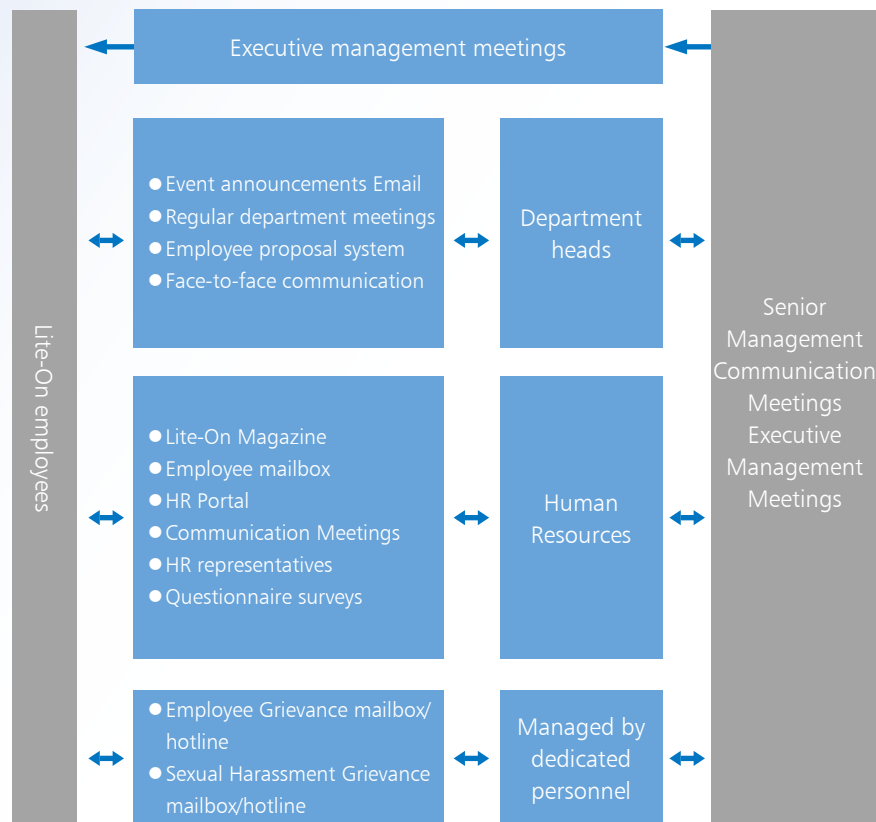


China plant sites - counseling stations

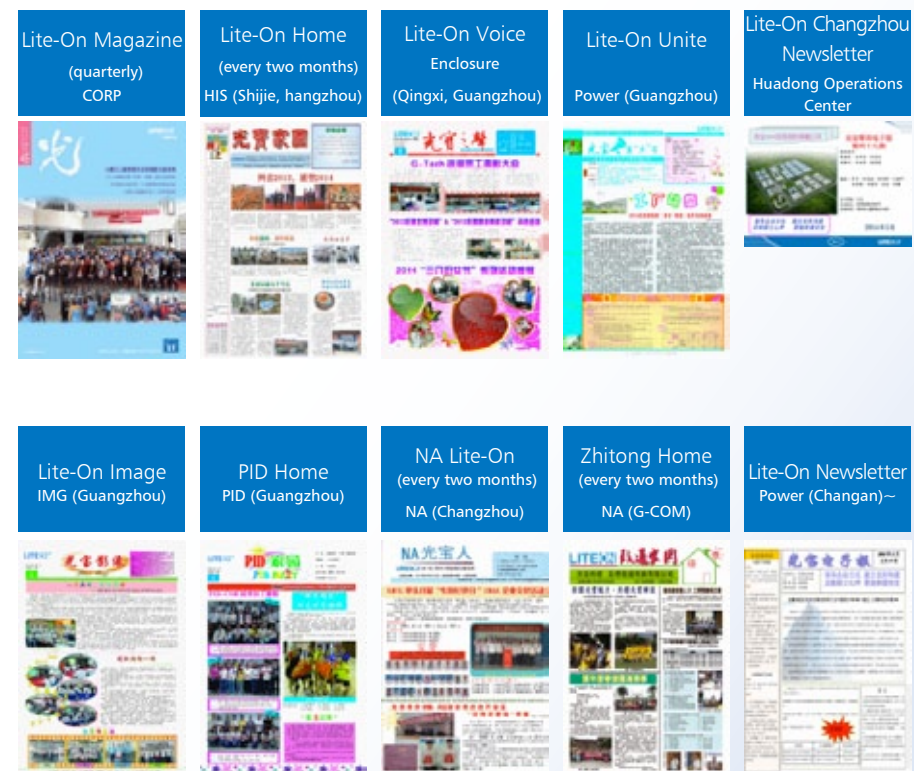


China plant sites - counseling stations

- Internal communication channels: Lite-On has established employer-employee consulting mechanisms in accordance with local laws and regulations. Employees' rights to consultation are fully protected by law. Employees are able to reflect any work-related concerns through the various channels provided within the company.



- By sharing internal publications over the e-Learning Center, employees are able to acquire the latest information of other plant sites. Distributing this information electronically instead of as hard copy is also the most practical way of protecting our natural environment.



4.6 LOHAS Lite-On



Lite-On provides comprehensive welfare systems throughout its worldwide locations to give employees the best care possible. The company has also established relevant committees according to the law in order to enhance employee welfare. In addition to securing their basic welfare, the company has made it part of its mission to offer employees a "passionate, motivating, innovative, and growing" environment to work in, making their service at Lite-On an enjoyable experience.

4.6.1 Diverse Welfare Systems

Lite-On offers employees a multitude of welfare initiatives such as commendations for long service, commendations for excellence, festive events, fitness centers, group insurance, emergency aid, birthday and festive gifts, marital subsidies, birth subsidies, hospitalization and funeral relief, training subsidies, children's education subsidies, EAPs, medical counseling and all other welfare measures as required by law. Though some welfare details may differ from plant to plant, welfare measures in place nevertheless comply with and even surpass the requirements of local laws.

To help employees bond and raise work morale, Lite-On sponsors employees to establish social clubs, and subsidizes them in the form of funds or event venues so that they may enjoy a balanced, healthy and joyful work life. Employees are assured that they will not be treated differently in any way due to race, gender, nationality, religious beliefs, political views, or union associations.



4.6

4.6.2 Diverse Recreational Activities

Each year, Lite-On organizes a broad variety of motivational events ranging from group trips, competitions, group dinners, hiking, to year-end/new year celebrations. The company also provides employees with personal travel subsidies which they can use to plan trips for the family. "Happiness Seminars" are held each quarter to brief employees on a variety of topics including professional skills, mental health, personal growth etc. Recreational facilities such as libraries, fitness centers, and audiovisual equipment have also been made available for employees to share their experiences, learn together, and relieve stress.

1. Group trip - the company organizes regular group trips and encourages employees to bring their family members along. Employees in Taiwan bring more than one family member on average, through which they also can identify with the company.



2. Competitions - the company organizes sports and singing competitions on a yearly basis, while each department also organizes its own competitions depending on employee suggestions. Apart from competitions, the company also organizes fun games as a means to let off steam.



4.6

4.6.2

3. Festive events - the company joins its employees in the celebration of traditional festivals.



4. Happiness Seminar - experts from different fields are invited to share their knowledge on work, physical health and mental health for the purpose of achieving a work-life balance.



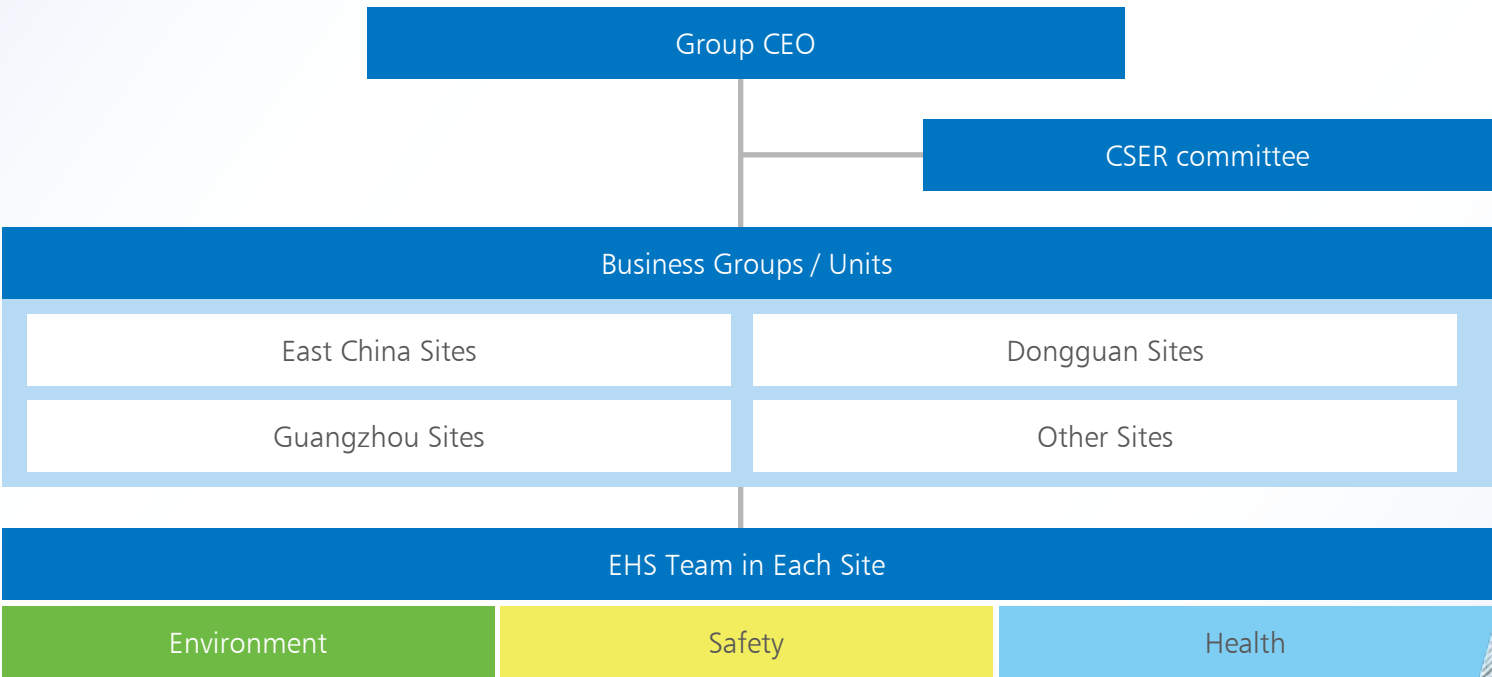
5. Year-end party - during the year-end party, the company conveys its hope of working with employees to achieve further growth, and to take corporate social responsibilities to a higher level to create a brighter future.



4.6.3 Environment, Health and Safety

Lite-On places emphases on its EHS (Environment, Health and Safety) performance management. Lite-On is dedicated to providing the safest, the most environmentally friendly, and most effective production sites for the benefit of customers, partners, and the community. EHS management is considered part of Lite-On's competitive advantage, and is hardwired into the corporate DNA. Lite-On has an MOE (Manufacturing Operation Excellence) Department directly under the Group CEO that specializes in setting strategies and policies, and coordinating resources to guide, assist, and confirm that EHS targets have been met. Lite-On values the importance of ongoing EHS improvements. Every production site has an EHS team headed by the highest ranking officer and a committee founded in accordance with the law whose missions involve attaining ISO 14001 and OHSAS 18001 certification, and applying PDCA cycles. In an attempt to minimize intensity of energy consumption and greenhouse gas emissions, Lite-On's Neihu headquarters introduced an ISO 50001 energy management system in 2011, which was certified in 2012. EHS management has become an important part of Lite-On's values of "customer satisfaction," "execution in excellence," "innovation," and "integrity." Lite-On pays particular attention to stakeholders' needs, and through management efforts, a workplace is built that is as safe and healthy as it is comfortable and environmentally friendly.

Lite-On Environment, Health & Safety (EHS) Organization Structure



4.6.3

- Worker Health and Safety Committees in Place at Each Plant

Lite-On's production sites are mainly located in Taiwan, China and Thailand. According to the laws of Taiwan, every company is required to establish a committee dedicated to promoting worker health and safety affairs. Though no such requirement exists in China or Thailand, Lite-On has nevertheless created similar organizations to involve employees in Lite-On's health and safety affairs. Below is a summary of workers' participation in health and safety organizations throughout Lite-On's global locations, and the critical issues discussed in 2013.

Region	Taiwan	China	Thailand
Percentage of employee representatives in the worker health and safety committee	78.8%	Not applicable	45.5%
Critical issues discussed	1. Traffic safety 2. Employees' health (weight loss, hypertension etc)	1. Machinery safety and protective measures 2. Chemical protective measures 3. Safety label identification	1. Safe goods movement 2. Traffic safety 3. Machinery safety and protective measures
Note	The committee has 33 members; 26 of whom are employee representatives.	Though no committee has been established, employee representatives are still able to be involved in worker health and safety affairs through unions.	The committee has 11 members; 5 of whom are employee representatives.

- Comfortable Working Environment

Lite-On provides employees with facilities such as fitness centers and libraries that help them stay healthy and relieve stress. A "Cultural Corridor" has also been maintained to develop employees' cultural awareness. Each plant site features a spacious and

comfortable cafeteria where employees can dine without food safety concerns, fully furnished with service providers including travel agencies, cafes, grocery stores etc.

- Health Promotion and a Safe Working Environment

Lite-On actively complies with the requirements of the Labor Safety and Health Law and its enforcement rules, Labor Health and Safety Facilities Regulations, Labor Inspection Law and its enforcement rules, Hazardous Work Place Review and Inspection Rules, Strengthened Labor Health and Safety Management Guidelines, Labor Standards Law and its enforcement rules, and Health and Safety Facilities Standards. Lite-On provides pre-service health examinations and health and safety training to new employees. We also provides regular health examinations for in-service employees who perform particularly hazardous work, who must also use appropriate safety equipment. Lite-On further implements health examinations focusing on specific items, performs health management, and regularly holds health and safety training classes, including classes on such subjects as electrical safety, use and management of hazardous articles and substances, and how to avoid unsafe actions while working, as well as conducting regular fire drills. In 2013, Lite-On performed 19,913 health examinations for employees and there were 107,890 participations in fire prevention, health and safety trainings.

In order to prevent occupational diseases and occupational accidents, all plants have established EHS promotion task forces, which work in conjunction with internal audits and headquarter audits (consisting of annual environmental safety, work safety, health, and fire safety activities). These task forces oversee environmental health and safety, and improvement actions throughout Lite-On. A zero workplace accident scorecard is a key operations and management indicator.

In accordance with EHS regulations and its management systems Lite-On has tracked statistics on occupational injuries (including those occurring while commuting) in 2013. Lite-On and its subsidiaries (Lite-On Mobile and Lite-On IT) have been able to



4.6

4.6.3

reduce the frequency of injuries despite different boundary. However, there was a rise in the severity of disabling injuries compared to the previous year, and analysis has shown that these injuries occurred mostly to male employees due to a lack of care while operating machinery. Lite-On will continue to investigate the root causes of these injuries and prevent recurrences through corrective measures, improved procedures, training, and eliminating of behaviors and workplace arrangements that are unsafe to workers. In terms of injury-induced absences, Thai males represented the highest frequency at 0.0298% whereas Thai females represented the lowest frequency. On a worldwide perspective, the group's overall absence rate has been measured at 0.0089%. According to employees' health examinations results, no work accidents happened as a result of occupational illness.



