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About This Report

This is the ninth annual corporate social responsibility report of Lite-On Technology Corporation. The report shows how Lite-On is dedicated to ensuring sustainability in its operations through economic, environmental as well as social efforts.

Issues presented in this report have been identified and analyzed through substantive analysis, discussed in "Lite-On Technology CSER Committee" meetings, selected and prioritized with stakeholders' knowledge, and reviewed and approved by the convener and members of the CSER Committee.

Scope of Report and Data

This report shows Lite-On's global CSR progress for the period between January 1 and December 31, 2014. Financial data presented in this report reflects performance of the parent company and its subsidiaries, whereas CSR indicators exclude IPO/OTC subsidiaries, Silitech and Lite-On Japan.

In response to changes in the global IT and communication industry, Lite-On executed a series of reorganization towards the end of 2013 to incorporate subsidiaries into the parent company. The subsidiaries included Lite-On IT, Leotek, Li Shin, Lite-On Clean Energy, Lite-On Mobile, Dong Guan G-Tech, Dong Guan G-Pro and Lite-On Automotive, more closely with the parent company. The reorganization was completed in 2014 while business activities were divided into eight business groups, namely Mobile Mechanics, Portable Image Device, Power System, Storage, Mobile Mechanics, Connected Devices & System Solutions, Optoelectronic Product Solution, and New Business. In addition, Lite-On acquired LarView Technologies and Power Innovations in 2014, and classified them into mobile imaging and power system, respectively. Unless elsewhere specified,

information will be disclosed in Lite-On's 2014 CSR Report in the eight main segments mentioned above. All financial figures in this report are presented in New Taiwan Dollars, and have been verified by Deloitte & Touche, Taiwan. Figures relating to OHSAS18001, ISO14001, QC080000, and ISO14064-1 (greenhouse gas emission) standards have 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

For the transparency and reliability of information presented in this report, an independent third party (SGS Taiwan Ltd.) has been engaged to provide assurance for AA1000 AS (2008) type-2, high-level accountability and GRI G4 disclosure in accordance with 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.

Current issue: Published June 2015

Next issue: Expected to be published in June 2016

(Previous issue: July 2014)

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2014 Lite-On CSR Highlights

CSR Promotion

1. Lite-On has been selected as a member of "Dow Jones Sustainability Indices (DJSI) in both DJSI-World and DJSI-Emerging Markets, as well as being named "Industry Leader" of Computers & Peripherals and Office Electronics (i.e. Computer Hardware)
2. Between 2007 and 2014, Lite-On won eight consecutive "Corporate Citizenship Awards" from CommonWealth Magazine.
3. Lite-On was awarded one of the "Ten Most Sustainable Company Awards" and the Golden Award in "Taiwan Top 50 Corporate Sustainability Report Awards" by Taiwan Institute for Sustainable Energy (TAISE) in the Electronics Sector II.
4. Lite-On was included in the constituent of MSCI Global Sustainability Indexes



Corporate Governance

1. The company was awarded grade A++ by the Securities and Futures Institute during its 11th Information Disclosure Evaluation.
2. Lite-On's NA Qingxi Plant and SS Qingxi Plant received Product Liability Insurance AAA Certification from ACE Group; a total of 10 plants have passed AAA certification to date.

Environmental Protection

1. The company's greenhouse gas emission intensity in 2014 was 2.16 Tons of CO₂e/million NTD. This was 7.6% lower than the 2.33 Tons CO₂e/million NTD measured in 2013 and 7.7% lower than the 2.34 Tons CO₂e/million NTD measured in 2011 (the base year), and had exceeded the initial 6% target by a margin of 1.7%.
2. The intensity of water consumption was measured at 22.58 M³/million NTD in 2014, which was 11.2% lesser than the 25.44 M³/million NTD measured in 2013 and 31.3% lesser than the 32.85 M³/million NTD measured in 2011 (the base year), and had exceeded the initial 10% target by a surprising 21.3%.
3. In 2014, Lite-On was selected as part of the Climate Disclosure Leadership Index in the Carbon Disclosure Project.



Corporate Management

1. The company generated revenues totaling NTD230.632 billion in 2014, and net profits after-tax were NTD6.462 billion with EPS of NTD2.80.
2. For six consecutive years between 2009 and 2014, the company was ranked first in the "Electronic Sector" by CommonWealth Magazine in its Top 1,000 Manufacturer Review. The company ranked 21st overall in 2014, and was the 21st "Most Profitable Business" in the manufacturing sector.

Giving Back to Society

1. Lite-On Cultural Foundation's Xisong High School Community Volunteers was commended by Taipei City Government in its "2014 Xing Tan Fen Fang Directory"
2. Lite-On's East Mainland China Operations Center, located at Changzhou, was named Best Cultural Harmony in Wujin Hi-tech Industrial Zone
3. Lite-On's Yingtan Plant was accredited for "Commitment to Charity"
4. Lite-On's Shijie Plant was commended by Shijie Town authority for Excellence in Volunteer Services



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Letter from the Chairman and Group CEO

Dear friends,

In 2014, the company completed its "One Lite-On" initiative that reorganized nine of its subsidiaries including Lite-On IT, Leotek, Li Shin, Lite-On Clean Energy Technology, Lite-On IT, Leotek, Li Shin, Lite-On Clean Energy, Lite-On Mobile, Dong Guan G-Tech, Dong Guan G-Pro, Lite-On Automotive, and Lar View Technologies all under one management. This reorganization has aligned our resources and competitive advantages to embrace new challenges as we approached our 40th anniversary. The reorganization came with a series of simplicity measures that aimed to reduce the number of reporting layers and operating costs, from which we are beginning to yield positive financial results. In 2014, Lite-On's global consolidated revenues amounted to NTD230.63 billion, representing an 8% growth year-on-year, whereas net profit was concluded at NTD6.46 billion with NTD2.8 per share (EPS).

Lite-On's devotion to transparent corporate governance and commitment to corporate social responsibilities have won itself a number of awards both locally and abroad in 2014. For six consecutive years, the company was ranked No. 1 among "Electronics Sector" manufacturers and No.2 in the "Taiwan Most Admirable Entrepreneurs" in "Electronic Components" by CommonWealth Magazine's. For four

consecutive years, the company was selected as a member of "Dow Jones Sustainability Indices" (DJSI), and named "Industry Leader" of Computers & Peripherals and Office Electronics (i.e. Computer Hardware). Lastly, Lite-On has won "Corporate Citizenship Awards" for eight consecutive years from CommonWealth Magazine and four consecutive Taiwan Corporate Sustainability Awards from Taiwan Institute for Sustainable Energy. Also, the company's high information transparency has earned itself the highest "A++" rating in the 11th Information Disclosure Evaluation of Securities and Futures Institute.

"CSER Code of Conduct" - the Ultimate Guiding Principles

After completion of "One Lite-On" initiative in 2014, the nine subsidiaries were reorganized into 8 business segments, namely: Mobile Mechanics, Portable Image Device, Power System, Storage, Mobile Mechanics, Connected Devices & System Solutions, Optoelectronic Product Solution, and New Business. Despite the different history and backgrounds of individual subsidiaries, the CSER Committee, led by the Chairman, remains committed in managing the eight



Raymond Soong | Chairman of Lite-On Group

business groups using "CSER Code of Conduct" as the ultimate guiding principles. Lite-On's CSER strategy takes a business-driven approach that incorporates "CSER" principles as part of the company's "values" and "corporate culture," while in the meantime aligning "corporate visions, culture and core competitiveness" with "social, environmental changes and stakeholders' demands." By taking a series of work divisions and procedures, the Company has been able to formulate six major CSR processes and measure results using the LBG (London Benchmark Group) model.

Sustainability in Technological Innovations

Lite-On has witness the transformation of the high-tech industry from analog to digital and from consumer electronics to communication since it was founded in 1975. Today, there are still endless possibilities to the application of auto electronics, LED lighting, cloud computing, and biotechnologies. Lite-On has had countless success in developing new solutions and technologies, both as an electronic component manufacturer and an end product producer. We constantly refine our experience in product design, management, R&D and manufacturing to explore new possibilities that are environmentally sustainable and commercially viable. Meanwhile, Lite-On employees are committed to creating business opportunities with available technologies, thereby bringing new products such as LED new light source, electric car charging units, battery modules, and automotive electronics to reality and contributing to the sustainability. The energy-saving product line in particular, which comprises of power management and LED lighting, has accounted for more than 30% of overall revenue in recent years. In terms of product improvement, the company has made significant progress by increasing LED lighting efficiency and reducing power consumption by 8~9% for new products launched in 2014.

B-Corporation - Contributing to Healthcare in Remote areas

Benefit corporation (or B-corporation) has become the new international business concept, one that emphasizes a company's responsibility to the equality and welfare of society in addition to generating balanced profits for shareholders. This new concept of generating a balanced profit has inspired Lite-On to develop skyla®HB1, a proprietary clinical chemistry analyzer, the first of its kind to be developed in Taiwan, in 2014 as a response to the world's increasing and desperate need for medical instruments, and a solution to the company's duty to profitability, social equality and welfare. This new products features Lite-On's latest optoelectronic technology that reduces the overall size and cost compared to other clinical chemistry analyzers. It is also easy to operate and produces fast results, making it perfect for small medical centers in remote locations as it conserves medical resources and saves the time and cost of traveling back and forth for diagnosis results. This new innovation has been answered with solid sales throughout the world since its launch. In addition, Lite-On had sponsored the "Sophisticated Healthcare for All of Taiwan" policy of the Ministry of Health and Welfare by donating chemistry analyzers, test kits and services for the benefit of medical practitioners and patients located in remote areas such as Lienchiang County, Penghu County, Hualien County, Taitung County, Nantou County, and Pingtung County.

Water Conservation Surpasses Target by 21.3%

In 2015, the United Nations issued a statement that warned the world of a water crisis given the rapid population growth, climate changes, and ongoing urbanization. Water resources have already been identified by World Economic Forum in its "Global Risks Report" as the first of "Top-10 Global Risks. It is imperative for companies to take actions now to ensure the sustainability of our environment. In this respect, Lite-On has been designing its products in ways that achieve low pollution, low energy consumption,

and ease of recycling throughout the product life cycle, starting from the design to the manufacturing, transportation, use, recycling, and disposal stage. We have set short, medium and long term goals to reduce carbon, power, waste and water, and goals to improve product efficiency. We have taken pragmatic measures to achieve carbon neutrality over the long run.

In terms of water conservation, Lite-On's water consumption intensity was measured at 22.58M³/million NTD in 2014, which was 11.2% lesser than the previous year and 31.3% lesser than 2011 (the base year), and had exceeded our initial 10% target by a stunning 21.3%. In terms of carbon reduction, Lite-On's greenhouse gas emission intensity was measured at 2.16 Tons of CO₂e/million NTD in 2014, which was 7.6% lower than the previous year and 7.7% lower than 2011 (the base year), and had exceeded the initial 6% target by a margin of 1.7%.