Disabling Injuries Statistics

Region	Frequency Rate (FR)						Severity Rate (SR)					
	(million work hours)			(200,000 work hours)			(million work hours)			(200,000 work hours)		
Male/ Female	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Taiwan	1.00	0.76	0.92	0.20	0.15	0.18	2	2	2	0	0	0
Mainland China	1.33	0.65	1.03	0.27	0.13	0.21	15	7	12	3	1	2
Thailand	2.89	0	0.51	0.58	0	0.1	36	0	6	7	0	1
Global	1.28	0.61	0.98	0.26	0.12	0.2	14	6	11	2	1	2

Injury-induced Absence

	Male	Female	Total
Taiwan	0.0024%	0.0018%	0.0022%
Mainland China	0.0125%	0.0062%	0.0097%
Thailand	0.0289%	0%	0.0051%
Global	0.0116%	0.0055%	0.0089%

Formula:

1. Frequency rate of disabling injuries (FR) = number of disabling injuries × 1,000,000 / total work hours elapsed [for statistics presented per million work hours]
2. Frequency rate of disabling injuries (FR) = number of disabling injuries × 200,000 / total work hours elapsed [for statistics presented per 200,000 work hours]
3. Severity rate of disabling injuries (SR) = total work days lost × 1,000,000 / total work hours elapsed [for statistics presented per million work hours]
4. Severity rate of disabling injuries (SR) = total work days lost × 200,000 / total work hours elapsed [for statistics presented per 200,000 work hours]
5. Injury-induced absence (%) = total hours lost / total work hours elapsed × 100

Number of disabling injuries refers to the number of deaths, permanent total disabilities, permanent partial disabilities, and temporary total disabilities suffered by workers due to occupational accidents.

Total work days lost refers to the total number of days that workers are unable to work due to one accident. The number of days that an injured worker is rendered temporarily (or permanently) unable to work does not include the day of injury or the day of resumption, but does include all days in between (including Sundays, public holidays, and off-days of the business unit) and any days after resumption that the worker is unable to work due to injuries suffered from the accident.

Total work hours elapsed refers to the total number of work hours performed by all employees within the reporting period.



4.7 Multi-Stakeholders Collaboration Initiatives

IDH project implemented together with Hewlett Packard (HP) and Netherlands-based Sustainable Trade Initiative (IDH)

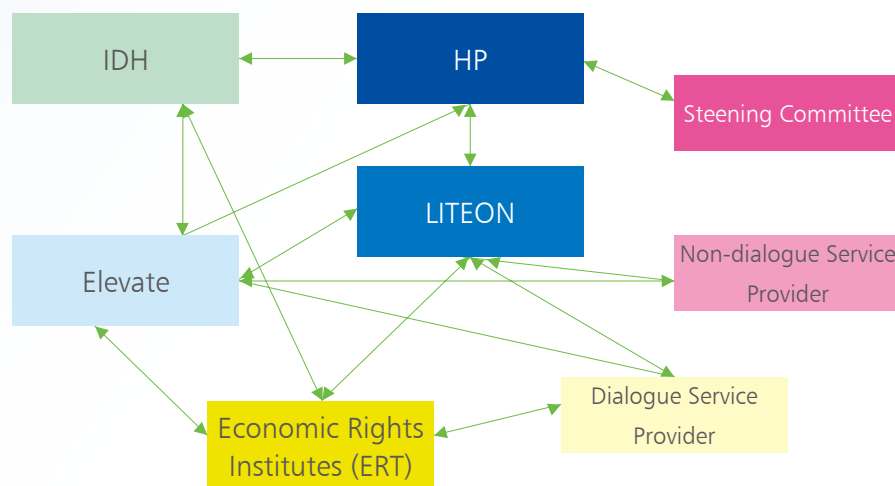
Project Goal:

This project is a two-year training program to develop better means of communication between employees and first-line managers, while improving communication and problem-solving skills. The project also seeks to explore effective solutions that address environmental or safety issues currently existing within the factory.

Project Description:

Since the commissioning of the Changan Plant in 2012, the project introduced by the Netherlands-based Sustainable Trade Initiative (IDH) has greatly improved the plant's performance. It also gained the highest level of enthusiastic participation from Lite-On employees.

IDH Stakeholders



- Background of IDH: IDH is a non-profit organization founded by the Dutch government and four electronic brands, and sponsored by governments and NGOs, to carry out social responsibility projects all over the world.

An IDH project aims to raise the performance of an electronics manufacturer through four main approaches.

These four approaches are:

- Employee satisfaction
- Employee communications with management
- Working terms and conditions
- Energy conservation & carbon reduction

- Entry Point Assessment: to understand the current status of the factory, Elevate assigned specialists to conduct full-scale assessments on-site.

Assessment method:	Scope of assessment:
1. Interview with senior, mid-level and product line managers.	1. Company background and prospects.
2. Employee survey.	2. Employee size and age distribution.
3. Survey of management through self-assessment.	3. Key customers and products
4. Elevate team observation	4. Employee satisfaction.
5. Communication between management and employees.	5. EHS management.
6. EPA reports.	6. Attrition rate.
	7. Work hours.
	8. Average output per person.

Through the activities listed above, Elevate was able to determine the current status of the factory, and start devising improvement solutions.



- Assembly of a Continuous Improvement Team: to give the project a good start, we assembled a Continuous Improvement Team (CIT) that comprised of employees of all levels. The CIT was given the responsibility to work with HP and Elevate in making improvement plans for the factory, and to coordinate meetings, implement plans, monitor progress, and report regularly to the management regarding any problems and weaknesses found during the project. It provided administrative, policy and technical support to all those who were involved in the project.
- Development of New Multi-skill Training Programs: through intensive discussions between Elevate and factory management, they were able to devise training courses that conformed to the factory's needs and implement over a number of stages:

- Improving communication skills and enhancing frontline management

1. Psychology 101
2. PAC psychology
3. A-A communication
4. The four "tells" during communication
5. Thinking from the other person's position
6. Secrets to enjoying work
7. Self communication
8. Communicating with superiors;



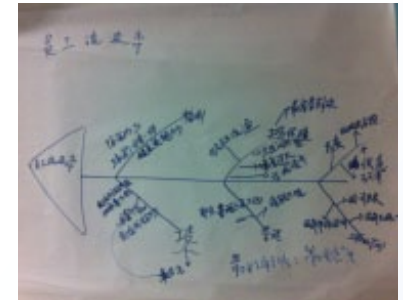
- Roles and responsibilities

1. Employees' roles and purposes within the management system
2. Importance of an employee representation mechanism
3. Rebuilding an employee representation mechanism into CIT.



- Compromise and problem-solving

1. Compromise: Exploring mutually beneficial solutions by thinking from the other person's position and accepting some of their ideas
2. Describing causes and solutions to problems by drawing fish bone diagrams
3. Categorization of management roles.



- Employee's view survey and reporting

1. Know your colleagues
2. Tasks of an employee representative; 3. Prioritizing perspectives
4. Skills and paths of effective communication
5. Discrepancy analysis
6. Open information and harmonious problem-solving.



- Develop a Culture of Safety: to Lite-On, EHS management is a broad topic that covers everything from occupational health (hazards such as dust, noise and chemicals, and use of personal protective equipment), work safety (use of machinery, power safety, elevated work, forklift safety, crane safety etc.) to fire safety. To enhance EHS management, IDH invited experts from Sun Yat-Sen University's Lingnan College to conduct on-site assessments and training. Under their guidance, management was able to raise health and safety awareness throughout the factory, and identify several weaknesses in its daily management. These weaknesses were later resolved through enhanced control over occupational health, chemical use, fire safety, and hazard identification.

Project structure:



On-site assessment - 1 day

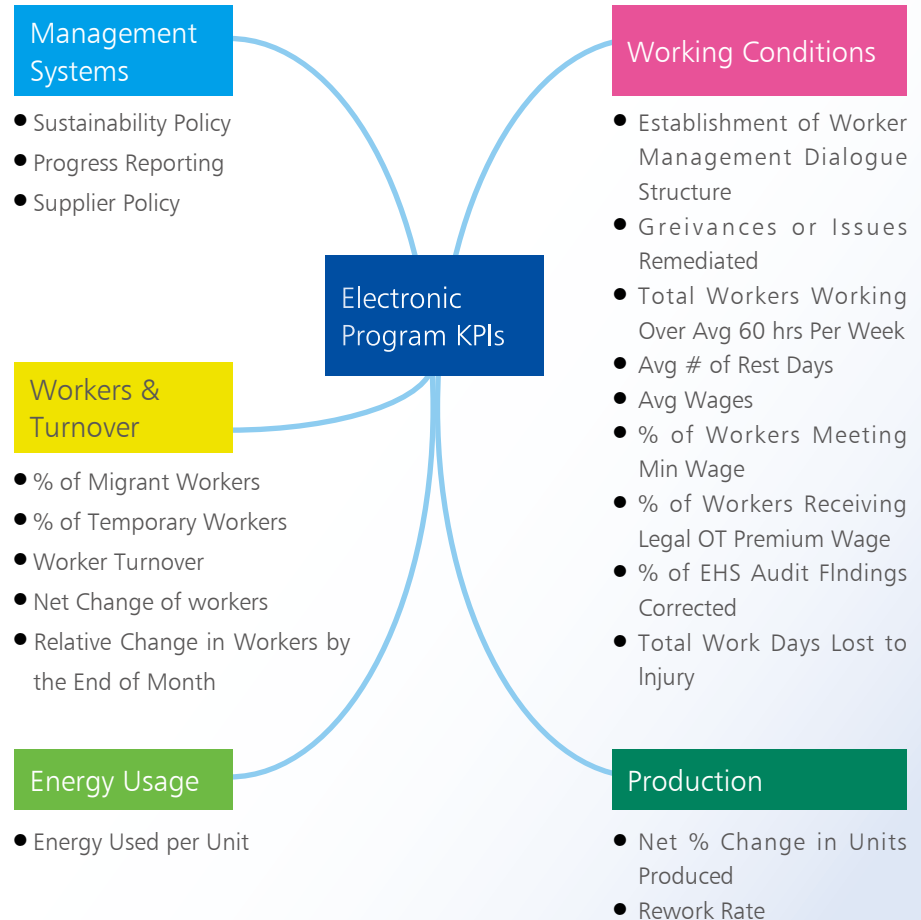


Group training - 2 days



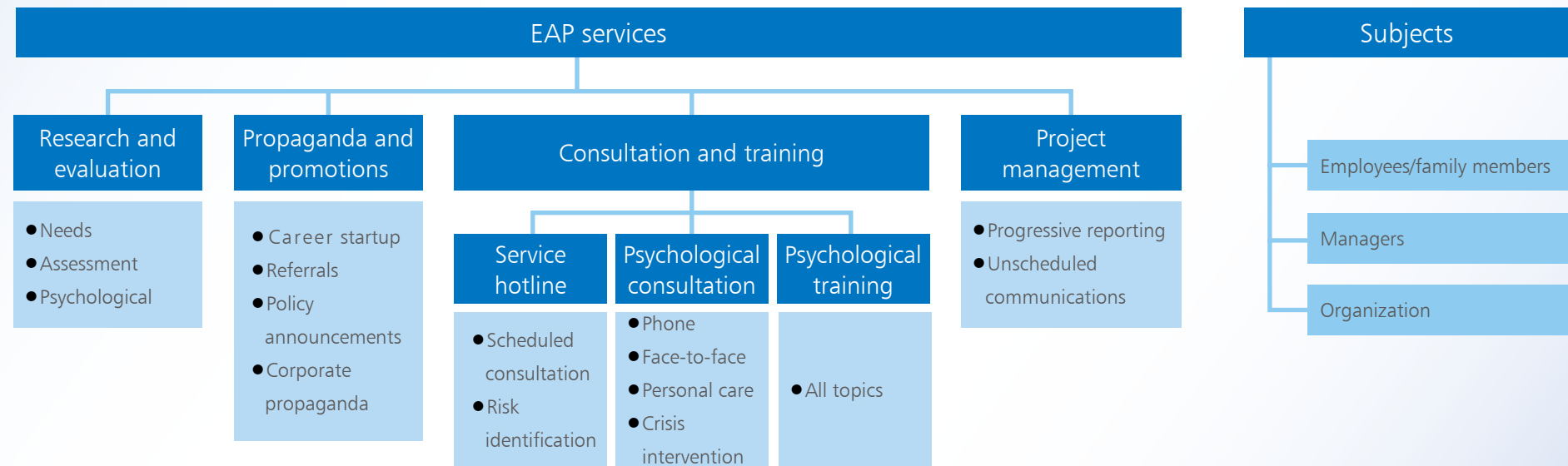
Follow-up guidance - 1 day

- Key Performance Indicators: based on the monthly statistics generated systematically by the factory for various key performance indicators (KPI) (including work force, working hours, salaries, work injuries, power consumption, rework rates, employee feedback etc), the project team was able to analyze the factory's conditions throughout various stages of implementation. These KPIs were also compared to other suppliers who had completed the same project to highlight the company's strengths and weaknesses, and thus provided a useful reference in management decision making.



- Employee Assistance Program: the rest of this section will focus on Lite-On's Employee Assistance Program (EAP). After discussions with the project team from Elevate, a preliminary solution was figured out that was adequate for the time being, which was to collaborate with China EAP Service Center (CESC) for the development of an in-house EAP. The goal of the EAP is to provide a complete package of professional services that could help employees and their family members with any problems encountered in life, and therefore assure the health and well being of employees so they can contribute to the company and advance in their career paths, while building a harmonious environment that ensures sustainability of operations.

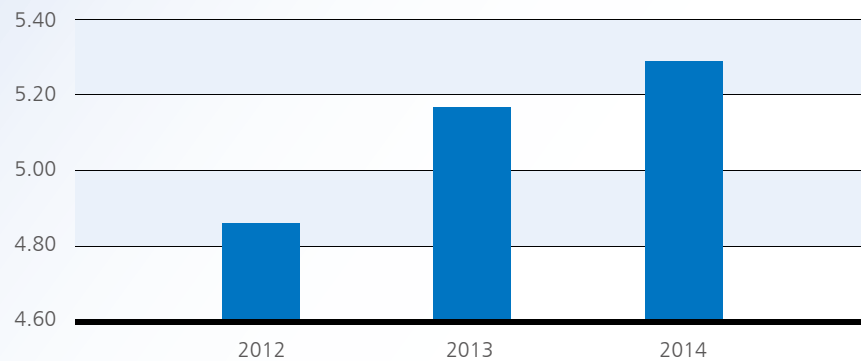
EAP Service



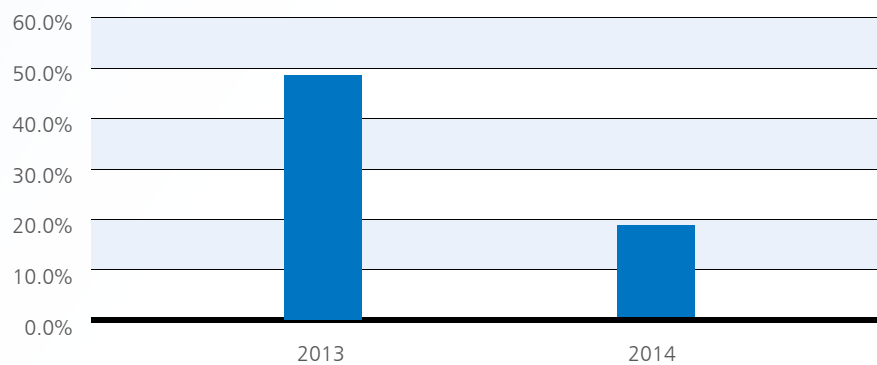
After more than one year of hard work, the IDH project achieved outstanding results. Its contribution is reflected in the form of more pro-active and effective communication between employees and management, an overall improvement in employee satisfaction, and a reduction in attrition rates. Both HP and Elevate recognized what Lite-On had achieved via the IDH project. While being satisfied overall with the outcome of the IDH project, the company also discovered several weaknesses in the appointment of employee representatives and in the way the union is being run. Senior management has taken a great interest in these issues, and has committed to directing more attention on issues of employee health, communication, and the union in 2014. In the meantime, the factory will also be working more closely with HP and Elevate to deliver better performance.

The following are comparisons of key statistics before and after the project:

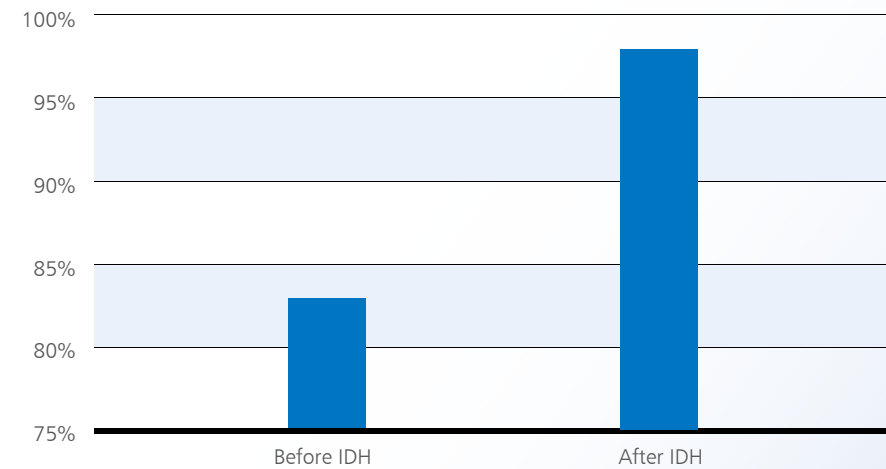
Employee satisfaction



Attrition rate at Chinese New Year



EHS awareness



Chapter 5

Lite-On and Society



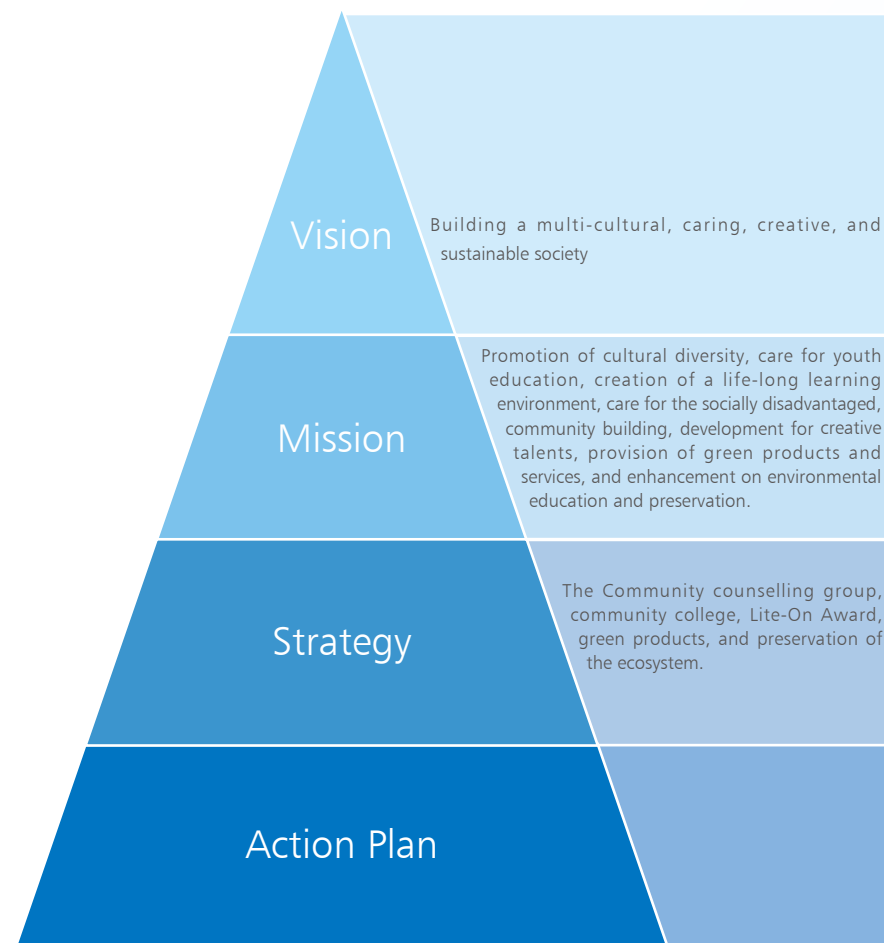
5.1 Community Involvement Policy

Lite-On has long committed to Community Involvement with the goal of "giving back what is taken from society," especially given escalating problems involving upbringing of youngsters, lack of life-long education resources and creative talent, and a deteriorating natural environment. Lite-On's social engagement efforts have focused on building a multi-cultural, caring, creative, and sustainable society. In order to achieve this vision, Lite-On has identified seven critical missions: promotion of cultural diversity, care for youth education, creation of a life-long learning environment, creative talents, provision of green products and services, and environmental education and preservation. Accomplishment of the above missions depends on how strategies are executed. Some of the actions taken include: a community counseling group, community college, Lite-On Award, green products, and preservation of ecosystems. To execute the above strategies, Lite-On has taken steps to recruit and train volunteers for different cultures, offered two days of volunteer leave per year for employees to get involved, implemented training/service/supervisory systems, launched a community college with environmental courses, engaged world-class designers as juries for Lite-On Award, assisted in the mass production of innovative designs, developed green products, adopted environmentally-friendly designs, and planted trees to create natural habitats.

Lite-On's Community Involvement Expenses in 2013

Item	In multiples of NT\$10,000
Donations	5,480
Event costs*	963
Total	6,443

* Event costs represent actual dollars spent by Lite-On on philanthropy activities, and does not include manpower or supplies given to support such activities. Furthermore, event costs do not include expenses paid by Lite-On Cultural Foundation.

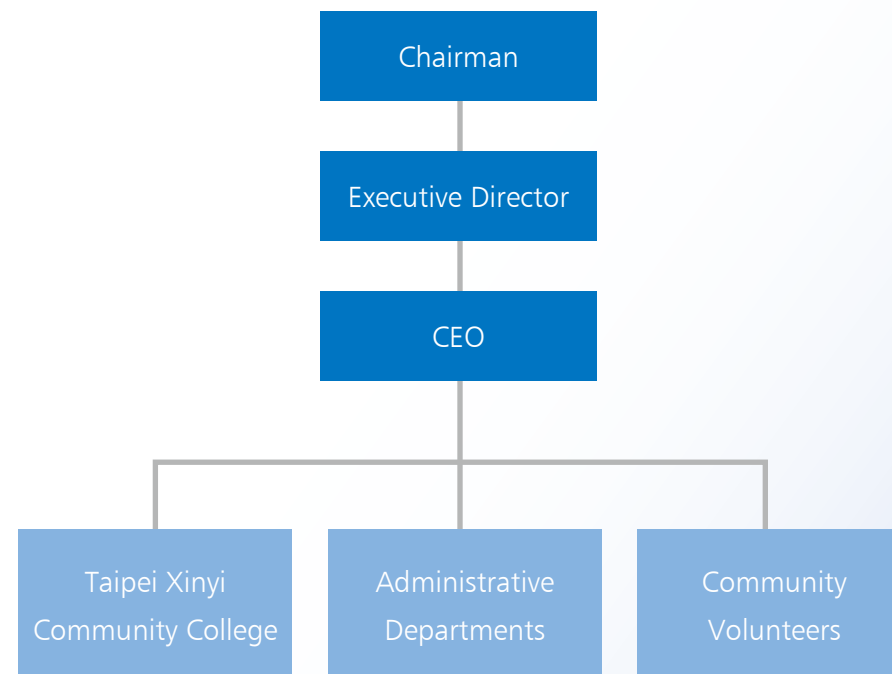


5.2 Lite-On Cultural Foundation

Founded in 1993, Lite-On Cultural Foundation is now in its 20th year. The Foundation has been actively involved in community building since it was first established; the Community Volunteer program, which began in 1998, has also run for 15 years to date. The four main goals of the Foundation are: nurturing cultural character, promoting charitable works, caring for corporate culture, and supporting children's growth. Through the Community Volunteer program, the Foundation has devoted itself to building a quality learning environment for children; by working with the government, education is brought to women and their families; with the establishment of the Xinyi Community College and corporate volunteer policy, the sustainability of efforts is ensured.



Organizational chart of Lite-On Cultural Foundation



5.2

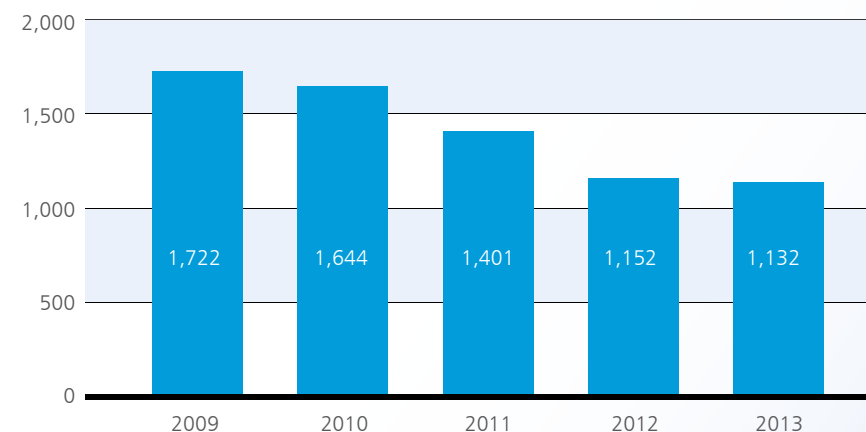
5.2.1 Community Volunteers – "Shining a Light on Disadvantaged Children"

The Foundation began helping Taipei Municipal Minzu Elementary School assemble its own community volunteers and train them in 1998. Consisting mostly of housewives, these community volunteers extend their motherly love to assist schools, teachers and parents in caring for children that require special attention, and keeping them company so that they can build up confidence as they grow. More than 100 schools have signed up over the last 15 years; the program has assisted an average of 1,400 children for the last five years, and has set a good example of "love within the community."

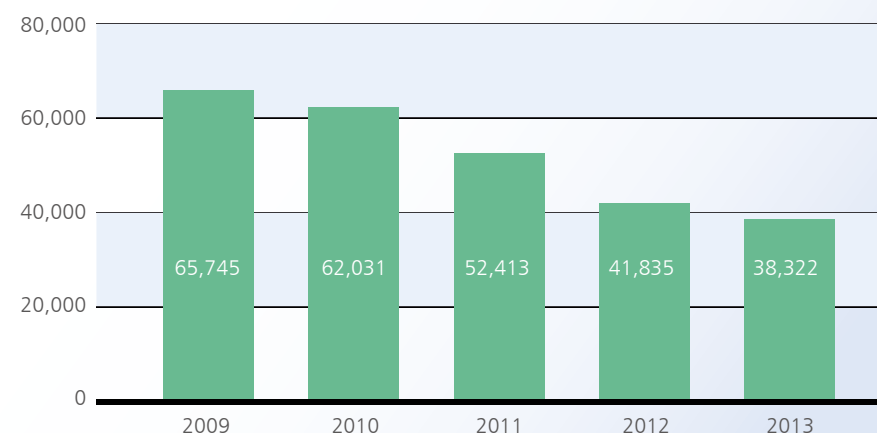
Due to falling fertility rates in recent years, the number of new elementary school students has been steadily declining; meanwhile, the stagnant economy has also forced many parents to seek employment, which directly affects parents' participation in the Community Volunteer program and the number of students they can help.



No. of people served by Community Volunteers



No. of hours of service by Community Volunteers



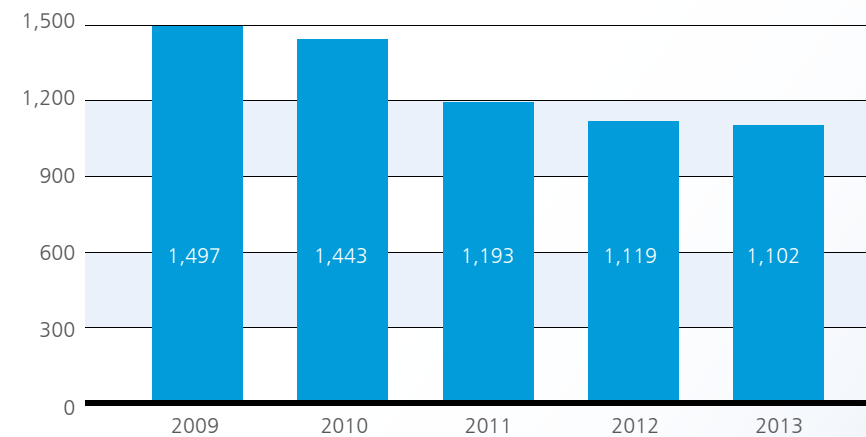
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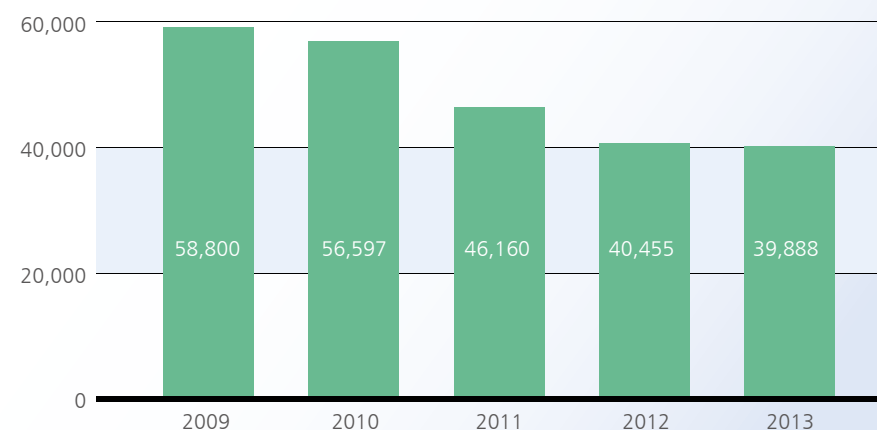
The Community Volunteer program is a service devoted to promoting education within the local community; it has a systematic training process that trains Community Volunteers in the care of disadvantaged children and disabled families in ways that have a profound effect on individuals, families, and the community as a whole.



No. of community volunteers trained



Hours spent on training community volunteers



5.2

5.2.1

• Long-term Training of Community Volunteers; Innovative Courses for Parents

Over the last 16 years of our Community Volunteer program, the Foundation has developed more than 50 courses that cover topics from psychology, community volunteering, multi-culturalism, sensory development, lifestyle and aesthetics (environment-related), life-long education (character-related), to narrative (free-style writing). The contents of these courses are published in the Community Volunteer Fortnightly Newsletter.

Towards the end of December 2013, Lite-On published its first parenting book for Community Volunteers, entitled "A Walk Through Spring and Summer." The book captures the details of lives through images and text, and documents the change of seasons as well as the rituals we perform. It is about spreading the seeds of good hope so that someday readers can harvest their own happiness for themselves and their families.