Social Inclusion Through Education

With regards to social inclusion, Lite-On has envisioned a multicultural society that is founded upon education, creativity, and a sustainable environment. In order to achieve this vision, we have identified four critical missions to guide our efforts: promotion of cultural variety, education and life-long learning, creative and professional talents, and sustainable products and environmental protection. Among the four missions, Lite-On considers "education" the foundation to changing existing problems of our society. For more than 20 years, the company has been bringing diversity into education, and helping children and adults with their learning through programs such as "Community Assistance" and "Xinyi Community College." Meanwhile, Lite-On Award and the corporate volunteer system are taken as direct means of involving in particular areas of education. The above initiatives have all been in force for many years, and we hope to

build on top of the efforts we have committed to deliver more profound influence in the coming years.

The 2014 Lite-On Award featured the theme - "Design for Change," during which a total of 1,700 designs were received from 2,300 applicants around the world. The jury, which comprises of world design masters including CEO Soon-In Lee of Seoul Design Center and Frederick Rickmann, has issued a comment that: "In the products of this year's Lite-On Award, we saw ambition in how Chinese designers have attempted to change the world through the different approaches they have taken. For 14 years, Chinese industrial designers from more than 20 countries have participated in the Lite-On Awards, and nearly 60% of them were from Mainland China. Seeing how rapidly Chinese industrial designers have grown over the years, Lite-On feels proud to provide a platform on which these designers can showcase their talent on the world stage.

Lite-On Cultural Foundation first began its Taiwanese community assistance project back in 1997, during which it hired professional instructors to train the first wave of volunteers. After the training, volunteers were able to empathize with troubled or neglected children from families with cultural, interpersonal, or domestic violence problems. To assist in children's education, the foundation has even developed customized courses on subjects such as character, life perspective, gender education and an EQ camp, to complement the teachings of various schools. In 2014, the foundation's services benefited a total of 14,779 people; combined with the collaborative efforts of Teacher Chang Foundation, New Taipei City Government, and Wan Long Christian Church, the foundation was able to extend its influence to benefit a total of 37,965 people. Lite-On's Taipei Xinyi Community College is the only



Warren Chen | CEO of Lite-On Group

community college in the country that is supported by a corporately-funded foundation. In 2014, the college opened 336 courses to more than 6,800 students, setting the highest record in six years. Since 2008, the college has offered life-long learning opportunities to mentally disabled adults. Seven new courses were introduced in 2014 to benefit a total of 248 people, making it the only community college in Taipei to have expanded services to the mentally disabled.

Lite-On has always responded generously to society's urgent needs. As Taiwan's largest supplier of LED street lamps, Lite-On had donated NTD5 million in the wake of the 2014 "Kaohsiung gas explosion" incident, and offered LED street lamps free of charge to assist in the reconstruction of the disaster-affected area. A total of 300 high-wattage LED lamps were donated to bring the lanes of Yixin and Sanduo Roads of Kaohsiung City back to light.

Over 40: Setting Pace for the 100th Anniversary

In recent years, Lite-On has been shifting its production focus from IT and communication towards LED lighting, automobile, biotech, and cloud computing as the next wave of growth. Its current business focuses are aligned with the world's most prominent trends such as LED new light sources

(indoor, outdoor, and automobile), cloud computing power supply systems, solid-state drives, and energy-saving solutions for auto electronics. Meanwhile, power storage solutions such as electric car charging, wireless charging and fast charging modules also present immense potential. Faced with new changes and challenges of the next generation, such as Internet of Things (IoT) and Industry 4.0, Lite-On has made plans to respond with world-class competitive advantage and establish itself as "the best partner in optoelectronics and smart technologies" for its customers around the world who develop and use innovative photovoltaic energy conservation and smart technology.

We extend our deepest gratitude to those who support Lite-On's sustainability philosophy and to every participating employee and stakeholder, whether you are a customer, supplier, investor, business, institution or organization partner, government agency, NGO, community or school. We hope for your continual support for Lite-On's 40 years of contributions to society and the environment over the next 100 years.

Chairman of Lite-On Group

CEO of Lite-On Group



1 Corporate Commitment and Stakeholders Engagement

1.1 Corporate Commitment and Corporate Social Responsibility Vision

Lite-On aims to develop "sustainable business" through a corporate philosophy centered around "customer satisfaction," "excellence in execution," "innovation" and "integrity." While pursuing revenue growth and profitability, we fulfill our duties as a global Corporate Citizenship and build our competitiveness upon this foundation.

As a means of fulfilling corporate social responsibility, Chairman Raymond Soong of Lite-On Group has joined the executive management in founding a Corporate Social and Environmental Responsibility (CSER) Committee with the mission to incorporate social responsibilities into Lite-On's "core value" and "corporate culture."

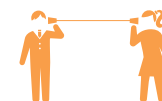
Being an ethical and responsible business, Lite-On aims to achieve world-class excellence. The company believes that, by caring for the interests of stakeholders and the environment, its efforts will be ultimately rewarded with long-term growth and profitability. As we grow, Lite-On will continue giving back to society by fulfilling our commitment to corporate social and environmental responsibilities (CSER).

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 Citizenship Coalition (EICC) code of conduct. The CSER Code of Conduct has been applied to all subsidiaries of the Lite-On Group (those that are majority-held shareholders and managed by Lite-On) and covers all business activities from trade, investment, subcontracting, supplier relations, and business development to employee relations. The CSER Code of Conduct highlights Lite-On's commitment to various issues such as business ethics, employer-employee relations, environmental protection, health and safety, management systems, corporate governance, and social engagement. The company's performance in this regard has been attested to by internal as well as external inspectors. 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, Lite-On has developed six main CSER processes based on the company'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 Community Involvement.



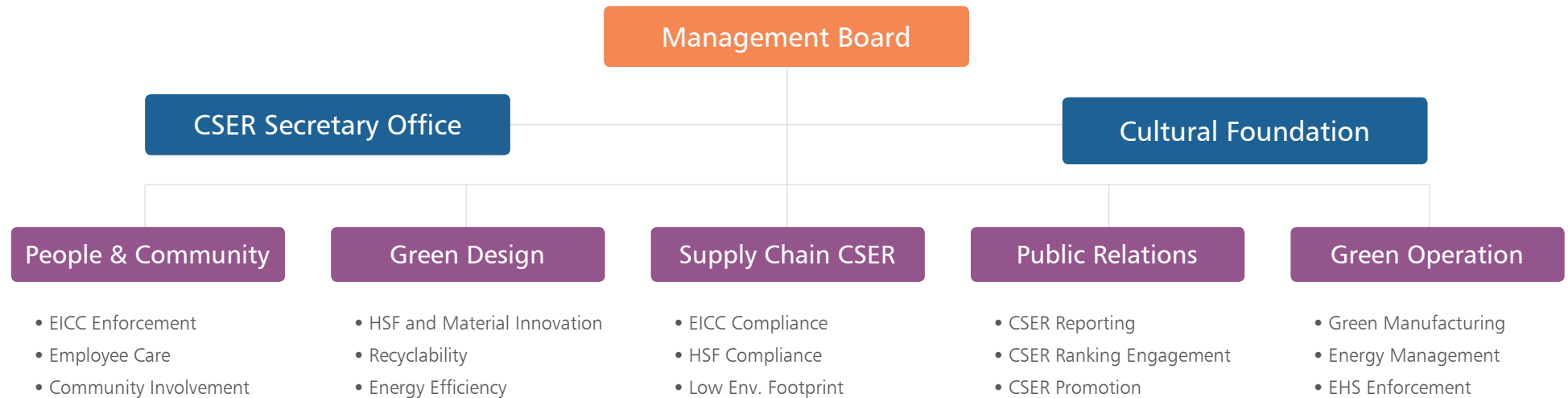
1.1.1 Lite-On CSER Committee

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.

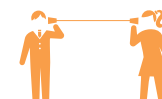
The CSER Committee is supervised by the board of directors. It is chaired by Chairman Raymond Soong with Group CEO Warren Chen acting as the Committee Executive Officer, while the rest of the committee comprises of members from Lite-On Group's executive

management. 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 take a business-driven CSER strategy in line with the triple bottom lines of corporate growth and profitability. 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 impact. By systematically planning and executing our strategies, we are able to ensure the success and improvement of our CSER efforts.



CSER: Corporate Social and Environmental Responsibility EICC: Electronic Industry Citizenship Coalition HSF: Hazardous Substance Free EHS: Environment, Hygiene and Safety



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)^{Note}, and involved five major steps. In principle, the methodological analysis is to be proceeded once in three years with supports from the result of yearly questionnaires to stakeholders.



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.

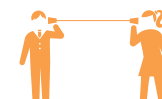
Step 1: Establishment of Communication Goals

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 G4.0 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.



The 23 issues concerned by Lite-On's stakeholders

Item	Aspect	Dimension	Description	Corresponding Chapter	
1	Hazardous substances	Environmental	Management of hazardous substances used in products and production processes	3.6	Restriction on the Use of Hazardous Substances
2	Environmental performance	Environmental	Statistics on energy consumption, greenhouse gases, air quality, waste water, hazardous waste etc	3.3 3.7.4	Responses to Climate Change and Global Warming 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	Lite-On's Green Commitment
6	Labor practices	Social	Workforce indicators, employee complaints and resolution, commitment to labor regulations etc	4.1 4.4 4.5	Employee Policy Protection of Rights and Interests Employee Relations
7	Innovation	Economic	Innovation involving products, production processes, social engagement, and environmental protection	3.9 3.10	Green Factory 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	Financial performance	Economic	Revenue, expenses and profits	2.1.2	Business Performance and Outlook



The 23 issues concerned by Lite-On's stakeholders

Item	Aspect	Dimension	Description	Corresponding Chapter
11	Communication with stakeholders	Economic	Methods by which the company communicates with stakeholders and the results	1.2 Identification of Stakeholders
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



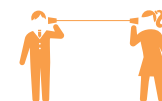
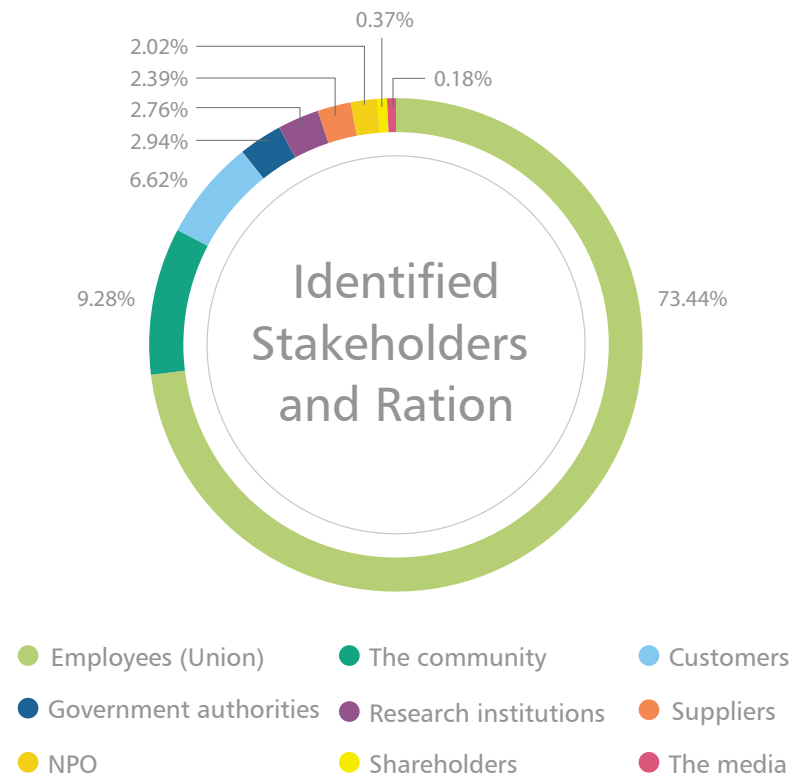
Step 2: Identification of Stakeholders

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.



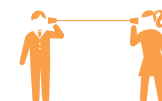
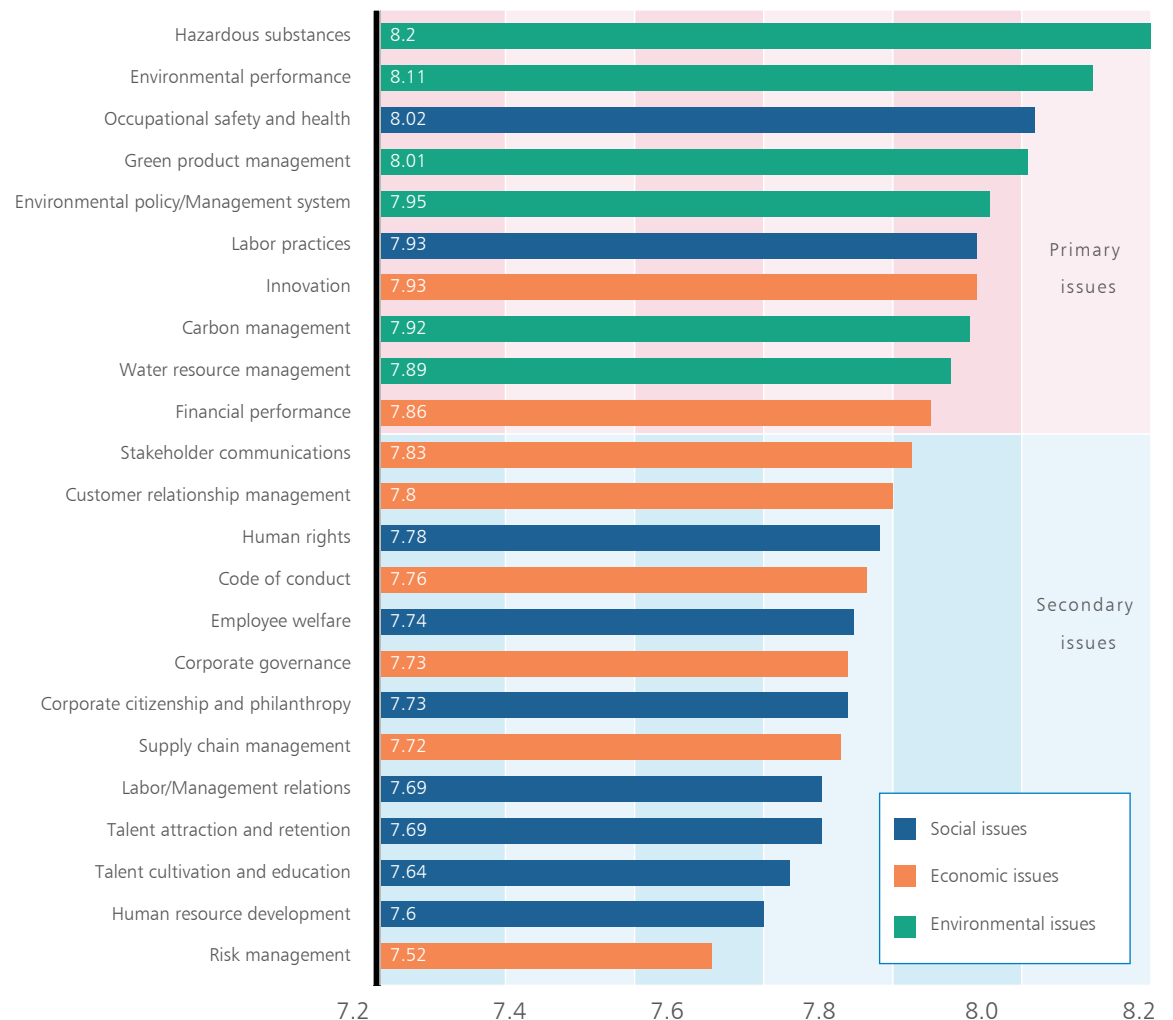
Step 4: Analyze the Materiality of Each Issue

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.



1.2.2 Methods of Communication with Stakeholders

Audience	Issues and patterns of communication	Communication channels	Communication frequency
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 agendas. 2. The company organizes an investor conference after each quarterly report. The investor conference is 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 	<ul style="list-style-type: none"> - Shareholder meetings: once a year - Investor conferences: four times a year - Investor forums: 10 sessions a year
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 - Special-purpose meetings / teleconferences - Site visits - Ad-hoc meetings on urgent issues - Customer audits - The EICC-ON platform 	<ul style="list-style-type: none"> - Quarterly - As needed depending on the customer - As needed - As needed - Updated yearly



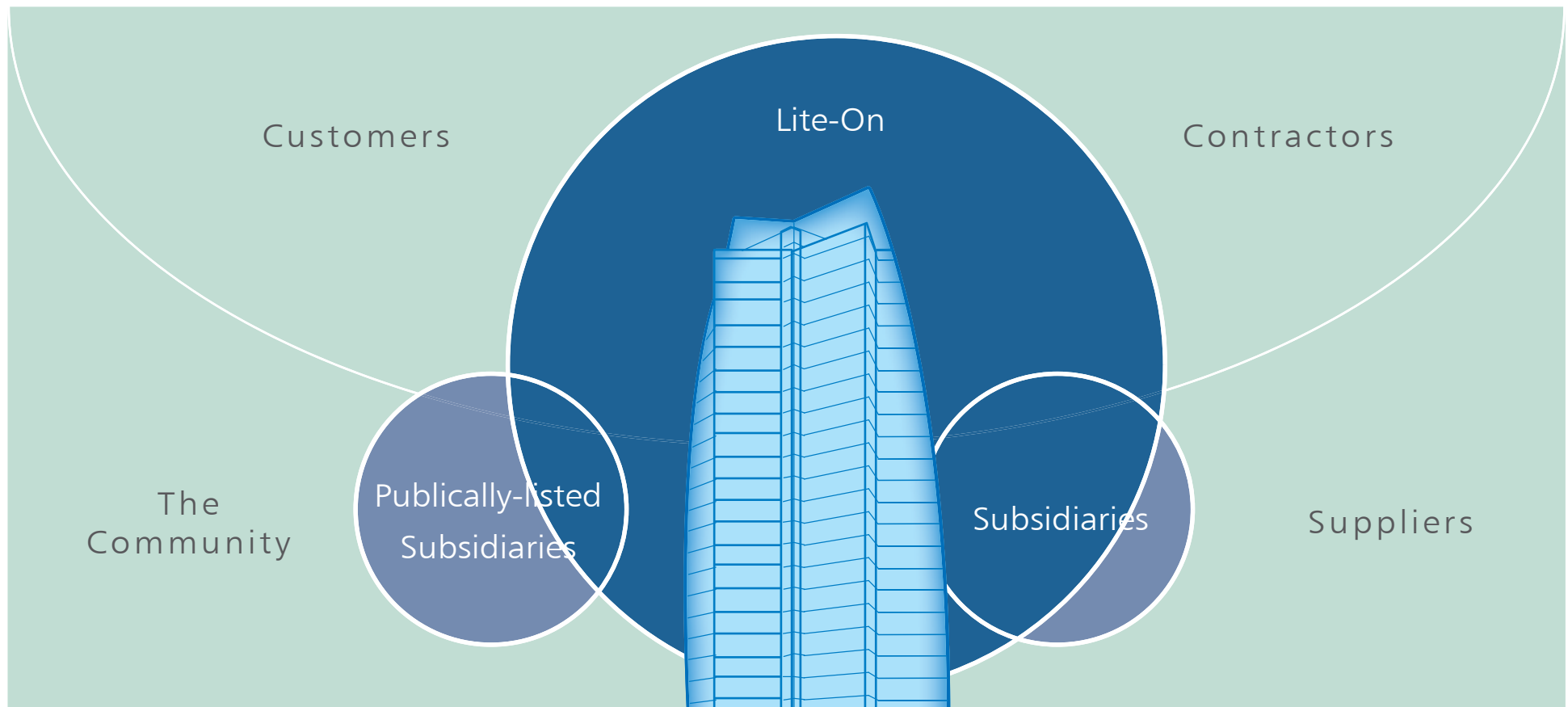
Audience	Issues and patterns of communication	Communication channels	Communication frequency
Suppliers	<ol style="list-style-type: none"> 1. The company has implemented a Green Management System (GMS) and assembled a Hazardous Substance-Free Committee (HSF Committee). Suppliers are required to report their activities on the system regarding the types of materials supplied, the international regulations applicable, customers' requirements etc. 2. The company holds annual supplier meetings to communicate with suppliers on 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 to adopt 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 vendor training activities on topics such as CSR, EICC requirements, and greenhouse gas reduction. 	<ul style="list-style-type: none"> - Supplier training conferences - Supplier audits - Project meetings - Operational review meetings 	<ul style="list-style-type: none"> - Yearly
Employees (union)	<ol style="list-style-type: none"> 1. All plant sites in Taiwan and Mainland 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. All plant sites in Taiwan and Mainland China have union organizations to tend to employees' welfare. These unions hold regular committee meetings. 	<ul style="list-style-type: none"> - Internal communication channels (email, telephone) - Business unit meetings - Internal publications - Union meetings 	<ul style="list-style-type: none"> - Once a quarter - Ongoing - As needed - Once a quarter - Held as needed at plant site
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 	<p>CSER web page: Updated annually</p>
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 	<ul style="list-style-type: none"> - Press conferences: 11 times a year - News releases: 29 releases a year



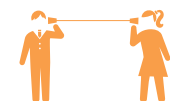
Audience	Issues and patterns of communication	Communication channels	Communication frequency
The community	<p>1. Community assistance: The company communicates with community volunteers via email and telephones at the schools they serve. In the event of the occurrence of a major incident, community volunteers will be notified by email and the incident will be open for discussion on social media websites.</p> <p>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.</p> <p>2. Xinyi Community College: 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>	<p>1. Community assistance</p> <ul style="list-style-type: none"> - Foundation email letterbox - Social media webpage - Course feedback form <p>2. Xinyi Community College</p> <ul style="list-style-type: none"> - Course satisfaction surveys - Instructors' meetings - Volunteers' meetings 	<ul style="list-style-type: none"> - Three times every half-year - As needed - Once every half-year <ul style="list-style-type: none"> - Once every half-year - Once every half-year - Once every quarter
Research institutions	<p>The company actively engages research institutions in productive interaction. The means through which it communicates with academia includes:</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 	CSER forums are held with the academia and research institutions on an irregular basis
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 NGOs on various employee care and environment adaptation initiatives. 	<ul style="list-style-type: none"> - Membership associations - Event participation 	Union meetings: quarterly



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.