Community Volunteer Courses Introduced in Recent Years

Course name	Course goals
Sensory Development - Happy Family 123	Through multimedia tools and exercises, participants are made to believe that culture exists everywhere, and are more able to cherish human coexistence.
An Encounter with Globalization and Multi-culturalism	he 21st century is the era of globalization; how do we raise our children to withstand competition from all over the world? What values do we convey to our children? How do we develop our children's ability to adapt to the pace of the world and to the mixing of cultures? Every child deserves to be confident and happy about their own future.
Sensory Development - The Creativity of Games	(1) Through the use of systematic training, the Foundation helps participants learn more effectively and apply what they learn in family relations and recreational activities, helping parents develop closer interaction with children. (2) The Foundation encourages parents to learn with their children, share life experiences through games and storytelling, and help children grow in multiple aspects including their imagination, expression, creativity, logical thinking, and character. (3) Through different exercises, parents and volunteers are helped to learn more about children's mental and physical health, and ways to better accompany children during their growth are introduced.
Sensory Development - Building Good Relations	Helping women develop good life relationships. Forms of communication and relationships that people should maintain in marriage, family, parenting, work, and social life are explored; and ways to maintain these relationships through self-awareness, aesthetics, and by knowing family roles are taught.
Happy 100 Multi-cultural education for new immigrants	The course used illustrated books and proceeded through a variety of means such as small group discussions, exploration, role-playing, experience sharing, games, videos..... etc. Each session was given a specific theme and goal. Volunteer trainers were trained to communicate and admire the cultural variety around us, and help new immigrants blend into the Taiwan lifestyle, making Taiwan their new home.

5.2

5.2.1

Course name	Course goals
Building Good Relations	Japanese writer Haruki Murakami used the word "shoukkako" to describe a small but defined happiness in life, and the purpose of this course was to inspire women to create happiness within their own families and communities through handicrafts and storytelling.
Life-long Happiness	The course was about broadening women's learning experience and helping them develop learning habits within their families through means such as writing, handicrafts, and experience sharing.
"Seasonal Harvest" - Creating Rituals in Life	Participants were encouraged to maintain a photo diary to record their daily lives. With narrative exploration, written annotation and sharing of feedback, one's inner life can become more harmonious and peaceful.
"Seasonal Harvest" - Creating Rituals in Family	The course taught people how to use their senses to explore and experience the little details in life, and discover the many different ways we are connected to nature, the changing seasons, and the land we live on. It utilized a variety of means such as discussion, narration, writing, handicrafts, pictures, photos, music, and light traveling to help people find their passion in life.

• Promotion of Adult Education for Community Volunteers

The Foundation also encourages community volunteers to actively involve themselves in adult education and form book clubs that set good examples for their children. Between 2007 and 2012, a total of 21 community volunteers were able to enroll in post-graduate studies. In 2012, the Foundation assisted in the founding of an "NTNU Post-graduate Book Club;" a total of six community volunteers joined and they all successfully enrolled into the post-graduate courses of their choice in the following year (2013). There was one other senior community volunteer who enrolled to study at the Institute of Life and Death Education and Counseling, National Taipei University of Nursing and Health Sciences.

Community Volunteers' Involvement in Adult Education and Post-graduate Studies

Name of Department	National Taiwan Normal University Department of Adult & Continuing Education	Other departments	Total
Year			
2007 、2008	3	0	3
2009 、2010	8	1	9
2011 、2012	6	3	9
2013 、2014	6	1	7

Note:

- National Taiwan Normal University Department of Adult & Continuing Education recruits students once every two years.
- Other post-graduate courses including Master of Arts in Christian Care and Counseling (Taiwan Theological College & Seminary), Master of Child Development (National Taipei University of Education), Master of Cross-strait Relations and Security (Ming Chuan University), and Master of Life and Death Education and Counseling (National Taipei University of Nursing and Health Sciences) recruit students once every year.



5.2

5.2.1

- **Development of e-Learning Platforms**

Since 2010, the Foundation has been making information regarding community volunteer courses, services, curriculum, organization, adult education, lifestyle & aesthetics, book clubs, and parenting available on its online platform. A Facebook page has also been created to enable more rapid dissemination of information. The e-Learning platform enables community volunteers to access and share new information at anytime, and learn about volunteer services and resource referrals that are happening right now, which has broadened the vision and service quality of volunteers, making learning a life-long journey.

Since April 2011, the Foundation has been publishing a "Community Volunteer Fortnightly Newsletter" that conveys the beauty of life and culture, among other important messages relevant to the Foundation. A total of 18 fortnightly newsletters were published in 2013, making it one of the key means through which the Foundation communicates with community volunteers. Web link: http://www.liteoncf.org.tw/edm_list.php

- **Scholarship and Donation Platform for Disadvantaged Students**

In 2013, the Foundation passed a "Youth Scholarship Policy" and raised donations from the public to subsidize tuition expenses for socially disadvantaged junior high school and elementary school students. In doing so, the Foundation hopes to help students build up confidence and skills and eventually escape from financial distress, creating a "cycle of love" within which they can grow up to give back to society. The Foundation hopes to implement this platform throughout its entire organization and spread love to a greater number of students in need. A total of 13 students benefited from this program in 2013.

- **Strategic Alliance for Life-long Learning and Service**

The "Community Volunteers" is a program that requires a multitude of resources. Training of volunteers takes one to three years, and care for children may be as short as one semester or as long as two to three years or more. It is a program that requires long-term devotion and assistance from schools as well as other institutions. For this reason, finding ways of directing resources to the subjects of the Community Volunteer program has become the main concern, and the Foundation's solution to this concern is to form "strategic alliances" that complement each other in terms of resources.

Strategic AllianceChart



5.2

5.2.1

Strategic Alliance Projects in 2013

● Professional Institution - Teacher Chang Foundation

To accommodate the training of community volunteers, Teacher Chang Foundation referred a number of experts on social affairs, mental health counseling, family education, lifestyle and aesthetics etc, for whom the foundation arranged to give speeches at schools and in the local community. By promoting the idea of "learning through practice," the foundation aims to raise the quality of its trainers and the quality of services performed. Six sessions were held in 2013 for a total audience size of 617.



5.2

5.2.1

- Non-profit Organization - Wan Long Christian Church

The Wan Long Program started in November 2008 mainly for the purpose of assisting disadvantaged children with their after-school studies. These children were mostly from WanFu Elementary School, an institution supported by Lite-On's Community Volunteer program. It serves approximately 20-30 students each semester. Each year during summer vacation, community volunteers mobilize instructors and interns to lead camp activities. Given the success of last year's "Food Camp," the foundation once again organized a 2013 camp with the theme of "Food Concepts." The camp lasted five weeks over 10 sessions, during which a total of 25 students participated. The camp taught children new ideas and experiences about food through play and eating, two of their favorite activities.



5.2

5.2.1

- Government Institution - New Taipei City Family Education Center

The foundation was commissioned by New Taipei City Government to help train local schools in providing women's education. First, recruitment seminars were organized to explain how a volunteer system is founded and operated. Second, a course curriculum was designed, training sessions organized and systematic and ongoing supervision provided.

Projects collaborated in with the New Taipei City Family Education Center in 2013 and no. of participants:

Project name	Duration	No. of participants
2013 - "New Family Education Program"	2013.4 - 2013.7	1,964
2013 - "Seasonal Harvest" - Creating Family Rituals	2013.9 - 2013.12	2,400



- Development of an Academic Exchange Platform

Each year during summer vacation, the foundation recruits college interns to participate in summer internships. The summer internship program gives students the chance to put theory into practice and be enlightened for future studies. The internship program took on eight interns in 2013; they were from the Department of Human Development & Family Studies (National Taiwan Normal University), Department of Family Studies and Child Development (Shih Chien University), and Department of Child & Family Studies (Fu Jen University).



5.2

5.2.1

• 2013 Community Volunteers Output Yields

1. Direct Benefit

Year	Item	No. of beneficiaries/ participants	No. of community volunteers trained	No. of times trained	No. of hours trained	No. of small group counseling services	No. of individual counseling services	Hours of community volunteer services
The Foundation Community volunteer program	2013	29,667	1,102	15,955	39,888	11,387	2,325	38,322
	2012	30,127	1,119	16,182	40,455	11,657	2,288	41,835
	2011	35,935	1,193	18,464	46,160	13,753	3,718	52,413
Strategic alliances	Teacher Chang Foundation	2013	617					
		2012	959					
		2011	855					
	New Taipei City Government	2013	4,364					
		2012	7,760					
		2011	5,700					
	Wan Long Christian Church	2013	330					
		2012	600					
		2011	420					
Total	2013	34,978	1,102	15,955	39,888	11,387	2,325	38,322
	2012	39,446	1,119	16,182	40,455	11,657	2,288	41,835
	2011	42,910	1,193	18,464	46,160	13,753	3,718	52,413

2. Indirect Benefit

Item	Calculation content		Basis of calculation
Training of Community Volunteers	2013	1,102 persons x \$4,000/person = \$4,408,000	Teacher Chang Foundation, Shiu-Li Lih Memorial Foundation, and Care Counseling Center quoted course fees at NT\$4,000 ~ NT\$6,000; hence calculation was made using the lowest rate of NT\$4,000.
	2012	1,119 persons x \$4,000/person = \$4,476,000	
	2011	1,193 persons x \$4,000/person = \$4,772,000	
Community volunteer service hours	2013	38,322 hours x \$400/hour = \$15,328,800	For small group activities, the government has set standard rates of NT\$400/hour for internal instructors and NT\$800/hour for external instructors; calculations were made using the lowest rate of NT\$400.
	2012	43,185 hours x \$400/hour = \$17,274,000	
	2011	56,733 hours x \$400/hour = \$22,693,200	
Total	2013	\$ 19,736,800	
	2012	\$ 21,750,000	
	2011	\$ 27,465,200	



5.2

5.2.2 Taipei Xinyi Community College

1. A Community College That Adopts Corporate Management

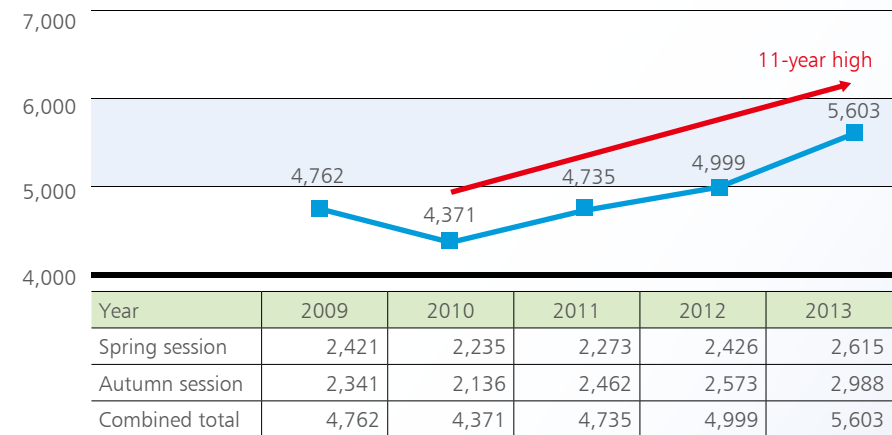
Relying on its long-term community development experience, the Lite-On Cultural Foundation began the formal process of establishing Xinyi Community College in 2000 as a model of lifelong learning in the midst of society. The college received approval and began enrolling students in 2001. Xinyi Community College offered more than 305 courses in 2013 and received a total enrollment count of 5,603.

Among the 12 community colleges in Taipei City, Xinyi Community College is the only one that is run by a corporate-funded foundation, making it the only community college that has the long-term support of a private company, whether in terms of management or resources.

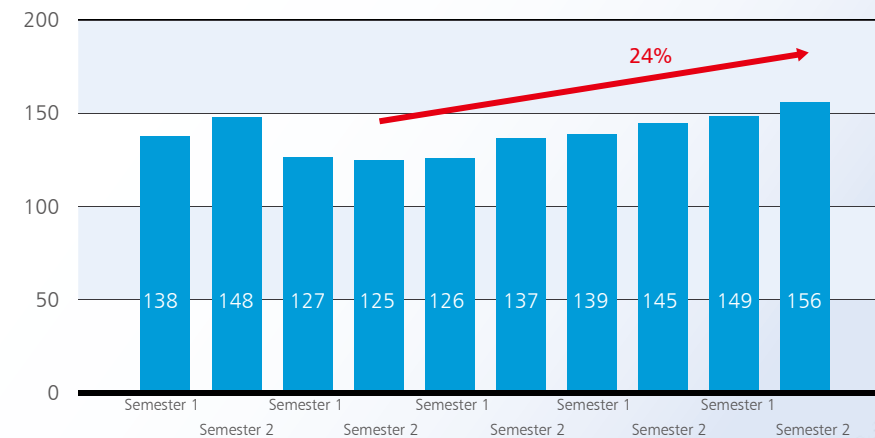
What Distinguishes Xinyi Community College:

Dedication to the fundamental ideals of education; rigorous course planning, detailed structuring of the knowledge roadmap; thorough review via tuition conferences; development of featured courses; all-round and timely services to students; good interaction with peer institutions; a stable management team; and solid contributions to the local community.

Student Headcount Over 5 years (10 Semesters)



Courses Offered Over 5 years (10 Semesters)



5.2

5.2.2

● Introduction of Corporate Management

As a corporate-sponsored community college, the institution has adopted corporate management systems that "transform" it from a typical college.

Lite-On has committed management talent to assist the community college in adopting a results-driven approach to education. This ensures that goals are achieved as planned without straying from the charitable nature of a non-profit organization. Meanwhile, the management has also introduced methodologies such as "Mindset, Change for the Better," "Roles & Responsibilities," "Outside-in, Benchmark," "Best Practice," "Lessons Learned," "PDCA" and "Teamwork" to change the conservative mindset of a typical college, and develop one that sustains over the long term.

Management Goals:

KPI	2011	2012	2013	2014 (Target)
A. Average student headcount	2,368	2,500	2,800	2,900
B. No. of green courses	7	12	18	20
C. No. of disadvantaged students	70	84	97	120

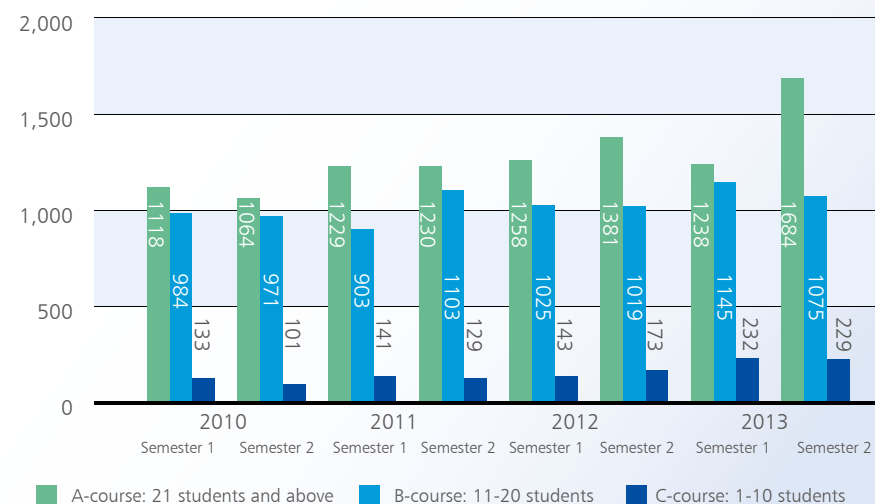
Course development and life cycle management:

To continually improve the quantity and quality of courses offered by the community college, the management has introduced a product development system used in corporate decisions and modified it to accommodate the community college. The system involved the following practices:

(1)	In response to market demand assign ratings for courses: A rating of "A" represents that the course is popular or is consistently in demand, while a rating of "B" denotes potential increase or decline in demand, and "C" represents that the course either requires improvements or is out-dated. Through these classifications, the College is able to devise recruitment strategies and targets specifically for each course.
(2)	Introduce prominent courses and celebrity instructors: By observing the types of courses offered in other institutions, the College is able to save time and effort spent on developing new courses, while in the meantime keeping pace with market trends and directing resources towards course innovations.

Course Rating Enables Effective Management

Tuition Performance Chart (ABC Course - Recruitment Count)



5.2

5.2.2

- Practical Learning Environment for Corporate Volunteers

With the help of the Lite-On Cultural Foundation, the community college was able to call on Lite-On employees to join its Volunteer Club in the care of low-income elderly living alone in Xinyi District. Some of the activities organized for these elderly included: Dragon Boat Festival celebration, one-day Autumn Festival trip to Yilan, tea party, and a trip to Lanyang.

These corporate volunteers were able to gain a sense of achievement no less than if they had been at work. They also took time to post their thoughts on personal blogs where love could be shared, felt and spread. (A total of 25 corporate volunteers participated.)

- The Volunteer Club and Its Community Services

The Volunteer Club is a team of distinguished individuals. It won the Outstanding Volunteer Citation Award from the Taipei City Government's Department of Social Welfare in 2008 and 2011; because of a restriction allowing nomination only every three years, Xinyi Community College can be considered the only community college in Taipei to win this award back-to-back.

The Volunteer Club has a chairperson, a vice chairperson, and various team leaders to support club affairs such as correspondence, entertainment, health, and IT. Every volunteer is devoted to assisting the college administration in creating a quality learning environment.

2. Course Philosophy and Features

Given the prevailing challenges in our education system, Xinyi Community College has adopted a pro-active mindset of "Change for the better!"

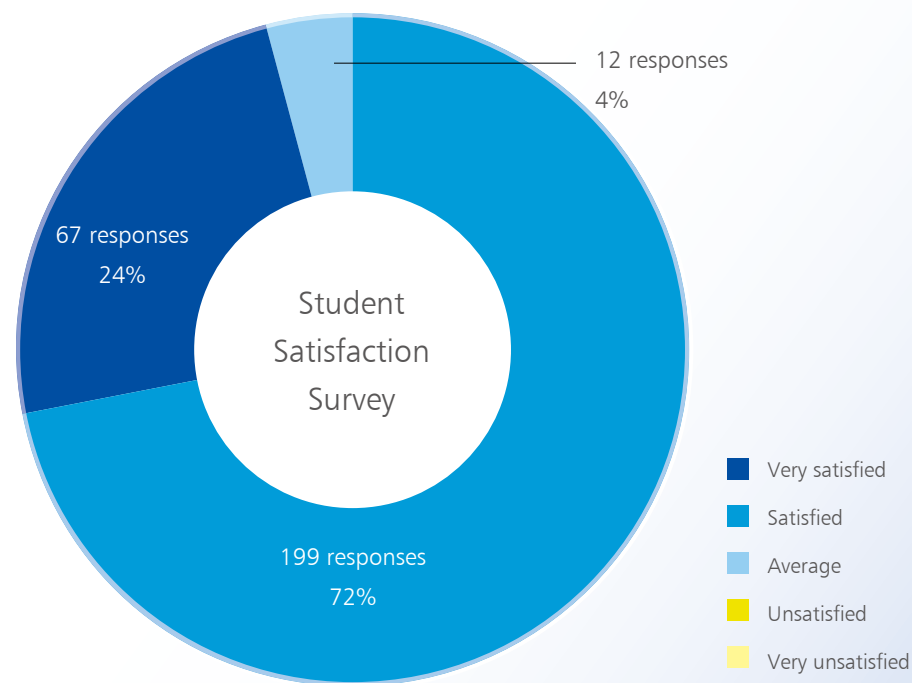
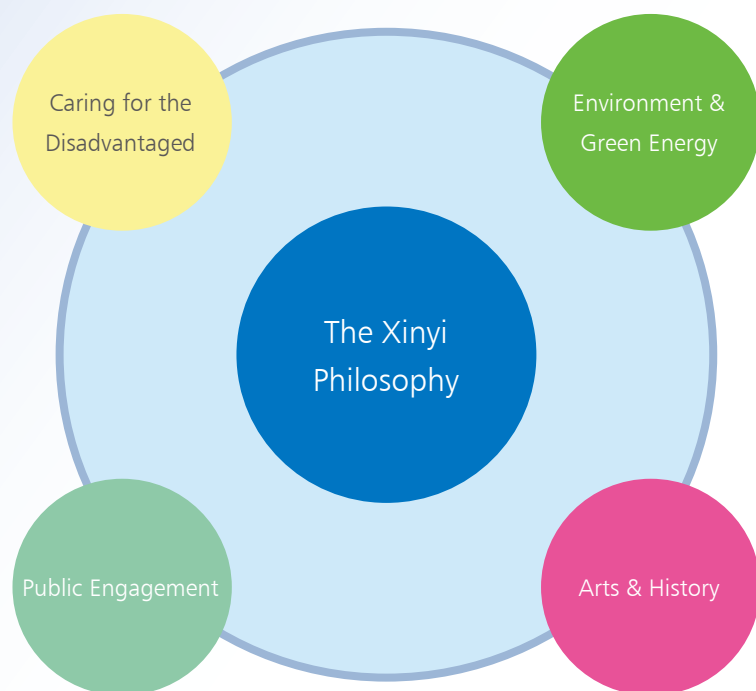
The community college was initially set up with the goal of providing education for adults, and offering a place of life-long learning for local residents. This purpose has been truly reflected in the ways the college recruits its students.

The college recruits students in January, June, July, December each year; enrollments are open to anyone with a desire to learn, and can be completed on-campus or online.

As for community development, the college has also been fulfilling its role as part of its daily operations.



Our Tuition Philosophy



5.2

5.2.2

● Environmental Sustainability: Promotion of a Green Lifestyle

Xinyi Community College is the only location in Taipei City that has a green roof to demonstrate organic farming. It offers organic farming courses to residents within and outside the local community, and leads in the promotion of green lifestyles by planting trees, teaching proper ways of farming, and constructing hiking trails.



In 2009, "Hsi Liu Environmental Greening Foundation" completed its green roof construction for Xinyi Junior High School; on November 8 of the same year, the organic garden atop the green roof was put into use. Since then, volunteers have been maintaining their "Rooftop Farm" with great success. The volunteers donated their harvest entirely to the "Taiwan Cancer Friends New Life Association" to the benefit of 160 cancer patients and provided 320 hours of voluntary services.

Course name	Progress	No. of participants
Organic farming	By working on a real organic farm, participants were able to enjoy the farming life and learn about farming and healthy diets. These courses successfully promote a simple, green, organic, and healthy lifestyle.	125
Taihe Village Organic Farming Experience Course		
Taihe Village Organic Farming Practical Course		
Taihe Village Organic Farming Advance Course		



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5.2.2

- Education for the Disadvantaged: an Education Platform for Disabled Adults.

Through alliances with NGOs, the college is able to offer courses for mentally disabled persons and accompany them on outdoor education excursions, with positive results. To care for low-income elderly living alone, the Volunteer Club joined Lite-On's corporate volunteers in organizing festive banquets and outdoor trips for disadvantaged elderly.



Given that Taiwan lacks an education platform that specializes in designing courses for the intellectually disabled, Xinyi Community College has gone to great lengths to draw on its limited resources and launch a series of tertiary courses for the intellectually disabled, the first institution to have done so in Taiwan.

Course name	Progress	No. of participants
Recreational Camp - Basketball Basics	These courses offer disabled people the opportunity to learn and gain life experience. By engaging community residents in fun games, students are taught the importance of group activity and interaction with the community they live in; in return, community residents become more accepting of persons with disabilities. Meanwhile, these activities enable closer interaction across different neighborhoods and contribute towards a harmonious society.	131
Recreational Camp - MV Street Dancing		
Recreational Camp - Painting		
Recreational Camp - Photography		
Recreational Camp - Angel Garden		
Lu Yao Carpentry Repair Society	The course provides training in carpentry skills so volunteers can repair wooden furniture in the homes of low-income elderly living alone.	12
Computer basics for new immigrants	The course familiarizes new immigrants with the use of technology both at home and at work.	15

The "Angel Garden Workshop" is a theme-based course. For every theme taught, there is one indoor session followed by 1~2 outdoor sessions. The course format is highly favored by both students and parents.

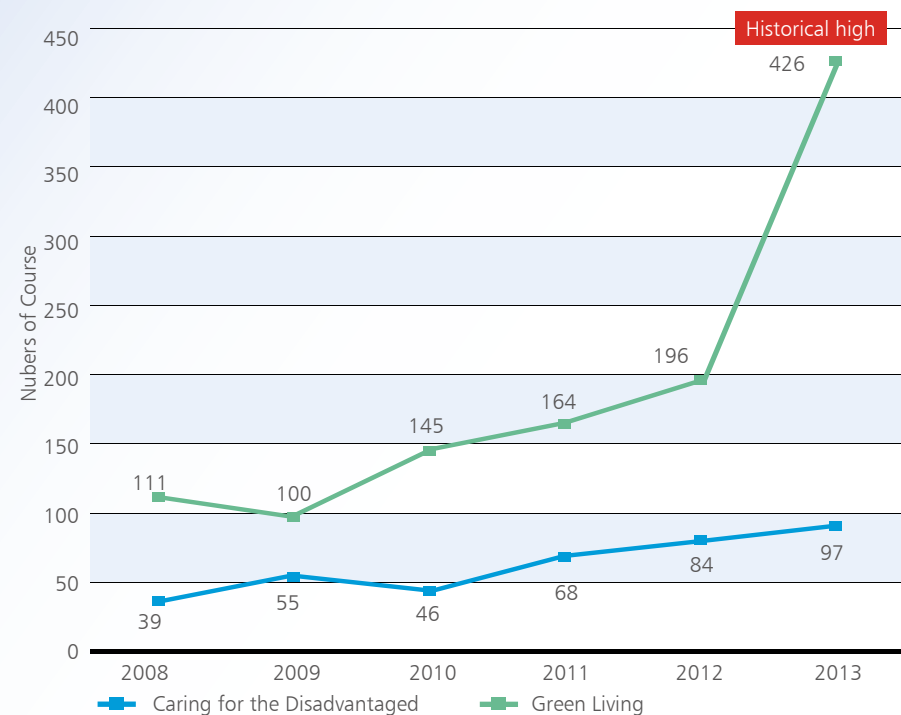
For this reason, Xinyi Community College was invited by the Ministry of Education to elaborate on this course at a nationwide education conference.

In addition, the creativity demonstrated in the courses for the disabled has also captured the attention of other community colleges. Neihu Community College, for example, has already adopted the concepts of the "Basketball Basics" course and applied them in their own training.

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5.2.2

Increasing Number of Green Courses and Courses for the Disadvantaged



Student opinion: an article about how Xinyi Community College offered tertiary education for the intellectually disabled, published on page 3 of the bi-monthly periodical of The First Social Welfare Foundation.

http://www.diyi.org.tw/DB/photo/epaper/epaper10012-28/no_98.pdf

- Arts and Aesthetics: Courses That Match the Professional Standards of Those Offered Elsewhere

After 3~10 years of study in arts courses offered by the community college, students are able to demonstrate near-professional standards at various exhibitions held in Taipei City.



In addition to annual paper-cut art exhibitions at Sun Yat-Sen Memorial Hall, in 2012 the college has also been assisting art students with exhibitions at Sun Yat-Sen Memorial Hall and CKS Gallery.

Furthermore, the college collaborated with Xinyi Assembly Hall and Songshan Cultural and Creative Park in organizing a creative photography exhibition that explored new angles to admire our cultural heritage.

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Course name	Progress	No. of participants
Local Scenery Sketching	The course has students draw the beauty of the communities they live in. It is intended to inspire interest in drawing and broaden the imagination while allowing students to apply what they have learned.	42
Exploring Xinyi	The course features a personal tour to experience how Xinyi District used to be, how it has progressed and where it stands now. With a basic understanding in mind, students are encouraged to think about how to promote green lifestyles in Xinyi District. For the purpose of this course, Taihe Village was chosen for students to personally involve themselves in the promotion of green lifestyles, and to experience for themselves how to build a sustainable city.	30
Images of local history	The course offers students an opportunity to participate in the realization of a historical creative space. Over a total of five photography assignments, students were guided to brainstorm and present Songshan Tobacco Factory both as a historical structure and as an open space. Apart from capturing real objects, the course also introduced the use of illustrations.	32
A tour through original plant life in the community	The course took students along Chongde Street and up to Bai Chongxi's grave, the 228 Victims of Political Persecution Shrine, the Muslim cemetery, the ancient tea trail, the Tiao-mi Historical Trail, and ended at the Qingshui Zushi Temple and Wusheng Temple. The tour also included a guide to native plant life that helped students understand more about Li-An Li.	28

- Civil engagement: building the community awareness and character of a good citizen
To embrace its civil duty as a community college courses and seminars are arranged to address public issues. For example, since the outbreak of SARS in 2003, the College has been collaborating with the Department of Health in organizing seminars, training courses, and community services to raise the public's awareness of disease prevention and reporting. Involvement in this public issue is still ongoing after nine years.



The community college has long been devoted to connecting with the local neighborhood and encouraging students to give back to the community with the skills they have acquired. By involving students in "public affairs," the college hopes to build a civilized society and fulfill its duties as a citizen.

Course name	Progress	No. of participants
Public Health Boot Camp	Health is attained not by chance but by design. "Public Health Boot Camp" broke down the concept of health into defined objectives and actions that students could learn and put into practice. The course also aimed to train students to become instructors and spread public health awareness among the community.	67



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5.2.2

3. Positive Benefits and Social Influence of Xinyi Community College

● Motivation for Ongoing Adult Education Within the Local Community

The role that the community college has played over the last 12 years has brought stability and maturity to the community. From government policy debates to caring for the environment, the socially disadvantaged, arts and culture, the college has been actively involved and made significant progress. Over the course of its existence, the college has also been associated with many organizations and developed the ability to influence social issues, making it a strong supporter of social movements.



● A Nurturer of Secondary Talents

Xinyi Community College offers a variety of activity clubs from belly dancing, flamenco dancing, paper-cut arts, Tai Chi, choral singing, carpentry to golf. These activity clubs provide the opportunity for students to exchange and practice what they learn in courses; some of whom have even attained the status of assistant instructor or instructor as a result:

Instructor	Student Roll of Honor
Li Wan-Ru	Lin Hsin-Chieh was a student of the 2008 Basic Belly Dance Course; in 2012, she taught her own Advanced Belly Dance Course with 20 students enrolled. They performed during the 2012 National Day celebrations.
Tsai Wen-Hsun	Chang Yu-Fen was a student of the 2005 Embroidery Course; in 2012, she took over as instructor of the Embroidery Course with nine students who exhibited their work at the Arts Showcase and Taipei Medical University Library.
Lien Mei-Chun	Hsu Lin-Hua was a student of the 2004 Advanced Flamenco Dance Course; she taught her own Basic Flamenco Dance Course in the summer of 2012 with seven students, and continued in the autumn that followed.
Chen Chi-Chun	Bai Yi-Hsin was a student of the 2010 Organic Farming Course; in the summer of 2012, Bai taught a Basic Organic Farming Course with 24 students enrolled.
Yuan Yu-Hua	Li Yen-Ching was a student of the 2003 Silver Accessories DIY Course; in 2013, Li taught the new DeCoRe Jewelry Course.
Cheng Ken-Chien	Chen Bo-Ren was a student of the 2003 Cheng Tze Tai Chi Course; in 2010 he taught his own Beginner Tai Chi Course.
Chen Bao-Yu	Public Health Boot Camp remains active in training new instructors



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5.2.2

● Promotion of a Green Community and Organic Lifestyle

(1) Green living	As a response to global warming, especially in urban areas where the greenhouse effect is more prominent, the college has been offering courses on subjects such as hiking, gardening, preservation of native species etc. to ensure the sustainability of our environment. These courses introduce practical ideas including the restoration of the ecosystem, green roofs, green households, and green communities as viable solutions to carbon emissions and energy issues.
(2) Organic farming	The community college has a green roof available for experimental and teaching purposes. To make full use of this facility, the college offers organic farming courses that teach urban residents ways of growing toxin-free vegetables and fruits up on their own roofs, gardens or land. The college has also been expanding the scope of its organic lifestyle seminars in an attempt to popularize organic farming.