Aspect	Scope Category	Within the organization		Outside of the organization			
		Eight Business Groups	Subsidiaries Lite-On Green Technologies	Suppliers (raw materials)	Contractors (manufacturers)	Customer	The Community
Hazardous substances Management of hazardous substances used in products and production processes	Environmental	●	⊙	⊙	⊙		
Environmental performance Statistics on energy consumption, greenhouse gases, air quality, waste water, hazardous waste etc.	Environmental	●	⊙	⊙	⊙		
Occupational safety and health Statistics on disabling injuries, frequency of occupational illness, death etc.	Social	●	●	⊙	⊙		
Green product management Green product design, life cycle and impact assessment, declaration of environmental friendliness etc.	Environmental	●	●	⊙	⊙		
Environmental Policy/Management system Environmental protection policies, quantitative and qualitative information, auditing and tests etc.	Environmental	●	⊙	⊙	⊙		
Labor practices Workforce indicators, employee complaints and resolution, commitment to labor regulations etc.	Social	●	●	⊙	⊙		
Innovation Innovation involving products, production processes, social engagement, and environmental protection	Economic	●	●				
Carbon management Carbon emission policies, reduction of carbon emission intensity, R&D of low-carbon products etc.	Environmental	●	⊙	⊙	⊙		



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



Aspect	Scope Category	Within the organization		Outside of the organization			
		Eight Business Groups	Subsidiaries Lite-On Green Technologies	Suppliers (raw materials)	Contractors (manufacturers)	Customer	The Community
Water resource management Water usage/discharge, suppliers' water resource management, water life cycle of products manufactured etc	Environmental	●	⊙	⊙	⊙		
Financial performance Revenue, expenses and profits	Economic	●	●				
Communication with stakeholders Methods by which the company communicates with stakeholders and the results	Economic	●	●				
Customer Relationship Management Customer satisfaction, problem-solving procedures, and quality management	Economic	●	●	⊙	⊙		
Human rights Gender and ethnic discrimination etc.	Social	●	●	●	●		
Code of Conduct Establishment of a code of conduct (e.g. anti-corruption, confidentiality rules), policies and violation status etc.	Economic	●	●	⊙	⊙		
Employee welfare Employee health promotion activities and results	Social	●	●	⊙	⊙		
Corporate Governance Composition and function of the board of directors, audit practices, directors' and supervisors' shareholding positions etc.	Economic	●	●	⊙	⊙		

● 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



Aspect	Scope Category	Within the organization		Outside of the organization			
		Eight Business Groups	Subsidiaries	Suppliers (raw materials)	Contractors (manufacturers)	Customer	The Community
			Lite-On Green Technologies				
Corporate citizenship and philanthropy The company's strategies for charity and social engagement, type of charity events involved, resources committed etc.	Social	●	●				●
Supply Chain Management Policies, standards (e.g. green procurement, EICC), practices, and progress on supply chain management	Economic	●	●	⊙	⊙	⊙	
Labor/Management Relations Labor/Management communication, employee satisfaction surveys etc.	Social	●	●				
Talent attraction and retention Employee performance appraisal, remuneration and reward systems etc.	Social	●	●				
Talent cultivation and training Training programs, execution and results	Social	●	●	⊙	⊙		
Human resource development Human resource indicators, organized learning and development etc.	Social	●	●				
Risk Management Corporate risk management structure, analysis and control of risks etc	Economic	●	●				

● 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



2 Development of Corporate Operations



2.1 Company Overview

Founded in 1975, Lite-On embraced being "Best Partner in Opto-Electronic, Eco-Friendly and Intelligent Technologies" as its vision to focus on the development of optoelectronics and key electronic components, and strives to build up competitive edge through resource integration and optimized management. Lite-On produces products that are used in a broad range of applications, such as computers, communications, consumer electronics, automotive electronics, LED lighting as well as biotech and healthcare, and Lite-On is a worldwide leading provider of optoelectronics, information technology, storage devices, and mobile devices components.

For more than 40 years Lite-On has concentrated on establishing a competitive advantage in mass production. Through resource integration and management, we maximize the returns from a diverse product portfolio to realize excellent revenue growth and profits. In 2014, Lite-On successfully completed its "One Lite-On" program by integrating nine of its main subsidiaries under one management, while the main business strategy remains focused on improving resource utilization, automation, production optimization, and streamlined processes for better productivity and efficiency. In the long-term, the focus is on profitability, sound governance and improving shareholder returns to lay down the foundation for a sustainable century enterprise.

In recent years, Lite-On has been shifting its production focus from IT and communication towards LED lighting, automobile, biotech, and cloud computing as the next wave of growth. Its current business focuses are aligned with the world's most prominent trends in energy saving products such as new LED light sources

(indoor, outdoor, and automobile), cloud computing power supply systems, solid-state drives, and automotive electronics. Meanwhile, power storage products such as electric car charging, wireless charging, and fast charging modules are also presenting immense potential. The global technology industry is now set to welcome a new wave of changes, Lite-On hopes to leverage its existing advantage as a world-class enterprise in this age of changes and challenges to become the partner of choice for global customers developing innovations and applications for photonics, energy-saving and smart technologies.

Company name	Lite-On Technology Corporation
Date of Establishment	1975
Headquarters	Taipei, Taiwan
2014 revenue	NTD2,30.632 billion (global consolidated)
2014 EPS	NTD2.80
2014 total employees	62,495
Stock code	2301

Lite-On's future products and 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 mobile devices, notebook PC, desktop PCs, servers, communication equipment, LCD displays, televisions, gaming consoles, multi-functional office equipment, 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.

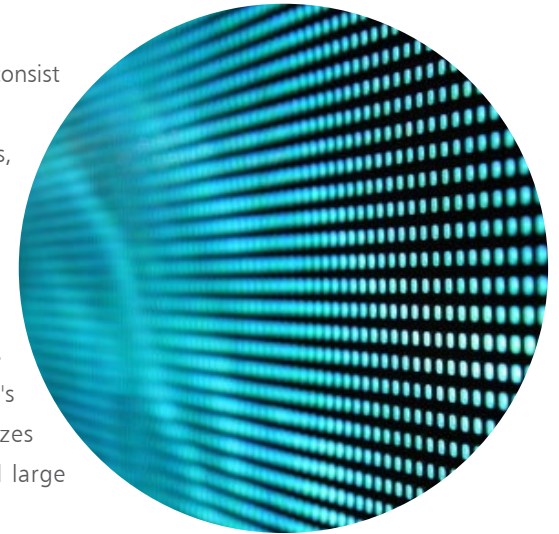
Lite-On continues to apply new technologies in the development of next-generation energy products including wireless charging and fast charging modules for consumers' convenience. Lite-On is capable of producing USB Type C connectors and USB PD (Power Delivery) technology to deliver higher power efficiency. Lite-On produces Titanium-grade power supply units for personal computers and servers. Lite-On provides Battery Backup Power Supply Systems and cloud computing power solutions that offer greater reliability. Based on a report produced by MTC (Micro-Tech Consultant), Lite-On was the world's second largest supplier of power supply products in 2014.

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.

Optoelectronics (LED)s

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).



Lite-On's recent efforts in the development of energy-efficient UV LEDs have been rewarded with significant cost advantage, giving it a good head start in special lighting applications such as nail treatment, photocatalyst, mosquito lamp, plantation, ink-based printing, and UV exposure. 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 suppliers, 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 laptops, desktops, 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.

In terms of hand held devices, Lite-On has successfully developed a dual-lens technology that can be applied onto mobile camera modules. The most significant advantage about the dual-lens technology is that both lenses can function at different focus. Fundamentally speaking, dual-lens technology has an advantage over the current solution, where focus is adjusted by moving a set of lenses. This gives mobilephones the ability to zoom in and out without adding thickness to the chassis. The current design, for instance, features the combined use of one wide-angle lens and one 3x zoom lens. Images captured through the two lenses are processed using a special algorithm to produce the same image quality as if one optical zoom lens is used. Furthermore, the two lenses are capable of gathering data on the depth of field in real-time as images are processed. This gives users more useful data for post-processing purposes. Coupled with the use of advanced image processing software, the system allows users to adjust focus after taking a shot in greater quality, efficiency, and accuracy.

Image Input/Output

The image input/output line comprises end products and modules for home applications as well as business use.

In terms of end products, Lite-On has successfully developed and mass-produced new all-in-one office machines that feature energy-efficient color laser printing. As for modules, Lite-On provides color scanning modules and control panels. With regards to new products and technologies, Lite-On continues to invest in the R&D of feeder scanners and 3D imaging products.

Human Input Solutions

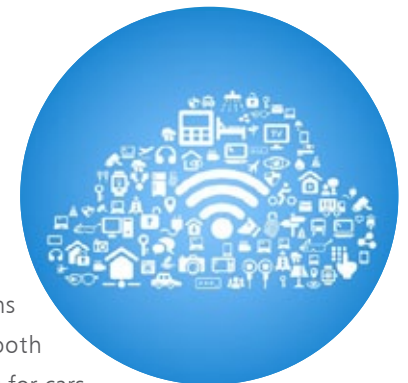
Input devices refer to accessories such as desktop keyboards, keypads, keyboard modules for laptops, mice, and intelligent remote controls. In the desktop keyboard category, Lite-On produces conventional as well as Bluetooth keyboards that feature new mechanisms and materials. New products being developed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

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 gaming 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), 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 grade high-capacity wireless receivers, enterprise grade high-performance wireless receivers, SME dual-band routers, and wireless audio/video receivers.





System 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 hand-held market, Lite-On is a provider of mechanics solutions and precision tooling services that help its customers customize the components they need (e.g.: chassis, antenna etc). These services ultimately result in end products such as feature phones, smartphones, phone accessories, tablet PCs, personal healthcare products (e.g.: electric shavers), and wearable electronics. What Lite-On offers is a complete service package from concept, design, development, production, to delivery.

Lite-On's competitive advantage lies in its plastic and metal molding know-how, surface polishing techniques, antenna design, craftsmanship, and the ability to provide integrated and innovative solutions. Some of the company's integrated and innovative solutions include Visual Metal Insert Molding, Narrow Glass Insert Molding, and 3D Printing Antenna that have proven helpful to customers in saving costs, reducing energy consumption, making better use of available space, and making products as seamless, compact, and feature-rich as possible.

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 computers, slim types for laptop computers, ultra-slim plug-and-play drives, gaming 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 computers, laptops, POSs, ATMs, arcade game machines, automotive electronics. It has even moved ahead of the industry and launched SSDs that feature the PCIe interface. Moreover, the firmware development team has successfully launched several exclusive intelligent SSD caching solutions and DISK management utilities. Lite-On has become a worldwide top-three PC SSD supplier. 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 auto electronics division offers the following products and services:

LED lamp modules, vehicular vision camera modules, motor control modules, vehicular vision systems, cruise control systems, and engine control units (ECU).

Lite-On's auto electronics division offers customized design and manufacturing of LED lamp modules for auto manufacturers around the world. The company has already developed and mass-produced a comprehensive range of LED lamp products including Head Lamp Modules, LED Front/Rear Fog Lamp Modules, LED Front/Rear Turning Indicator Modules, LED Infrared Module for Night Vision Modules, Rear Combination Lamps Modules, Central High Mount Stop Lamp Modules, and Daytime Running Light Modules. Meanwhile, the company has made significant breakthroughs with regards to the application of high brightness LEDs, heat module design, EMI/EMC, and new power-saving designs. These new breakthroughs are being adopted by the world's major auto manufacturers.

Vehicular vision modules are currently used in back-up camera systems and in applications that give drivers a 360-degree, blind spot-free vision around the vehicle. Taking innovation to a higher level, the company's vehicular vision department has successfully extended application of the camera module to passenger seats and combined them with the front view vision assistance system; both of these solutions are being adopted by U.S.



car makers in the Japanese market, which signifies the fact that vehicular vision systems have evolved into the era of machine vision. The new Land Departure Warning System (LDWS) designed by the company's vehicular vision department has been adopted by one of the renowned European automakers and is now in mass production. Meanwhile, the company's proprietary 6-axis motion adjustment device is capable of increasing camera precision to μm grade, a level comparable to European and American equivalents.

The body control system serves as the brain behind all motor-driven parts of the vehicle. Lite-On's accomplishment in this respect is the development of a Smart Motor Control Module, one that is capable of validating network integrity and checking errors on its own. It has CAN TOOLS built in to accurately simulate the CAN/LIN environment, and has passed ISO certification as well as those of major car makers. This motor control has been applied onto various motor modules used in a vehicle, such as Anti-Pinch Sunroof, Anti-Pinch Power Window, Anti-Pinch Power Tailgate, Anti-Pinch Power Sliding Door, and Auto-Leveling.

As for engine control units (ECU), Lite-On is able to work with customers and design customized ECUs to achieve power and energy requirements, while in the meantime helping them save costs and conform with pollution laws.

In the after-market, Lite-On has focused on the introduction of vehicular vision and cruise control solutions with added innovations, including:



Cellphone-based wireless/wired back-up camera solutions:

Using a WiFi module combined with OTG technology, the product has the ability to transmit images wirelessly to the user's phone with great clarity, stability, and low latency. Wired models even have the ability to charge cellphones on the go. Furthermore, the company has developed a special app that enables drivers to see images when backing their vehicles and making personal configurations all on their cellphones. These products have been designed to facilitate easy installation at minimal time, and without the need to install additional display screen, making it an ideal alternative to autonomous driving assistance system.

Digital drive recorder:

Unlike other similar products on the after-market, what Lite-On offers are digital drive recorders that meet the standards required by world's renowned auto makers. Lite-On's product comes without a screen but instead uses WiFi to transmit captured images onto the user's cellphone. Users may then have the option to browse through recorded images or play them live using a special app. The product also features CAN Bus (for connecting with car signals), G-sensor, GPS, microphone, Full HD recording, and supports up to 64G SD card.

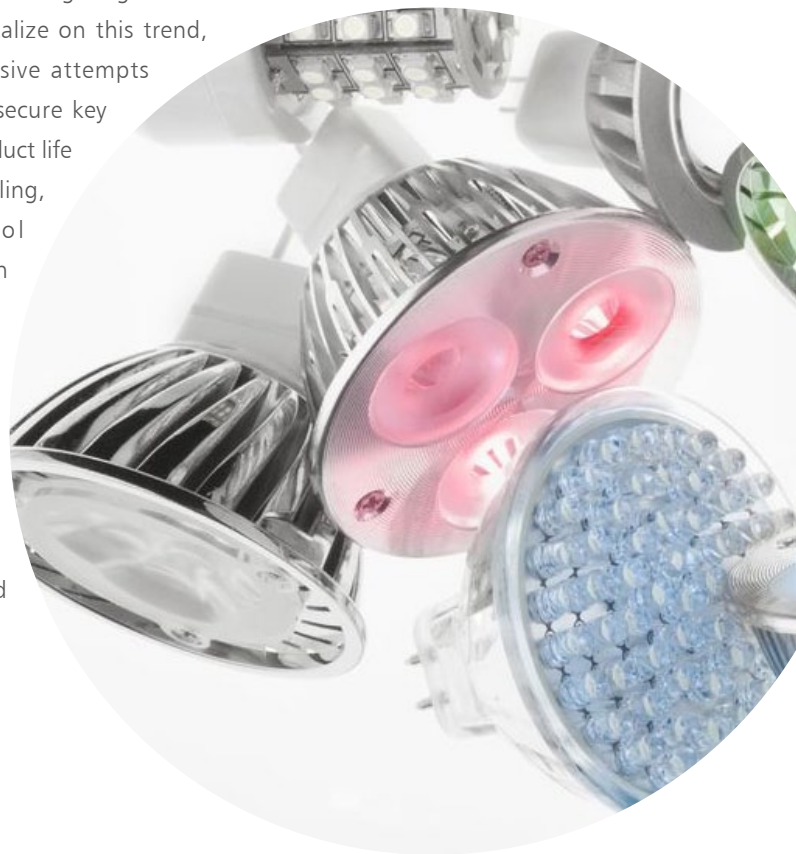
Cruise control system:

Lite-On has had more than 35 years of experience in cruise control systems and is Taiwan's only supplier with the ability to manufacture. Its products have been designed after taking into consideration a broad range of driving scenarios with driver's safety and system stability in mind, which is the reason why Lite-On enjoys the world's largest share in the after-market. This product has completely satisfied all design standards stipulated by the U.S. Society of Automotive Engineers, and has attained E1 certification in Germany. The product can be installed onto various types of vehicles including: Mechanical/Drive-By-Wire pedals and CAN Bus Cruise.

LED Lighting

Lite-On's LED products are used in two main applications: General Illumination and Outdoor Lighting. General Illumination comprises of home range and commercial range LED bulbs, tubes and other lighting equipment, whereas Outdoor Lighting consists mainly of LED-based traffic signal lights and street lights.

With the support of government policies around the world and falling production costs, LED is replacing conventional lighting solutions at an increasing pace. To capitalize on this trend, Lite-On has made extensive attempts to develop distribution, secure key materials, and extend product life by improving system cooling, smart lighting control and power conversion efficiency. In the meantime, the quality of lighting has been constantly improved to satisfy the needs of different environment, giving Lite-On's LEDs a solid reputation around the world.



Medical and Biotech

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. In May 2015, Lite-On collaborated with the Ministry of Health and Welfare to donate 18 clinical chemistry analyzers plus one year's supply of test kit to 18 public health centers in remote locations. 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 analyzers (including test kits and probes). 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 2015.

Charging Solution

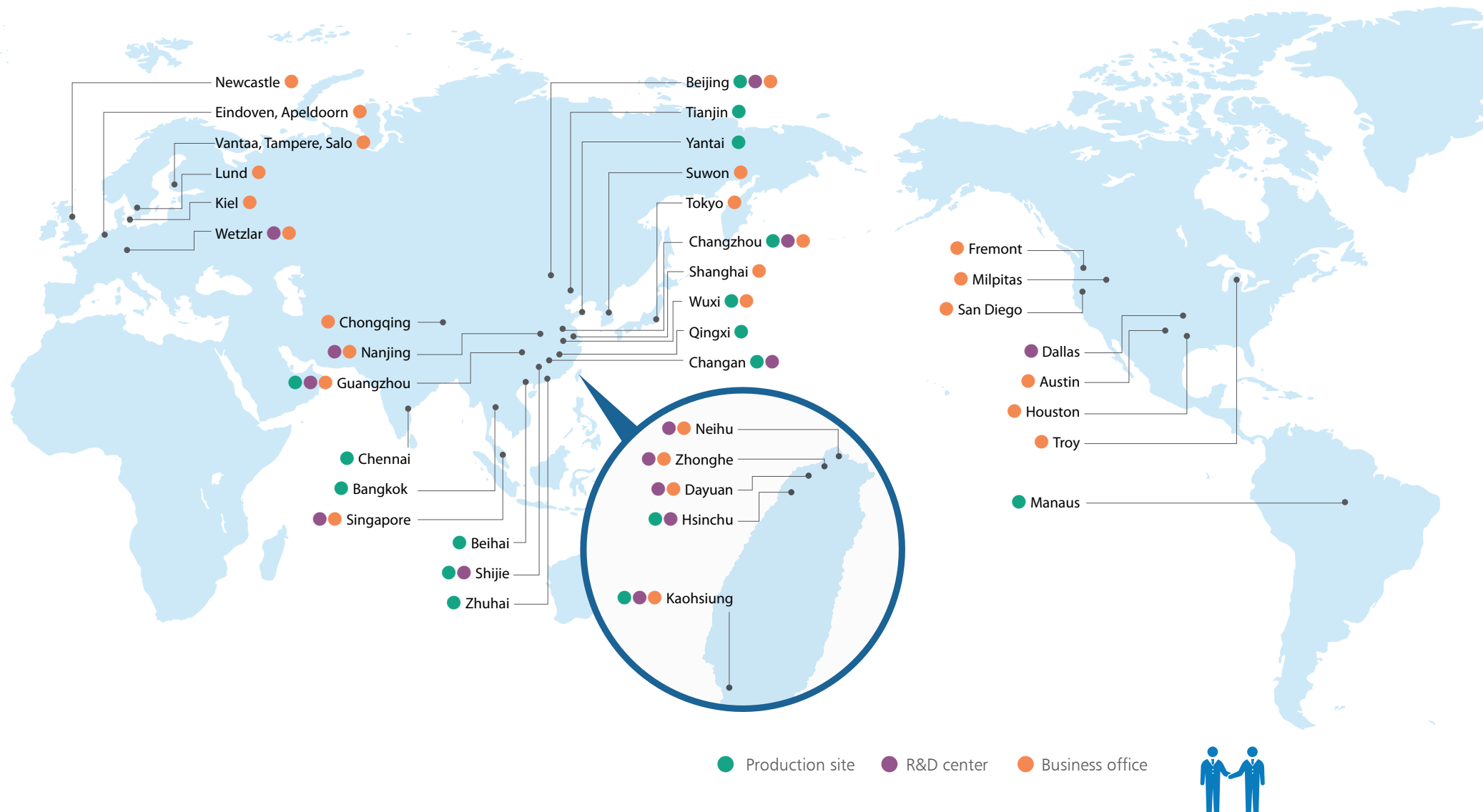
Lite-On's products in this segment comprise mainly of AC chargers OEM/ODM for electric cars. The company offers several specifications including Public & Workplace chargers, Public & Workplace three-phase, Home/Residential Chargers, and Home/Residential three-phase. In order to meet market demands, Lite-On not only complies with European IEC 62196 and U.S. SAE J1772 standards, but has also acquired other electric car certifications such as OCPP 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 20,000 electric cars by the beginning of 2015, making it a leader in electric car charging solutions in Europe.