● Bonding of Community Residents

After several semesters of study, students of the community college tend to bond and create associations that share their study interests, such as: singing, golf, Tai Chi, hiking, urban farming, English, painting, paper-cut arts, calligraphy, martial arts etc. These associations become an alternative means of learning for people who do not have the time to enroll in courses, and dissolve boundaries among urban residents.

● A Corporate Volunteer Training Platform

Xinyi Community College not only trains Lite-On's corporate volunteers, but also has an experienced "Volunteer Club" to lead Lite-On corporate volunteers into action. "Learning through practice" is how Lite-On's corporate volunteers are taught to care for low-income elderly living alone and persons with disabilities.

● Incorporating Health Programs into Teaching

(1) Shuangxi Lite-On Reserve	Having achieved success in its organic farming courses, the community college has gone on to organize a larger organic farming course at the Lite-On Reserve located in the Shuangxi District, New Taipei City. Lite-On employees who spend their days chained to their cubicles are encouraged to bring family members to the reserve to enjoy a green lifestyle. This venue is expected to be turned into a training center for Lite-On's employees, at which time more will be able to benefit.
(2) Artistic skills development	To accommodate the busy schedules of the working population, the community college has made arrangements to hold its guitar and ukulele courses at Lite-On's office building. Over a period of 12~18 weeks, the course provides employees with the opportunity to relieve stress and develop instrument skills, as well as a common interest through which they can bond and inspire self-development.
(3) Promoting study habits within families	Among the many courses offered by the community college, those that are taught outdoors such as organic farming and hiking are the most significant in terms of promoting study habits within the family. At first, those who enrolled in courses at the community college were mostly retirees and home makers; but as they enjoyed new relationships and a sense of accomplishment, they were willing to share this joy and encourage family members to join them. With Lite-On's employees participating in organic farming this year, the course has become a weekly gathering for families.



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- A Stress-relieving Environment

The college offers courses such as green lifestyles, music, painting, sketching, physical fitness etc. for students to relieve stress and achieve a degree of self-healing. The hiking course, for example, helps office workers move their stiff bodies so that they may return to work with better efficiency.

The creative graffiti course, on the other hand, provides a means through which students may express their troubled thoughts; and with the instructor's guidance, they are able to see themselves from a different perspective and avoid falling into depression.

Lastly, the organic farming course helps students get in touch with nature in ways they never imagined possible. By engaging students in actual hands-on practice, the course is much more powerful than if it was purely taught in the classroom.

- Becoming a Benchmark for Other Community Colleges

The college has achieved significant success in offering courses for disabled people, such as: basketball, MV dancing, rock'n roll, clay modeling, and the Angel Garden program.

Xinyi Community College is so renowned for its success that it was invited by the Ministry of Education to share its experiences at a nationwide education conference. In particular the attention given to these special children is greatly appreciated by their parents, who time and time again have written and called to express their gratitude. The achievements of the college have captured the attention of other community colleges in recent years; Neihu Community College, for example, has already adopted the concepts of the "Basketball Basics" course and applied them in their own courses.



5.3 Lite-On Volunteers

Lite-On is a family of love. Besides its pursuit of business growth and profitability, the company also cares about sustainability and the welfare of its employees. Lite-On fulfills its duties as a corporate citizen by "giving back what is taken from society," and by leveraging its corporate influence. Lite-On has identified four directions for its social engagement efforts: community care, environmental sustainability, talent nurturing, and charity & sponsorship. Each of these objectives is executed with clear goals through a number of pro-active activities, in which all Lite-On employees are invited to participate.

Lite-On also encourages employees to participate in charity events by offering them two days of paid leave per year which they can take to support the company's efforts.



Overview of Lite-On's Corporate Volunteer Events in 2013

Love grows from seeds of hope planted in the ground. Lite-On is actively involved in volunteer work that contributes to society through multiple aspects including the environment, culture, charity and education. Based on the corporate volunteer system founded in 2012, the company extended its efforts to consolidate more resources and mobilize a greater number of volunteers in 2013.

As part of the company's two main focuses on environmental sustainability and community care, in 2013 Lite-On's volunteers were involved in a number of activities such as trail building, caring for elderly persons living alone, and caring for the disabled. Furthermore, 2013 was also the year when the company started planning long-term for talent nurturing initiatives. Overall, company employees showed great improvement in their willingness to participate in volunteer activities in 2013.

In 2013, there were a total of 909 corporate volunteer services that lasted 4,509 hours and served 1,458 beneficiaries in total. Below is a list of volunteer services performed:

● Talent Nurturing



Lite-On English Language Camp for Children
In an attempt to help children living in remote areas develop English skills, Lite-On organized an English Language Camp for Children for students of Shuangxi Elementary School in May 2013. Volunteer English tutors joined the program and spent their weekends helping children develop basic English skills.



Lite-On English Language Course



The Lite-On English Language Camp for Children produced significant results. It was also during this event that the company started to realize the urgent need for such services. For this reason, a Lite-On English Language Course was organized as a sequel to the language camp, with volunteers assigned to Shuangxi Elementary School to help children improve their language skills.

After-school Colunteer Reading Program

Through a collaborative program with the Neihu Angel's Home Shelter, Lite-On invited its employees to accompany children in their after-school reading, and thus inspire their interest in English and mathematics. The volunteers also share their life experience in an attempt to shape the children's character.



● Environmental Sustainability



Trail Building

Lite-On places great emphasis on the preservation of the natural environment, and considers it an important part of the company's social responsibilities. In this event, business units were mobilized to volunteer in an intimate interaction with nature. By planting trees and building hiking trails, the company protects the environment through action.

Lite-On Urban Farmer Experience

Since September last year, Lite-On has been inviting employees to enter the world of organic farming. From ideas, knowledge, plowing to planting, the company encourages employees to bring along family members, especially children, to experience the wonders of nature up close. In doing so, the company not only raises children's awareness of environmental protection, but also gives them a chance to put ideas into action, and enables employees and their families to see for themselves the benefits of a greener environment.



● Community care



Year-end Banquet for Elderly Persons Living Alone
On the eve of 2013, Lite-On joined the Xinyi Community College (founded by Lite-On Cultural Foundation) in organizing a "year-end banquet for elderly persons living alone." During the event, volunteers kept the elderly guests company as the new year was ushered in. By sharing their joy and tending to the needs of the elderly, the volunteers came to realize the joy of giving to the needy.



Dragon Boat Festival Elderly Care Activity
On the eve of Dragon Boat Festival, Lite-On volunteers assisted in a "charity zongzi" event organized by the Neihu Angel's Home Shelter. In this event, volunteers joined the elderly in making zongzi and celebrating the upcoming festival.



Mid-Autumn Festival Elderly Care Activity
In celebration of Mid-Autumn Festival, Lite-On once again joined Xinyi Community College in organizing a "Mid-Autumn banquet for elderly persons living alone," during which volunteers kept the elderly company throughout the celebration, and made them feel at home.



The 2013 Lite-On Annual Party - Featuring a Performance by the First Social Welfare Foundation
During its 2013 Annual Party, Lite-On invited the First Social Welfare Foundation to give a performance on stage. The opportunity not only directed more public attention towards First Social Welfare Foundation, but also gave its members a chance to show off their talents.



ALS Lite-On Jianle Cup Basketball Tournament
The ALS Lite-On Jianle Cup organized by nearly 30 Lite-On volunteers featured games between Lite-On employees and members of the First Social Welfare Foundation. The most exciting game was the one involving a mix & match volunteer team, because the volunteers, despite having teamed up for the first time, demonstrated exceptional teamwork and inspired their opponents to perform better.



ALS Exhibition Match
ALS staff once again joined members of the First Social Welfare Foundation in a charity match. They played on a weekend morning and enjoyed an exciting game as well as the opportunity to make friends.





Hiking at Sun & Green

Lite-On joined Xinyi Community College in organizing a hiking event at Sun & Green Farm in Guanyin Township, Taoyuan County for students from the Angels Garden school. During the event, volunteers accompanied children as they got to practice co-ordination of their limbs in the great outdoors.

● Charity & sponsorship



Hsin-chuan Taiwanese Opera Performance

As an expression of gratitude for the hard work of employees, Chairman Soong arranged an exclusive performance by the Hsin-chuan Taiwanese Opera Troupe. Employees and their families were invited to admire, learn and show support for grassroots culture.



Lite-On Blood Donation Activity

Lite-On has long organized blood donation events at its headquarters, and this year was no exception. Despite the morning chill, employees enthusiastically lined up to give blood.

Overview of Social Engagement Activities in China, 2013

In addition to social engagement activities in Taiwan, Lite-On has also been actively involved in community care, talent nurturing, environmental sustainability, and charity & sponsorship in China. The company hopes to spread love throughout the Greater China Region and become a strong supporter of social development.

Main theme	Sub-category	Event details	Region
Community care	Care for the elderly	Care for the elderly in nursing homes, donation activity	Guangzhou, Shijie, Changzhou
	Safety	Advice on travel in Dongjiang / maintaining order at charity events	Shijie
		Road safety and traffic duty	Guangzhou
	Support for the disadvantaged	Community volunteer performances	Qingxi
		Charity mooncakes (for the disabled and the ill)	Shijie
		Visit to disabled and distressed families	Tianjin
Talent nurturing	Industry-academia exchanges	Production internships	Tianjin
	Life-long education	Dongguan City dream plan	Shijie
Environmental sustainability	Environmental education	Training of volunteers for the Flower Expo	Changzhou
		Training for environmental safety and protection	Qingxi
	Environmental Protection	Tree planting	Guangzhou, Changzhou, Tianjin
		Lite-On botanical gardens	Tianjin
		Voluntary cleanup	Guangzhou, Shijie
		Flower Expo volunteers	Changzhou



Main theme	Sub-category	Event details	Region
Charity & sponsorship	Donations	Monetary donations	Guangzhou, Qingxi, Changzhou, Tianjin
		Blood donor activities	Guangzhou, Changzhou
		Donation of supplies	Guangzhou, Changzhou
		Charity auctions	Tianjin
	Arts and culture sponsorship	Trip to Tianlu Lake Park	Guangzhou
		Lite-On talent performance	Guangzhou
		Luogang CNY Dumpling Banquet	Guangzhou
		Police-Civilian Combined Party	Changzhou
		Arts and culture talent show	Changan

● Talent Nurturing



Visit from Tianjin University's Renai College
114 students scheduled to graduate in 2014 from Science, Technology (semiconductors), Communication and Automation departments of Tianjin University's Renai College were invited to visit a Lite-On factory. During the visit, HR and R&D managers introduced the company and its product lines to the students, followed by a tour of workshops. The students were told that internship and permanent employment will be available in the future.

● Environmental Sustainability



Volunteers at 2013 Changzhou Flower Expo
The 8th China Flower Expo was held for one month in Changzhou from September 28. The organizers called for volunteer support, and Lite-On and its union responded by mobilizing 15 employees.



Mt. Qifeng Cleanup Activity
To convey the importance of environmental protection, Silitek Electronic (Dongguan) Co., Ltd. joined the Qifeng Park Administration to organize a cleanup event in October. 25 employees and their families volunteered for the event. (Shijie HIS)



Lite-On Botanical Gardens
60 square meters of plantation land has been made available for employees to sponsor and plant crops in. (Tianjin OPTO)



Green Plantation Initiative
A total of 31 trees were planted to restore 200 square meters of green land. (Tianjin OPTO)





Tree Planting at Guangzhou

In March, Lite-On's Guangzhou Union called for volunteers to a tree-planting event at Ganzhushan Park, to which employees responded enthusiastically.



Tree Planting for the Flower Exposition

On March 10, the eve of the opening of the 8th Flower Expo, Lite-On's representatives arrived at Lake Taihu and planted trees. Over time, the trees grew and became part of the beautiful scenery along Lake Taihu. (Changzhou OPTO, POWER)

● Community care



Care for the Elderly

Days before the Mid-Autumn festival, the union mobilized five volunteers for a visit to the Yixiyuan Nursing Home. The volunteers listened while the elderly talked and shared their stories. The elderly residents were delighted by the mooncakes and daily living items gifted to them. (Guangzhou IMG)



Lite-On's 2013 Chongyang Initiative

Respect for the elderly is a well-maintained tradition at Lite-On. On October 14, Director Tsau Jian-Min of the Huadong Operations Center joined union representatives and HR managers in a visit to the Nanxiashu Nursing Home and surrounding streets to show concern for disabled and distressed elderly. (Changzhou Huadong Operations Center)

● Charity & sponsorship



Clothing Donations

The clothing donation event was founded by the Human Resources Department of the Enclosure segment. Ever since the first event, employees have eagerly donated unwanted clothes to distressed families in Sichuan.



The Philanthropy Fund

The soon-to-be founded Philanthropy Association within Lite-On's Tianjin Plant has begun preparations. One of them was the raising of the "Philanthropy Fund," where employees are invited to purchase clothes left over from the company's annual sports event. Proceeds from the sale were used to fund operations of the Philanthropy Association as well as all subsequent activities it organizes. (Tianjin OPS)



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The soon-to-be founded Philanthropy Association within Lite-On's Tianjin Plant has begun preparations. One of them was the raising of the "Philanthropy Fund," where employees are invited to purchase clothes left over from the company's annual sports event. Proceeds from the sale were used to

fund operations of the Philanthropy Association as well as all subsequent activities it organizes. (Tianjin OPS)



Clothing Donation Activity

During this event, we invited people to donate unused clothes to those in need, and advocated a carbon-less and more environmentally-friendly lifestyle. The world would be a much better place if everyone contributes a little bit of love. (Guangzhou IMG)



Concern for the Youth

On June 5, Lite-On's union joined Nanxiashu Elementary School in organizing the "2013 Fundraiser for Nanxiashu Elementary School," during which Director Cao of the Huadong Operations Center was invited along with union representatives and BU managers to contribute

to the fundraising event. This was Lite-On's effort to care for and improve the learning conditions of the city's children. (Changzhou Huadong Operations Center)



June 1st Donation Activity

In an attempt to improve the learning conditions of children of non-local workers, Lite-On's union joined with Wujin District Red Cross in organizing a donation event for Nanxiashu Elementary School students on June 1.



Community Voluntary Performance

The third Sunday of May has been designated as Disabled Day in China. In an attempt to direct more attention and respect towards the disabled, Lianheyijia organized a voluntary performance event for disabled people within the local community, in which eight Lite-On employees offered volunteer services. (Enclosure)



Hand-in-Hand Donation Event

At the end of our "2013 Hand-in-Hand Donation" event, we received nearly 400 articles of clothes to give away. This event not only gave help to people in need, but also reminded the donors to care for everyone around them. (Guangzhou IMG)





Lite-On Art Troupe

The Lite-On Art Troupe was founded in 2012 by a group of employees who shared a passion for dancing. On January 16 and 24, 2013, they were invited to perform in Chinese New Year celebrations held in Luogang and Guangzhou; on February 1, they performed during a dumpling banquet organized in Luogang for non-local workers. They were highly acclaimed for the performances they delivered. (Guangzhou PID)



The 5th Huadong Operations Center Blood Donation

The Huadong Operations Center has been expanding its charity efforts since 2011. The Blood Donation event, now in its fifth year, was held on August 9 (Friday; at plant site) and August 11 (Sunday; at living quarters). With the support of the union, BU officers and employees, a total of 114 donors contributed to the cause.