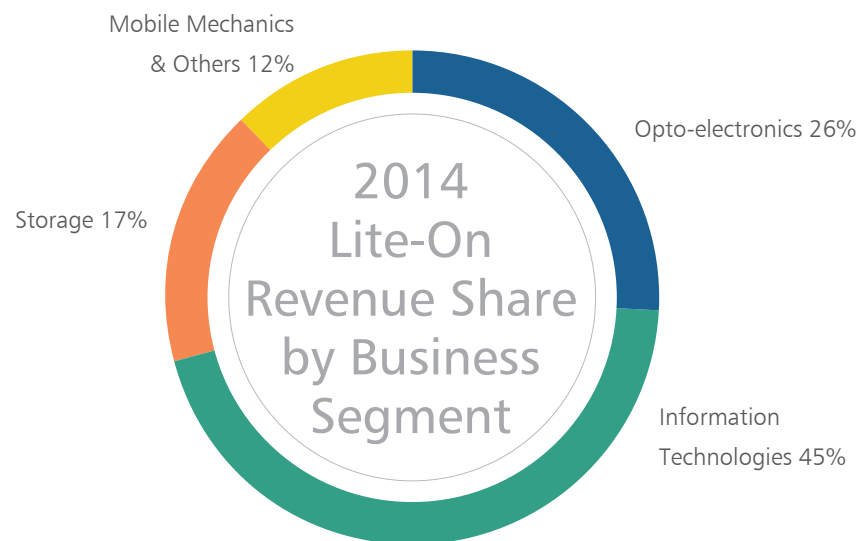


2.1.1 Lite-On's Major Operations Centers Worldwide 2014



2.1.2 Business Performance and Outlook

Lite-On successfully completed the "One Lite-On" project, merging nine subsidiaries into one in 2014. With the resources and competitiveness of Lite-On Automotive, Lite-On IT, LarView, Leotek, Li Shin, Lite-On Clean Energy, Lite-On Mobile, Dong Guan G-Tech, and Dong Guan G-Pro, Lite-On is entering its 40th year with a brand new face. Thanks to an effective re-organization, coupled with financial and operational cost reductions, the results of the consolidation are showing gradually. In 2014, Lite-On's consolidated revenue reached NTD230.63 billion, with a growth of 8% Y-o-Y. The non-traditional PC related products contributed approximately a 50% share of total revenue with a sales growth of 30% Y-o-Y, and net profits were NTD6.46 billion with EPS of NTD2.8.



The Optoelectronics business segment contributed a 26% share of sales, in which growing end-market demand for Lighting, Consumer and Mobile applications reinforced LED street lighting shipment growth driven by increased global demand for energy saving solutions, coupled with smooth delivery in North America and Asia; LED vehicle lighting shipments grew, driven by increased demand from major global automotive customers; and camera module revenue increased, driven by high-mega pixel product expansion, coupled with ongoing market share gains in smartphones and PCs, resulting in the Optoelectronics business segment achieving a revenue growth of 29% Y-o-Y.

The Information Technologies business segment accounted for 45% of revenue, of which Power Systems' annual revenue hit a record high, resulting from increases in global demand for server power management systems in cloud computing as well as mobile devices. Meanwhile, in Mechanical Competence, increased shipments of high-end server enclosure products, ongoing market share gains and the delivery growths of keyboards for tablet and PCs in HIS (Human Input Solutions - PC Keyboards and Peripherals) and the delivery growth in Multi-Function Peripheral laser models resulted in a revenue growth of 14% Y-o-Y.

Storage business accounted for 17% of revenue. Thanks to increased end-market demand, solid state drive (SSD) and game console application products achieved a revenue growth of over 20% Y-o-Y.



	Unit: million NTD	
	2014	2013
Net Sales	230,632	213,214
Gross profit	28,249	30,501
Gross profit margin	12.25%	14.31%
Operating profit	7,129	10,042
Operating profit margin	3.09%	4.71%
Non-operating income/(expenses)	622	1,477
Profit before tax	7,751	11,520
Profit before tax margin	3.36%	5.40%
Income tax expenses	2,071	2,629
Income tax rate	26.72%	22.82%
Net profit after-tax	6,462	8,755
After-tax earnings per share	2.80	3.81

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 2014 annual report published on the company's website www.liteon.com

3. Refer to page 46 of Lite-On's 2014 Annual Report for information on liabilities and shareholders' equity

4. Refer to page 46 of Lite-On's 2014 annual report for information on retained earnings.

5. The net profits in 2014 decreased due to Camera Module inventory adjustment and a Mobile Mechanics business transition.

In 2015, the company's major approaches will focus on profitability optimization through operational structure enhancements with resource integration. By means of core competence improvement and cost structure refinement, it's expected to efficiently fulfill customer demands and consolidate supply chain, as well as production and inventory management, while enhancing advanced automation capabilities to shorten the production cycle time and strengthen processes. Looking forward, overall operation will be improved gradually through better customer and product diversification this year.



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.

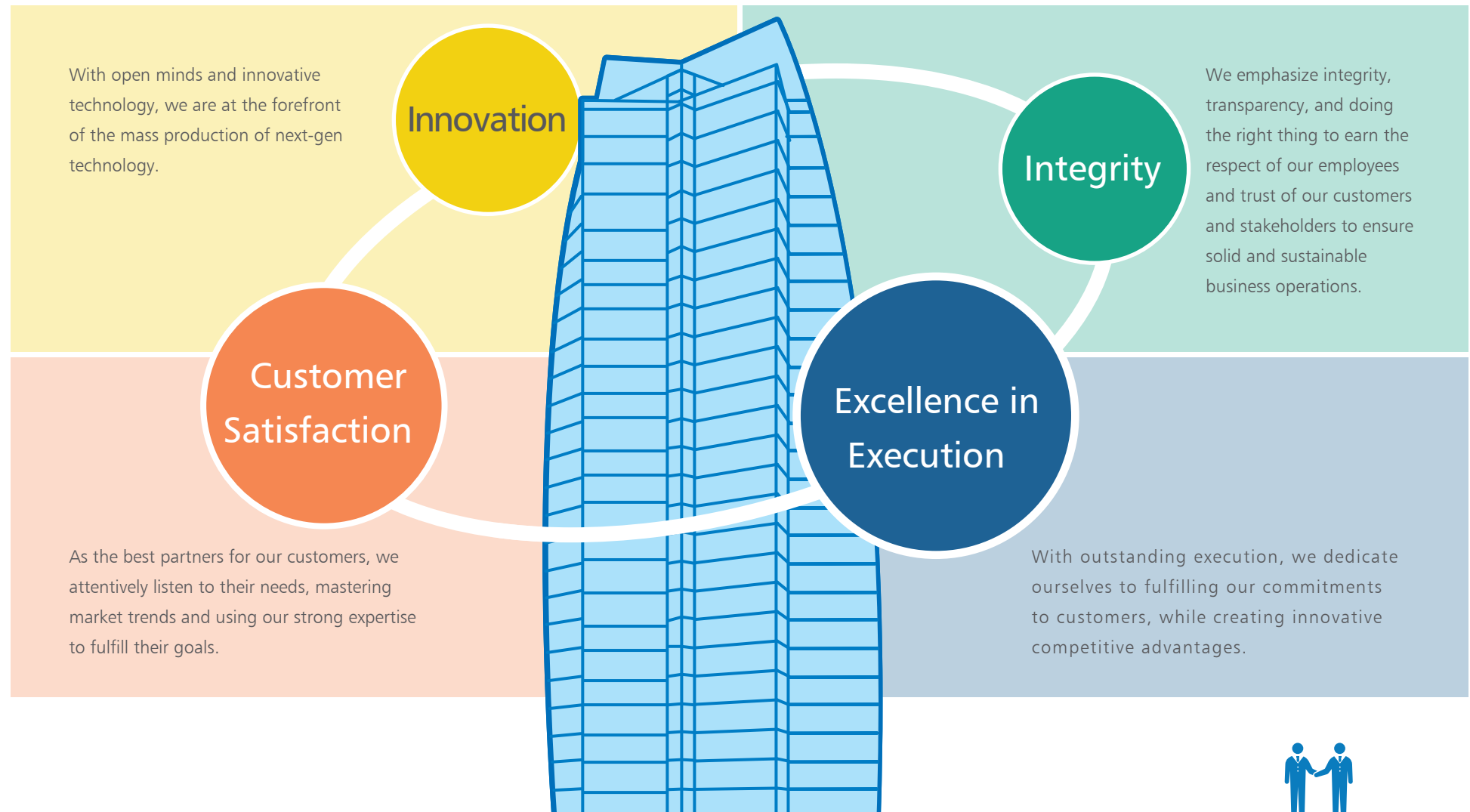
Name of Association/Organization	Member	Positions
Digital Living Network Alliance (DLNA)	V	None
Institute of Information Industry	V	None
ISA (International Solid State Lighting Alliance)	V	None
Photonics Industry and Technology Development Association	V	None
Member of UPnP Forum	V	None
Zhaga Consortium	V	None
Taiwan Semiconductor Industry Association	V	None
Chinese International Economic Cooperation Association	V	None
Business Council for Sustainable Development of Taiwan	V	Permanent Member
Taipei Computer Association	V	Executive Director
Taipei NeiHu Technology Park Development Association	V	Director

Name of Association/Organization	Member	Positions
Taiwan Electrical and Electronic Manufacturers' Association	V	Director
Taiwan Corporate Sustainability Forum	V	None
The International Commission on Illumination	V	None
Taiwan Optoelectronic Semiconductor Industry Association	V	None
Taiwan Thermal Management Association	V	None
Taiwan Medical and Biotech Industry Association	V	None
Taiwan Lighting Fixture Export Association	V	None
Mainland China Solid State Lighting Alliance	V	None
Anti-Static Equipment Branch of Mainland China Electronic Instrument Industry Association	V	None
Electronics & Communications Association of Guangzhou	V	None



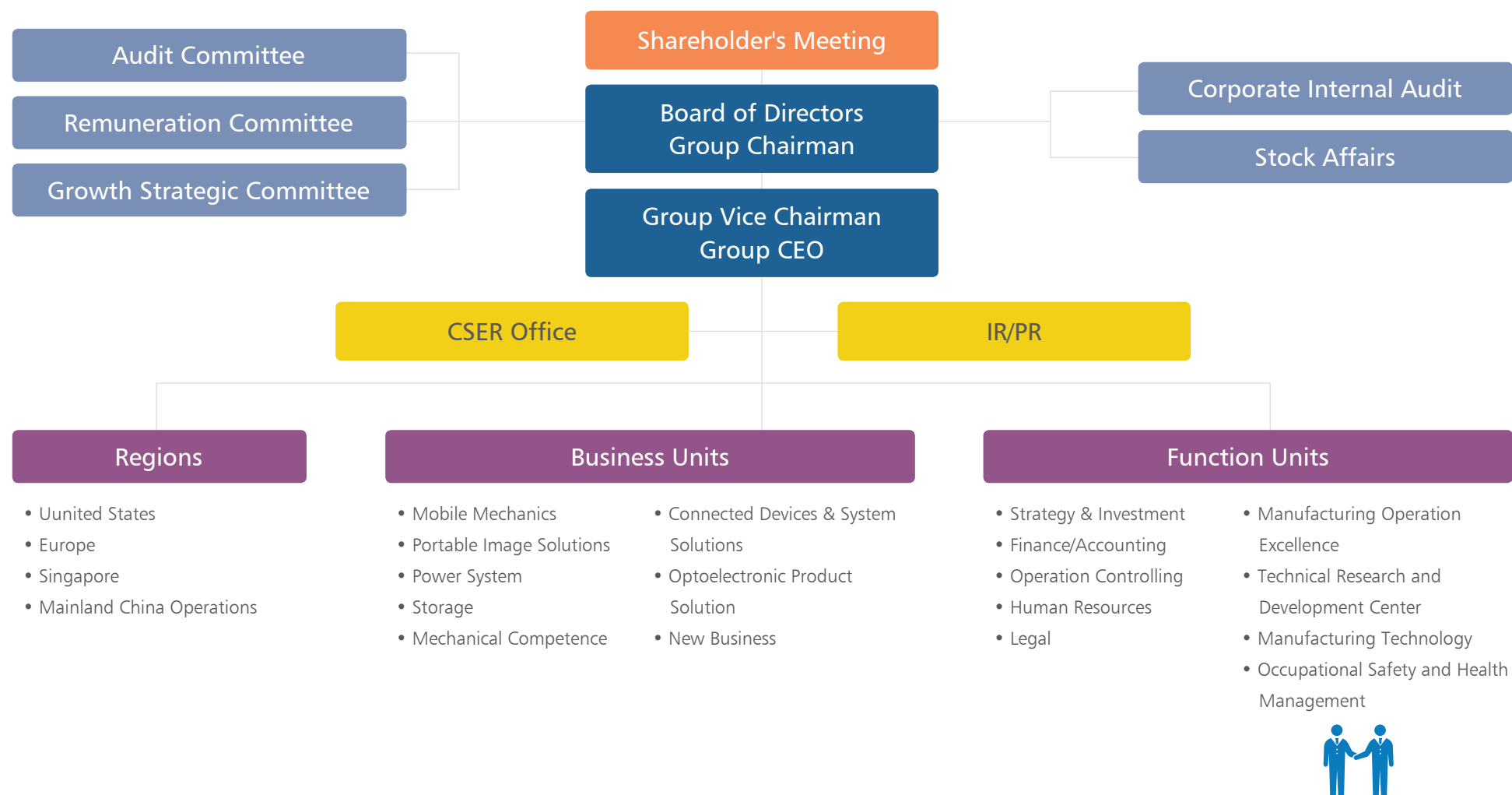
2.1.4 Lite-On Corporate Values

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



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 Remuneration 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 2014, Lite-On was rated A++ by the Securities and Futures Institute during its Information Disclosure Evaluation.
4. In 2014, Lite-On's NA site at Qingxi and SS site at Qingxi both obtained Product Liability Insurance AAA Certification from ACE Group, the world's most creditworthy certifier. So far, ten 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, Remuneration Committee and Growth Strategy Committee perform their duties in accordance with the "Board of Directors Meeting Rules," "Audit Committee Organizational Rules," "Compensation 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.; two 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).



In response to the world's rising awareness towards corporate governance and CSR issues, the company has taken the approach to encourage directors' ongoing education. Details regarding directors' ongoing education have been published onto the Market Observation Post System and the company's website (www.liteon.com), where annual reports are also available.

Lite-On Board Members		Gender
Chairman	Raymond Soong	
Vice Chairman	Warren Chen, Representative of Lite-On Capital Inc.	
Director	David Lin	Male
	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.	
Independent Directors	David Lee, Representative of Yuan Pao Development & Investment Co., Ltd.	
	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 eleven board meetings were held in 2014.

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.

Communication between independent directors and internal/external auditors:

1. The Chief Internal Auditor reports to the Audit Committee on any changes to internal controls.
2. The Chief Internal Auditor reports to the Audit Committee on any self-assessments conducted during the year.
3. The Chief Internal Auditor reports to the Audit Committee on audit plans made and executed during the year.
4. The Chief Internal Auditor reports to the Audit Committee on weaknesses discovered after each audit and actions taken to rectify such weaknesses.



5. The Chief Internal Auditor provides the Audit Committee with updates on changes in securities-related laws.
6. The Chief Internal Auditor reports to the Audit Committee on any special audit tasks performed.
7. At the beginning of each year, the external auditor is required to provide the Audit Committee with an evaluation of independence along with details on the services performed and sum of their remuneration.
8. At the beginning of each year, the external auditor is required to provide the Audit Committee with a plan that specifies the scope of its financial statement audit/review for the coming year.
9. The external auditor is required to report to the Audit Committee on the outcomes of its quarterly financial statement audits for each of the first three quarters, followed by a full-year audit report at the end of the year. Meanwhile, the external auditor is required to issue a declaration of independence.
10. The external auditor reports to the Audit Committee whenever there is a change to the Statement of Financial Accounting Standards or securities-related laws.
11. The external auditor will also report to the Audit Committee immediately of any special occurrences (none occurred in 2014).

According to Lite-On's "Audit Committee Organizational Rules," the Audit Committee meets at least once every quarter. A total of ten Audit Committee meetings were held in 2014.

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 in 2009 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.

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 executives, 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 two Remuneration Committee meetings were held in 2014.



Regions	Ratio of highest to median annual salary (multiples)***	Ratio of highest to median salary adjustment (multiples)
Taiwan*	5	0**
Thailand	4	0
India	16	0
Brazil	No disclosure is made on the company's Brazil plant because it was still being reorganized in 2014; disclosures are expected to be available in the 2015 report	
Mainland China	No disclosure is made on the company's Chinese plants in 2014 as the reorganization had progressed on a much slower pace given the diverse salary structures among subsidiaries; disclosures are expected to be available in the 2015 report	

* 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 two Growth Strategy Committee meetings were held in 2014.

2.2.5 List of Major Shareholders

Apr. 26, 2015

Name of major shareholder	No. of shares held	Shareholding percentage
1. Nan Shan Life Insurance Company Ltd.	84,156,194	3.59%
2. Raymond Soong	78,516,156	3.35%
3. Ta-Rong Investment Co., Ltd.	76,777,070	3.28%
4. Fubon Life Insurance Co., Ltd.	67,471,267	2.88%
5. Capital Securities Nominee Limited	64,540,083	2.76%
6. The Master Trust Bank of Japan, Ltd. as trustee of Eastspring Investments Asia Oceania High Dividend Equity Mother Fund	54,910,997	2.34%
7. Ta-Sung Investment Co., Ltd.	46,621,447	1.99%



Name of major shareholder	No. of shares held	Shareholding percentage
8. Ming-Hsing Investment Co., Ltd.	40,019,994	1.71%
9. Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	39,453,458	1.68%
10. Citibank Taiwan as trustee of for Investment Account of GIC Pte Ltd. (Singapore)	39,321,344	1.68%
11. Government funds and shareholders		
- Labor Insurance Fund	34,065,832	1.45%
- Public Service Pension Fund Supervisory Board	33,496,887	1.43%
- New Labor Pension Fund	23,279,868	0.99%
- Department of Government Employees Insurance, Bank of Taiwan	19,390,201	0.83%
- National Annuity Fund	17,479,877	0.75%
- Chunghwa Post Co., Ltd	13,998,422	0.60%
- Old Labor Pension Fund	1,014,634	0.04%
Total shares held by government funds and shareholders	142,725,721	6.09%

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 2014 earnings has been passed during the board of directors meeting held on March 25, 2015. Shareholders will be paid NTD1.970 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 11,708,000 new shares have been issued at NTD10 each.



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. Employees' bonus resolved by the board of directors:
 - (1) The distribution of 2014 earnings has been passed during the board of directors meeting held on March 25, 2014, where employees will be paid NTD768,033,000 in cash and directors remunerated with NTD54,924,000 in cash. An employee stock bonus totaling NTD146,292,000 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 2014 financial statements.

- (2) The NTD146,292,000 employee stock bonus represented 2% of the current year's NTD6,461,659,000 after-tax profit, and 16% of employees' NTD914,325,000 total bonus.
- (3) Earnings per share after the proposed employees' bonus and directors' remuneration was calculated at NTD2.8, which was consistent with the EPS shown in the 2014 financial statements.

4. Distribution of employees' bonus and directors' remuneration in the previous year:

Distribution of 2013 earnings included employees' cash bonus of NTD997,212,000 and directors' remuneration of NTD70,039,000. Employee stock bonus totaling NTD189,945,000 was also distributed in 4,085,000 shares based on a closing price of NTD49.45 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 2013 financial statements.



2.2.8 Anti-corruption

Lite-On upholds its reputation by obeying the laws and ethics of the countries in which it performs its business activities. We do not tolerate any violation of laws or ethics during our pursuit for sales, profits and performance targets. The company has proper measures in place to govern activities that are prone to risks of bribery, and regularly promotes employees' awareness on this issue as a means to prevent corruptive behaviors.

"Integrity" is one of our four core values. The company has implemented an Ethical Code of Conduct for Employees to help employees understand how to handle situations and issues encountered in daily work activities. This Code of Conduct has been included as part of orientation programs to give new recruits 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:

A. Gifts and hospitality:

- 1.1 Company employees may not give or accept any gifts intended to improperly influence normal business or decisions. 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.

B. 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 can only be made for goods or services provided by suppliers that an authorized procuring unit has verified to have complied with the company's 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.
- 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 has also emphasized on explaining the values of these ethical standards so that employees can understand how they are relevant to their daily activities and avoid conducts that may constitute violations against laws or the company's anti-corruption policy. Through uses of proprietary materials and structured courses, the company has been able to convey its governance guidelines and operating procedures to the comprehension of all employees. Course contents are presented in ways that are relevant to employees' work activities and real-life scenarios, with quizzes at the end of each module to help them learn. Furthermore, the company also has consultative services in place to clarify employees' queries regarding work ethics, anti-corruption guidelines, insider information, anti-trust, and EICC policies and practices, thereby securing the company's interests while protect employees from any illegal involvement.