Blood donation for Lushan Earthquake

The earthquake that occurred on April 20, 2013, in Lushan, Sichuan, has claimed many lives to date. To support rescue efforts, Lite-On collaborated with the Guangzhou Blood Center to organize a blood donation event. What we wanted to do was simply ask for people to give a small amount of blood at the Blood Center.



Donations for Lushan Earthquake Relief

A donation event was held at the GPRO front counter to provide relief for Lushan Earthquake victims. The donation was entirely voluntary, and those who did not wish to register their names were also allowed to contribute anonymously. A total of 825 people contributed to this event. (GPRO SS)

Police-Civilian Combined Party

In celebration of the relocation of living quarters, the company organized a gathering with the local law enforcement department, and donated office supplies to officers stationed in the living quarters. (Changzhou OPS & ALS)



5.4 Lite-On Award: Nurturing Innovative and Sustainable Technologies



Founded for the purpose of nurturing industrial design talents of the Chinese-speaking world since 2001, the Lite-On Award is now in its 13th year. The Lite-On Award has always positioned itself at the forefront of the design world, designating themes for the competitions it holds that conform to the latest trends. After more than a decade of evolution, the award now focuses on "Digital" and "Green" as the two critical aspects of modern technological design, which also conforms with the group's future plans and happens to be two of the world's most common issues. Starting from green concepts in its early years, 2013 Lite-On Award was held with the theme of "Simplicity" to encourage "minimalist" design that solves existing problems one at a time. From "green" to "minimalist" themes, the design competition has always been about

reducing waste, ending the use of excessive packaging, and raising environmental awareness.

The Lite-On Award has been able to attract a growing number of local and overseas designers year after year. In 2013, a record-breaking number of 3,000 designers and 2,000 pieces enrolled for the competition. Lite-On has long supported the creativity of the Chinese-speaking world, and the "Lite-On Award" has been organized as an opportunity where designers can improve their global competitiveness.

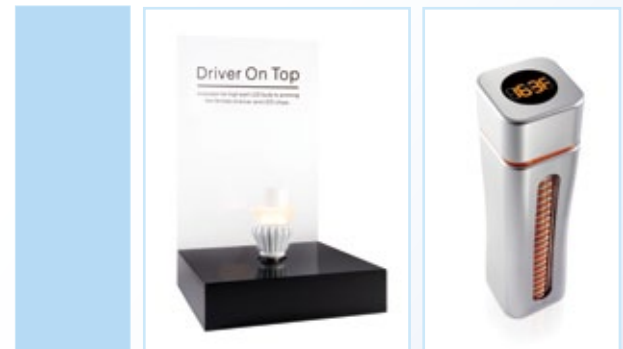
Each year, the company invites design masters and leaders from all over the world to serve on the jury of the Lite-On Award; jury members are chosen from a variety of backgrounds such as industrial design, product design, architecture, aesthetics etc. to ensure diversity in how submitted works are rated. In 2013, we invited Peter Zec - founder of the Red Dot Award, Mr. Gideon Loewy - a Scandinavian pioneer in industrial design, Shuwa Tei - a Japan-born Korean designer, James Shyr - a legendary Chinese car designer, and Li Kuang-Yu - Design Director of the Franz Collection to serve as the jury for the award. The jury's comments on the submitted designs was a good indication of upcoming trends. In addition, Lite-On also organizes world-class industrial design forums as part of the annual awards, during which students and design talents are given the opportunity to discuss with the masters and modify their creations while being reviewed. The world forum is also a place where top talents gather from around the world to share with each other and listen to what the masters have to say about design, or even discuss ideas face-to-face.

Apart from encouraging designers to produce good designs, Lite-On also joins its partners, Bayer Taiwan and ABB Taiwan, in organizing free seminars for the public for the purpose of promoting good design ideas as well as persuading consumers to purchase products that feature green and minimalist designs. The seminars have received an overwhelming response over the last two years; not only has each session seen a full turnout, the post-seminar surveys have shown satisfaction rates exceeding 80% to 90%.

The Lite-On Award was founded to encourage participation from the Chinese-speaking population all over the world. However, given the rising quantity and quality of works submitted by Mainland China students and designers, Lite-On - a company founded in Taiwan, still hopes to see design talents and creativity improve in its home country. For this reason, Lite-On has been actively promoting the award within Taiwan over the

last two years, with particular focus on improving participation and work quality of Taiwanese students. A seminar tour has been organized for more than 10 colleges throughout Taiwan, during which contact is made with deans and professors of various design departments, in the hope that these professors could spend more time guiding students to participate in the competition, while also introducing ideas from the competition into course curricula.

The 2013 competition saw 1,047 contestants from Taiwan, which represented growth of 25%. In terms of design quality, Taiwanese contestants claimed 45% of winning designs despite strong competition from around the world, which was a 5% improvement over 2012. This shows that Taiwanese design talents possess skill levels comparable to the rest of the Chinese-speaking population, and all they need is the right encouragement and incentive to shine.



General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions	External Assurance Page
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization.	Letter from the Chairman and Group CEO	7		179
	G4-2	Key impacts, risks, and opportunities.	Letter from the Chairman and Group CEO	7		179
Organizational Profile	G4-3	Name of the organization.	2.1 Company Overview	24		179
	G4-4	Primary brands, products, and services.	2.1 Company Overview	24		179
	G4-5	Location of the organization's headquarters.	2.1 Company Overview	24		179
	G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	2.1 Company Overview	24		179
	G4-7	The nature of ownership and legal form.	2.1 Company Overview	24		179
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	2.1 Company Overview	24		179
	G4-9	Scale of the organization.	2.1.2 Business Performance and Outlook 2.1 Company Overview	32 24		179 179
	G4-10	total number of employees by contract a, employment type , supervised workers, region, and all brokendown by gender.	4.2.1 Employee Structure and Distribution	95		179
	G4-11	Percentage of total employees covered by collective bargaining agreements.	4. 5 Employee Relations	113		179
	G4-12	Description of the organization's supply chain.	3.11 Supply Chain Management	86		179
	G4-13	significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	About This Report 2.1 Company Overview 2.2 Corporate Governance 3.11 Supply Chain Management	2 24 34 86		179 179 179 179
	G4-14	Precautionary approach or principle is addressed by the organization.	2.2 Corporate Governance 3.1 Lite-On's Green Commitment	34		179 179
	G4-15	externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	4.7 Multi-Stakeholders Collaboration Initiatives	121		179
	G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	2.1.3 Membership in Groups and Associations	33		179



General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions	External Assurance Page
Identified Material Aspects and Boundaries	G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	About This Report 2.2 Corporate Governance	2 34		179 179
	G4-18	process for defining the report content and the Aspect Boundaries.	1.2 Identification of Stakeholder	12		179
	G4-19	List all the material Aspects identified in the process for defining report content.	1.2.3 Scope of Stakeholder Concerns	20		179
	G4-20	For each material Aspect, report the Aspect Boundary within the organization, as well as whether the Aspect is material within the organization.	1.2.3 Scope of Stakeholder Concerns	20		179
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as well as whether the Aspect is material outside of the organization.	1.2.3 Scope of Stakeholder Concerns	20		179
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Non			179
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About This Report 1.2.3 Scope of Stakeholder Concerns	2 20		179 179
Stakeholder Engagement	G4-24	A list of stakeholder groups engaged by the organization.	1.2.1 Analysis of Materiality 1.2.2 Methods of Communication with Stakeholders	12 17		179 179
	G4-25	The basis for identification and selection of stakeholders with whom to engage.	1.2.1 Analysis of Materiality	12		179
	G4-26	the Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.2.1 Analysis of Materiality 1.2.2 Methods of Communication with Stakeholders	12 17		179 179
	G4-27	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 Analysis of Materiality	12		179
Report Profile	G4-28	The period (such as fiscal or calendar year) for information provided.	About This Report	2		179
	G4-29	Date of most recent previous report.	About This Report	2		179
	G4-30	Reporting cycle (such as annual, biennial).	About This Report	2		179
	G4-31	The contact point for questions regarding the report or its contents.	About This Report	2		179
	G4-32	The 'in accordance' option the organization has chosen.	About This Report GRI G4 Index Third Party Assurance Statement	2 159 179		179 179 179
	G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	About This Report	2		179

General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions	External Assurance Page
Governance	G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	2.2 Corporate Governance	34		179
	G4-35	the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	2.2 Corporate Governance	34		179
	G4-36	Indicate whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	2.2 Corporate Governance	34		179
	G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	1.2.1 Analysis of Materiality	12		179
			1.2.2 Methods of Communication with Stakeholders	17		179
			2.2 Corporate Governance 4.5 Employee Relations	34 113		179 179
	G4-38	The composition of the highest governance body and its committees.	2.2.1 Board of Directors	35		179
	G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	2.2.1 Board of Directors	35		179
	G4-40	The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members,	2.2 Corporate Governance	34		179
	G4-41	The processes for the highest governance body to ensure conflicts of interest are avoided and managed, and whether conflicts of interest are disclosed to stakeholders.	2.2.2 Audit Committee	35		179
			2.2.3 Remuneration Committee	36		179
	G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	2.2 Corporate Governance	34		179
	G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	2.2 Corporate Governance	34		179
	G4-44	The processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics whether such evaluation is independent or not, and its frequency, and whether such evaluation is a self-assessment, the actions taken.	2.2 Corporate Governance	34		179
	G4-45	the highest governance body's role in the Identification and management of economic, environmental and social impacts, risks, and opportunities, and whether stakeholder consultation is used.	2.2 Corporate Governance	34		179
			Letter from the Chairman and Group CEO	7		179



General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections		Page	Omissions	External Assurance Page
Governance	G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	2.2	Corporate Governance	34		179
			2.2.9	Corporate Risk Management	43		179
	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	2.2	Corporate Governance	34		179
			2.2.9	Corporate Risk Management	43		179
	G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	1.1.1	Lite-On CSER Committee	11		179
	G4-49	The process for communicating critical concerns to the highest governance body.	1.1.1	Lite-On CSER Committee	11		179
	G4-50	the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	1.2.1	Analysis of Materiality	12		179
	G4-51	The remuneration policies for the highest governance body and senior executives for the below types of remuneration	2.2.1	Board of Directors	35		179
			2.2.3	Remuneration Committee	36		179
	G4-52	The process for determining remuneration whether the consultants are involved in determining remuneration and whether they are independent of management, and any other relationships with the organization.	2.2.3	Remuneration Committee	36		179
Ethics and Integrity	G4-53	How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	2.2.3	Remuneration Committee	36		179
	G4-54	The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.2.3	Remuneration Committee	36		179
	G4-55	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	2.2.3	Remuneration Committee	36		179
	G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	1.1	Corporate Commitment and CSR Vision	10		179
	G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	2.2.8	Anti-corruption	41		179
	G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	2.2.8	Anti-corruption	41		179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - ECONOMIC

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Economic Performance	DMA		2.1 Company Overview 2.2 Corporate Governance		24 34		179 179
	G4-EC1	Direct economic value generated and distributed.	2.1.2 Business Performance and Outlook 2.2.6 Dividend Policy and Execution 2.2.7 Employee Bonus and Directors' Remuneration 5.1 Social Engagement Policy		32 39 40 127		179 179 179 179
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Letter from the Chairman and Group CEO 3.2 Response to Climate Change and Global Warming 3.3 Reducing Greenhouse Gases		7 53 58		179 179 179
	G4-EC3	Coverage of the organization's defined benefit plan obligations.	4.4.3 Pension Policy		112		179
	G4-EC4	Financial assistance received from government.	2.2.5 List of Major Shareholders Note: In 2013, Lite-On globally received subsidies of NT\$916 million from the governments which is mainly attributable to the compenstion from the city government, Guangzhou, China for taking back the land use rights according to the related regulations. (please see Page 196 of Lite-On 2013 Annual Report declosed at. http://www.liteon.com		39		179
Market Presence	DMA		2.1 Company Overview 2.2 Corporate Governance		24 34		179 179
	G4-EC5	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		109		179
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	4.2 Employee Overview		95		179
Procurement Practices	DMA		3.1 Lite-On's Green Commitment		49		179
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	3.1.1 Supply Chain Management		86		179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Materials	DMA		3.1 Lite-On's Green Commitment	49		179
	G4-EN1	Materials used by weight or volume.	3.7 Main Raw Materials	72		179
	G4-EN2	Percentage of materials used that are recycled input materials.	Note : 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.			179
Energy	DMA		3.1 Lite-On's Green Commitment 3.2 Response to Climate Change and Global Warming 3.3 Reducing Greenhouse Gases	49 53 58		179 179 179
	G4-EN3	Energy consumption within the organization.	3.3.3 Direct and Indirect Energy Consumption	63		179
	G4-EN4	Energy consumption outside of the organization.			Currently, there is no statistical informaton about Energy consumption outside of the organization, and it is planned to be disclose in the coming next 1-3 years.	179
	G4-EN5	Energy intensity.	3.3.3 Direct and Indirect Energy Consumption	63		179
	G4-EN6	Reduction of energy consumption.	3.3.2 Energy-saving Measures	61		179
			3.3.3 Direct and Indirect Energy Consumption	63		179
	G4-EN7	Reductions in energy requirements of products and services.	3.8 Green Logistics	76		179
Water	DMA		3.5 Green Product Design	68		179
	DMA		3.1 Lite-On's Green Commitment 3.2 Response to Climate Change and Global Warming	49 53		179 179
	G4-EN8	Total water withdrawal by source.	3.4 Water Resource Management	66		179
	G4-EN9	Water sources significantly affected by withdrawal of water.	No source affected.			179
	G4-EN10	Percentage and total volume of water recycled and reused.	3.4 Water Resource Management	66	Water recycled and reused data were not materialized to Lite-On's industrial nature.	179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Emissions	DMA		3.1 Lite-On's Green Commitment 3.2 Response to Climate Change and Global Warming 3.3 Reducing Greenhouse Gases		49 53 58		179
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	3.3.1 Greenhouse Gas Inventory		58		179
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.3.1 Greenhouse Gas Inventory		58		179
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	3.3.1 Greenhouse Gas Inventory		58		179
	G4-EN18	Greenhouse gas (GHG) emissions intensity	3.3.1 Greenhouse Gas Inventory		58		179
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.1.1 Environmental Management Goals 3.3.1 Greenhouse Gas Inventory		50 58		179
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Note : Lite-On does not use any substances detrimental to ozone layer in its production processes.				179
	G4-EN21	NOx, SOx, and other significant air emissions	3.3.4 Air Pollution Control		65		179
Effluents and Waste	DMA		3.1 Lite-On's Green Commitment 3.2 Response to Climate Change and Global Warming		49 53		179
	G4-EN22	Total water discharge by quality and destination	3.4 Water Resource Management		66		179
	G4-EN23	Total weight of waste by type and disposal method	3.7.4 Waste Management and Recovery		74		179
	G4-EN24	Total number and volume of significant spills	There no significant incident of spills occurred in 2013.				179
		Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Note : There was no trans-boundary transportation of hazardous waste under the terms of Basel Convention.				179
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	3.4 Water Resource Management		66		179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Products and Services	DMA		3.1	Lite-On's Green Commitment	49		179
			3.2	Response to Climate Change and Global Warming	53		179
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	3.6	Restriction on the Use of Hazardous Substances	71		179
			3.5	Green Product Design	68		179
	G4-EN28	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 requests.	179
Compliance	DMA		3.1	Lite-On's Green Commitment	49		179
			3.2	Response to Climate Change and Global Warming	53		179
	G4-EN29	Significant fines and non-monetary sanctions in terms	Note : in 2013, Lite-On did not suffer any penalties due to violation of environmental protection laws or regulations.				179
Transport	DMA		3.1	Lite-On's Green Commitment	49		179
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	3.8	Green Logistics	76		179
Overall	DMA		3.1	Lite-On's Green Commitment	49		179
	G4-EN31	Total environmental protection expenditures and investments by type	3.1.2	Environmental Accounting	51		179
Supplier Environmental Assessment	DMA		3.1	Lite-On's Green Commitment	49		179
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	3.1.1	Supply Chain Management	86		179
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	3.1.1	Supply Chain Management	86	Currently, the statistical data were partially completed, and it is planned to have complete disclosure gradually.	179
Environmental Grievance Mechanisms	DMA		3.1	Lite-On's Green Commitment	49		179
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Note: There was no grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.				179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (LABOR PRACTICES AND DECENT WORK)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Employment	DMA		4.1	Employee Policy	92		179
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	4.2.2	Employee Retention	100		179
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	4.4 4.6	Protection of Rights and Interests LOHAS Lite-On	109 115		179
	G4-LA3	Return to work and retention rates after parental leave, by gender	4.2.2	Employee Retention	100	There are no parental leave regulations in China and Thailand	179
Labor/ Management Relations	DMA		4.1	Employee Policy	92		179
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	4.4	Protection of Rights and Interests	109		179
Occupational Health and Safety	DMA		4.1	Employee Policy	92		179
	G4-LA5	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, Health and Safety	118		179
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	4.6.3	Environment, Health and Safety	118		179
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	4.6.3	Environment, Health and Safety	118		179
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	4.6.3	Environment, Health and Safety	118		179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (LABOR PRACTICES AND DECENT WORK)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Training and Education	DMA		4.1	Employee Policy	92		179
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	4.3	Employee Development and Training	103		179
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	4.3	Employee Development and Training	103		179
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	4.3	Employee Development and Training	103		179
Diversity and Equal Opportunity	DMA		4.1	Employee Policy	92		179
	G4-LA12	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	95		179
Equal Remuneration for Women and Men	DMA		4.1	Employee Policy	92		179
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	4.4	Protection of Rights and Interests	109		179
Supplier Assessment for Labor Practices	DMA		3.11	Supply Chain Management	86		179
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	3.11	Supply Chain Management	86		179
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	3.11	Supply Chain Management	86	The current statistics data are not complete, and planning to completely disclose in the future.	179
Labor Practices Grievance Mechanisms	DMA		4.1	Employee Policy	92		179
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	4.5	Employee Relations	113		179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (HUMAN RIGHTS)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Investment	DMA		4.1 Employee Policy 3.11 Supply Chain Management		92 86		179 179
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Note : 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 is no human right risks found during the assessment for acquisition of its subsidiary Lite-On IT in 2013 .				179
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	4.3	Employee Development and Training	103		179
Non-discrimination	DMA		4.1	Employee Policy	92		179
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	4.5	Employee Relations	113		179
Freedom of Association and Collective Bargaining	DMA		4.1	Employee Policy	92		179
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	4.2.4 3.11	EICC Committee Supply Chain Management	102 86		179 179
Child Labor	DMA		4.1	Employee Policy	92		179
	G4-HR5	Operations and 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	Personnel Recruitment	102		179
			4.2.4 3.11	EICC Committee Supply Chain Management	102 86		179 179
Forced or Compulsory Labor	DMA		4.1	Employee Policy	92		179
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	4.2.4 3.11	EICC Committee Supply Chain Management	102 86		179 179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (HUMAN RIGHTS)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Security Practices	DMA		4.1 Employee Policy	92		179
	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Note : Lite-On's all security guards are subcontracted, and demands all relevant training and management to meet EICC standards when sourcing, and Lite-On's security personnel are 100% training.			179
Indigenous Rights	DMA		4.1 Employee Policy	92		179
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Note : None			179
Assessment	DMA		4.1 Employee Policy	92		179
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	4.2.4 EICC Committee	102		179
Supplier Human Rights Assessment	DMA		3.11 Supply Chain Management	86		179
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	3.11 Supply Chain Management	86		179
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	3.11 Supply Chain Management	86	The current statistics data are not complete, and planning to completely disclose in the future.	179
Human Rights Grievance Mechanisms	DMA		4.1 Employee Policy	92		179
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	4.5 Employee Relations	113		179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (SOCIETY)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Anti-corruption	DMA		5.1 Social Engagement Policy 2.2.8 Anti-corruption	127 41		179
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2.2.8 Anti-corruption 4.2.4 EICC Committee	41 102		179 179
	G4-SO4	Communication and training on anti-corruption policies and procedures	2.2.8 Anti-corruption	41		179
	G4-SO5	Confirmed incidents of corruption and actions taken	2.2.8 Anti-corruption Note: None	41		179
Public Policy	Disclosures On Management Approach		5.1 Social Engagement Policy	127		179
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Note : There were no political contributions done in Lite-On °			179
Anti-competitive Behavior	DMA		4.1 Employee Policy	92		179
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Note: During the reference period of this Report,Lite-On Parent company (“LTC”), has not been involved in any lawsuits alleging violations of fair trade or antitrust laws; however, in terms of affiliated companies, LTC's subsidiary Lite-On IT Corp., which is projected to be merged into LTC by the end of July, 2014, has been a party to certain lawsuits, since 2009, alleging violations of antitrust laws based on activities in 2006. The lawsuits are ongoing, and have been disclosed in the chapter “Litigation and Non-litigation Matters” in the annual financial report of LTC.			179
Compliance	DMA		4.1 Employee Policy	92		179
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Note : In 2013 we did not suffer any fines due to violation of laws or regulations.			179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (SOCIETY)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Supplier Assessment for Impacts on Society	Disclosures On Management Approach		3.11 Supply Chain Management	86		179
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	3.11 Supply Chain Management	86		179
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	3.11 Supply Chain Management	86	The current statistics data are not complete, and planning to completely disclose in the future.	179
Grievance Mechanisms for Impacts on Society	DMA		4.1 Employee Policy 5.1 Community Involvement Policy	92 127		179 179
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Note : In 2013, there were no grievances about impacts on society filed or addressed.			179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - (SOCIAL) PRODUCT RESPONSIBILITY

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Customer Health and Safety	DMA		3.1 Lite-On's Green Commitment	49		179
			3.10 Customer Service and Satisfaction"	81		179
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	3.5 Green Product Design	68		179
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Note: All of Lite-On products are successfully passed the assessment of health and safety before delivery.			179
Product and Service Labeling	DMA		3.1 Lite-On's Green Commitment	49		179
			3.10 Customer Service and Satisfaction	81		179
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such	3.5 Green Product Design	68		179
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Note: All Lite-On products are labeled with required information conforming to the relevant regulations.			179
	G4-PR5	Results of surveys measuring customer satisfaction	Note: There is no incidences of non-compliance with regulations and voluntary codes concerning product and service information and labeling in 2013.			179
Marketing Communications	DMA		3.10 Customer Service and Satisfaction	81		179
	G4-PR6	Sale of banned or disputed products			Not applicable for there are no banned or disputed products produced in Lite-On	179
	G4-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	Note: There is no incidents of non-compliance with regulations and voluntary codes concerning marketing communications in 2013.			179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - (SOCIAL) PRODUCT RESPONSIBILITY

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Customer Privacy	DMA		3.10 Customer Service and Satisfaction	81		179
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	3.10 Customer Service and Satisfaction	81		179
			Note: None			179
Compliance	DMA		3.10 Customer Service and Satisfaction	81		179
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Note: In 2013, Lite-On did not suffer any fines due to violation of laws or regulations.			179



SPECIFIC STANDARD DISCLOSURES OVERVIEW - OTHERS

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Conflict Mineral (Metal)-Free Procurement	DMA		3.11	Supply Chain Management	86		179
	LOT-EN1	Supplier screening and green procurement	3.11.5 3.11.6	Policy for Conflict Metals (Metals) Control of Volatile Organic Compounds (VOCs) and Water Resources in the Supply Chain	89 89		179 179
Research & Development (Products)	DMA		3.1	Lite-On's Green Commitment	49		179
	LOT-EN2	Energy efficiency improvement	3.5 3.9.2	Green Product Design Green Procedures	68 79		179 179
	LOT-EN3	Material resources saving	3.5	Green Product Design	68		179
	LOT-EN4	Reduction use of hazardous substance	3.5	Green Product Design	68		179
Supplier Training	DMA		3.1 3.11	Lite-On's Green Commitment Supply Chain Management	49 86		179 179
	LOT-LA1	Improvement of supply chain management quality	3.11.3	Supply Chain Management	88		179
Communication Skill Improvement of Cadres	DMA		4.1	Employee Policy	92		179
	LOT-LA2	Introduction of external resources for Employee Assistance Programs	4.7	Multi-Stakeholders Collaboration Initiatives	121		179
Charity Care	DMA		5.1	Community Involvement Policy	127		179
	LOT-SO1	Promotion of multicultural humanities and youth education care	5.2.1	Community Volunteers – "Shining a Light on Disadvantaged Children"	129		179
			5.3	Lite-On Volunteers	149		179
	LOT-SO2	Creating learning environments for lifelong learning and disadvantage groups	5.2.1	Community Volunteers – "Shining a Light on Disadvantaged Children"	129		179
			5.2.2	Taipei Xinyi Community College	138		179
	LOT-SO3	The promotion of environmental education and implementation of environmental protection	5.2.2	Taipei Xinyi Community College	138		179
	LOT-SO4	Fostering innovation and design talent	5.4	Lite-On Award: Nurturing Innovative and Sustainable Technologies	157		179



Core Subjects and Issues		Related CSR Report Section	Page(s)	Explanatory Notes
Organizational Governance		1.2 Identification of Stakeholders	12	
		2.2 Corporate Governance	34	
		2.2.1 Board of Directors	35	
		2.2.3 Remuneration Committee	37	
		2.2.4 Growth Strategy Committee	38	
Human Rights	Due diligence	4.2.4 Electronic Industry Code of Conduct (EICC) Committee 3.11 Supply Chain Management	102 86	
	Human rights risk situation	4.2.4 Electronic Industry Code of Conduct (EICC) Committee 3.11 Supply Chain Management	102 86	
	Avoidance of complicity	1.1 Corporate Commitment and CSR Vision	10	
	Resolving grievances	1.2.2 Methods of Communication with Stakeholders 4.5 Employees Relations	17 113	
	Discrimination and vulnerable groups	1.1 Corporate Commitment and CSR Vision 4.4 Protection of Rights and Interests	10 109	
	Civil and political rights	4.6 LOHAS at Lite-On 3.11 Supply Chain Management	115 86	
	Economic, social and cultural rights	4.4 Protection of Rights and Interests 4.6 LOHAS at Lite-On	109 115	
	Fundamental principles and rights at work	4.4 Protection of Rights and Interests	109	
Labor Practices	Employment and employment relationships	4.4 Protection of Rights and Interests	109	
	Conditions of work and social protection	4.6 LOHAS at Lite-On	115	
	Social dialogue	1.2 Identification of Stakeholders 4.1 Employee Policy	12 92	
	Health and safety at work	4.6.3 Environment, Health and Safety 4.7 Multi-Stakeholders Collaboration Initiatives	118 121	
	Human development and training in the workplace	4.3 Employee Development and Training	103	



Core Subjects and Issues		Related CSR Report Section		Page(s)	Explanatory Notes
The Environment	Prevention of pollution	3.6	Restriction on the Use of Hazardous Substances	71	
		3.3.4	Air Pollution Control	65	
		3.7.4	Waste Management and Recovery	74	
	Sustainable resource use	3.5	Green Product Design	68	
		3.8	Green Logistics	76	
		3.9	Green Factories	78	
	Climate change mitigation and adaptation	3.2	Response to Climate Change & Global Warming	53	
		3.3	Reducing Greenhouse Gases	58	
	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.
Fair Operating Practices	Anti-corruption	2.2.8	Anti-corruption	41	
	Responsible political involvement				Lite-On do not involve in any political activities
	Fair competition	3.10.5	Regulatory Compliance	85	
	Promoting social responsibility in the value chain	3.11	Supply Chain Management	86	
	Respect for property rights	3.10.5	Regulatory Compliance	85	
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	3.10.5	Regulatory Compliance	85	
	Protecting consumers' Health and safety	3.6	Restriction on the Use of Hazardous Substances	71	
		3.5	Green Product Design	68	
	Sustainable consumption	3.11	Supply Chain Management	86	
	Consumer service, support, and complaint and dispute resolution	3.10	Customer Service and Satisfaction	81	
	Consumer data protection and privacy	3.10.4	Customer Service and Satisfaction	85	
	Access to essential services	3.10.1	Customer Service and Satisfaction	81	
	Education and awareness	3.10.1	Customer Service and Satisfaction	81	



	Core Subjects and Issues	Related CSR Report Section	Page(s)	Explanatory Notes
Community Involvement and Development	Community involvement	5.1 Social Involvement Policy	127	
	Education and culture	5.2.1 Lite-On Volunteers	129	
		5.2.2 Taipei Xinyi Community College	138	
		5.4 Lite-On Award	157	
	Employment creation and skills development	4.2.1 Employee Structure and Distribution	95	
		4.3 Employee Development and Training	103	
	Technology development and access	2.1 Company Overview	24	
	Wealth and income creation	2.2.6 Dividend Policy and Execution	39	
		2.2.7 Employee Bonus and Directors' Remuneration	40	
		4.4 Protection of Rights and Interests	109	
	Health	5.3 Lite-On Volunteers	149	
		4.6 LOHAS at Lite-On	115	
	Social investment	5.1 Community Involvement Policy	127	
		5.2 The Lite-On Cultural Foundation	128	





ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN LITE-ON TECHNOLOGY CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2013

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) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2013. The scope of the assurance, based on the SGS Sustainability Communications Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the Lite-On's CSR Report of 2013 and its presentation are the responsibility of the superintendents, CSER committee and the management of Lite-On. SGS has not been involved in the preparation of any of the material included in the Lite-On's CSR Report of 2013. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all of Lite-On's stakeholders.

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

This report has been assured using our protocols for:

- ∞ evaluation of content veracity at a moderate level of scrutiny for Lite-On, subsidiaries, and applicable aspect boundaries outside of the organization covered by this report ;
- ∞ evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- ∞ evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSER committee and the management; 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, 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 experienced in one or more of the following: AA1000, GRI, ISO 26000, ISO 20121, ISO 14001, OHSAS 18001, SA8000, SMETA, EICC, ISO 50001, QMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SGS Integrating Sustainability Communications service provision.

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's CSR Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of Lite-On sustainability activities in 01/01/2013 to 12/31/2013.

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 fifth to be assured by an independent assurance team and Lite-On has taken a bold step by offering the report to evaluation against both GRI G4 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 GRI G4 Comprehensive Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

Lite-On is committed to being accountable to its stakeholders and to integrating inclusivity into its strategic and management approach. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, authorities, suppliers, media, NPOs and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Lite-On may proactively consider having more direct involvement of stakeholders during future engagement.

Materiality

Lite-On has established effective processes for determining issues that are material to the business. 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. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.

Responsiveness

The report provides a comprehensive response to the issues and stakeholder concerns relating to Lite-On's activities. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Lite-On's CSR Report of 2013, is adequately in line with the GRI G4 Comprehensive Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. Coverage of subsidiaries and organization's own material aspects has a well start in this report. More disclosure on supply chain management and material aspects having boundaries outside of the organization is encouraged in future reporting. In addition, the address of Disclosure on Management Approach may be further enhanced.

Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
16 July, 2014
WWW.SGS.COM



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