1. Courses on "Employee Ethics and Anti-Corruption," "Material Insider Information," and "Anti-trust and Compliance:" based on the Ethical Code of Conduct for Employees, Lite-On has created online courses that inform employees of the various policies and practices the company has on anti-corruption. For new recruits, the company has arranged a series of online orientation that encompasses courses on "Employee Ethics and Anti-Corruption," "Material Insider Information," and "Anti-trust and Compliance;" all of which are related to corporate ethics and proper business conduct. In addition to establishing uniform standards that apply consistently to all employees, Lite-On also emphasizes through action the values of these ethical standards so that employees can appreciate how they are relevant to their daily activities and avoid conduct that may otherwise constitute violations against laws or company policy. Courses on "Material Insider Information" and "Anti-trust and Compliance" have been made compulsory for every employee to ensure consistent understanding to the company's ethics policies and principles. Lite-On has been active in providing anti-corruption training to indirect production workers. With regards to the three courses mentioned above, 3,957 (or 28% of total) indirect production workers had taken at least one course in 2014. In terms of regional distribution, 3,552 of the above trainees were from Taiwan (representing 96% of total local indirect production workers), whereas 405 were from Mainland China (representing 4% of total local indirect production workers). A total of 3,888 training hours were completed in 2014. Lite-On first launched these courses in Taiwan and had yielded good results. They have been implemented throughout various plants in Mainland China towards the end of 2014. In 2015, Lite-On will increase the number of employees trained in Mainland China and will share these results on next year's annual report.

2. EICC 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 on 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. A total of 37,318 employees took this course in 2014, representing 62% of the entire employee base between Taiwan and Mainland China; total training hours amounted to 56,713.

3. 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 of 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 the company's and employee's interests are protected.

4. 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 for outsiders to raise complaints or report their concerns. In 2014, Lite-On received no complaint concerning the company's/ employees' violation of business integrity or involvement in illegal activity. (The only complaint the company received was from an online merchant involving one of the employee's online purchase activities. Given the fact that the dispute had arisen out of the employee's actions outside the company, the human resource department was instructed to help the employee resolve disputes with the online merchant. The matter in question has been resolved.)



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 et cetera. 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.



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.

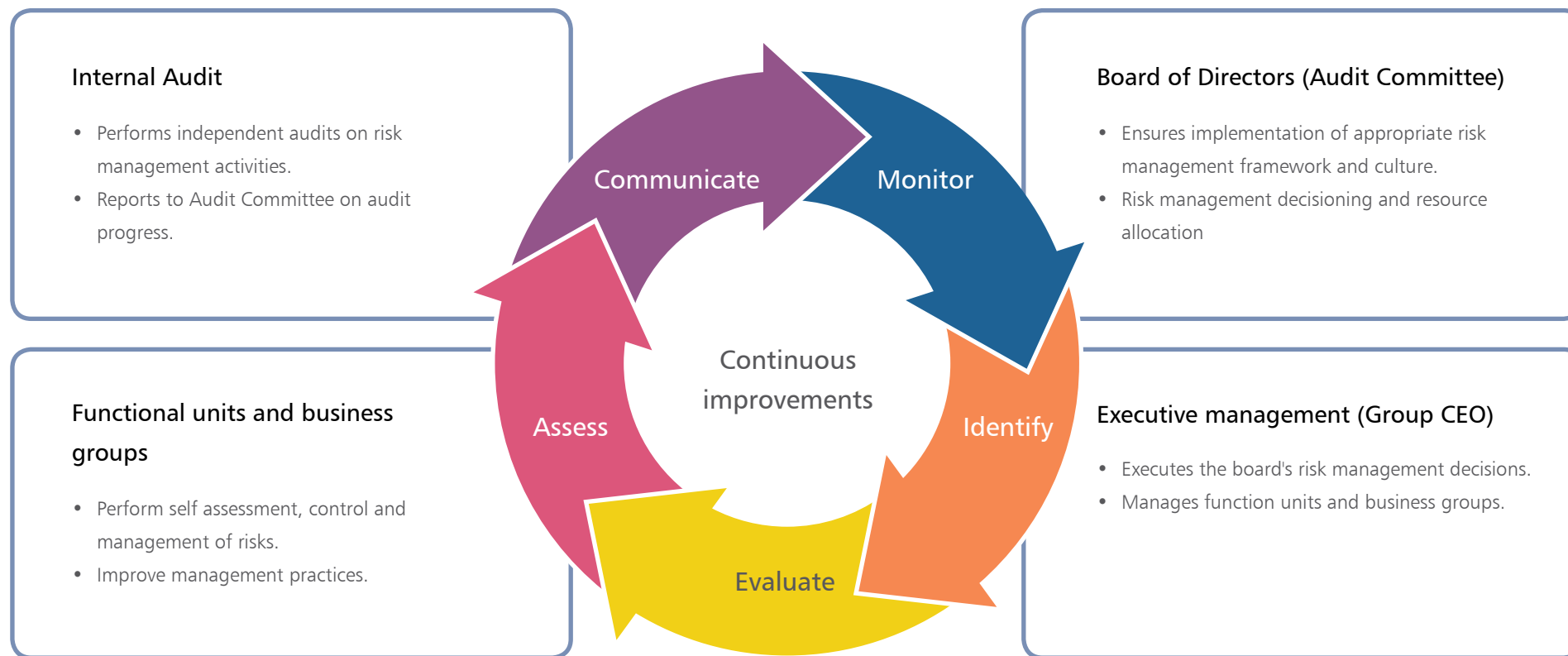
"External Risks" refer to external factors such as slow sales, competition, loss of market demand, change in consumer preferences, changes in technologies, new competing products, international incidents, economic recession, mergers and acquisitions, change in foreign currency control, election outcomes, 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, poor production design, plant malfunction, employee discipline, safety incidents, fire hazard, employment 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 confidentialities, 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 proactive than insurance. Meanwhile, Lite-On is progressively implementing an "AAA Product Liability Control Project" as enhanced management over manufacturing and sales risk.

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)
		Impact		
		Low	Medium	High
		(Time of analysis: 2014)		



The 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

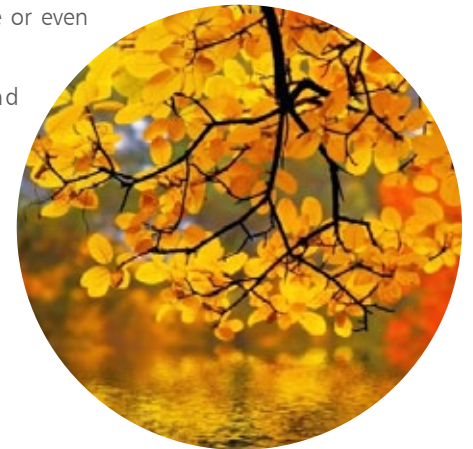
Lite-On has been establishing a risk control and checking system since 2009 that aims to grade each property by level of associated risk, and thereby facilitate future assessments and management. Through regular inspections and improvements, Lite-On is able to optimize the risk profiles of its production 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.





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 impact and ensure business sustainability through ongoing improvements to product design, process management, supply chain management and after-sale services. Furthermore, Lite-On will continue working with customers, industry alliances, and 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.



3.1.1 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 key environmental concerns. The company 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.

GHG (Greenhouse gases) Emission Reduction Goal:

The impact of climate change has become a key environmental issue worldwide and mitigating the greenhouse effect has become a responsibility shared by every country. In order to achieve long-term carbon neutrality, Lite-On follows ISO 14064 to establish its greenhouse gas emission baselines, and has set ongoing carbon reduction targets over a number of yearly cycles. The most recent cycle began in 2011 (the base year) and lasted three years until 2014, by which time the company had targeted to reduce carbon emission per revenue by 6%. This target has already been met. The next cycle had begun in 2013 (the base year) and will continue until 2017, by which time the company aims to reduce GHG emission per unit of revenue by 8%.

Power Saving Goal:

By following 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 power-saving plans. Taking 2011 as the base year, Lite-On aimed to reduce power usage per revenue by 6% over a 3-year cycle. Actual reduction in power usage was measured at 5.5% in 2014. The next cycle began in 2014 (the base year) and will continue until 2017, by which time the company aims to reduce power consumption per revenue by 6%.

Waste Reduction Goal:

Waste is regarded as misplaced resource. 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 2014 (the base year), Lite-On has set goals to reduce total waste per revenue by 6% by 2017.

Water Saving Goal:

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 saving program. By improving processes, conserving water, and reusing water, we are taking active steps to reduce wastewater from production processes. Lite-On executes its water-saving projects over three-year cycles; the most recent cycle started in 2011 (the base year) and aims to reduce water consumption per revenue by 10% by 2014. This target has already been met. The next cycle began in 2014 and will continue until 2017, by which time the company aims to reduce water consumption per revenue by 6%.

Product Energy Efficiency Goal:

Lite-On's power-related products comply with the requirements specified in US Energy Star, US Department of Energy (DoE) standards and EU Code of Conduct on Energy Efficiency. We continue to improve the technology of energy losses in standby mode and to develop products of new generation which enhance energy efficiency and reduce energy consumption. For the future products development, we conduct heavy investment on R&D, and stipulate energy efficiency elevation plan. Take 2015 as the base year, Lite-On plans to enhance 2% energy efficiency for desktop power supplies by 2017. At the meantime, in sum of energy losses in standby mode of power supplies for mobile phones, desktop and laptop computers will be reduced by more than 20%.



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. 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 2014 is shown in the following table. It totals 1,088.73 million NTD for the year with operating costs representing the highest percentage at 84.19%.

Environmental Expenditure in 2014

Expenditure	Amount (million NTD)	Percentage (%)
1 Operating costs	916.58	84.19%
2 Upstream-downstream costs	17.02	1.56%
3 Management costs	77.56	7.12%
4 R&D costs	59.31	5.45%
5 Social activity costs	4.76	0.44%
6 Loss and compensation costs	3.36	0.31%
7 Taxes, levies, energy surcharges and other expenses	10.14	0.93%
Total	1,088.73	100.00%

* Lite-On Mobile (LOM), which is merged to Lite-On Technology Corporation in 2014, one of its manufacturing plants located in Zhu-hai, Mainland China was inspected as incompliant as its wastewater effluent exceeded the local discharge permit of Nickel content due to the manufacturing process changed in October of 2014 and the administrative penalty was 50 thousand CNY (approximately 8,500 USD) for this individual event. This environmental violation issue did not cause significant pollution to the environment due to the fact that the effluent was collected for further treatment by locally industrial wastewater system. This plant was requested to fulfill the legal requirement in 6 months. We corrected the incompliance in 2 months by building up new treatment equipment and allocated exclusive personnel for enforcement. Also, we took necessary trainings for staff to avoid any reoccurrence.



Environmental expenditure in 2014 includes that incurred by Lite-On and its subsidiaries, namely Lite-On IT and Lite-On Mobile

Notes:

1. Operating Costs

- Pollution prevention costs (costs incurred to reduce impact 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 impact 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 Climate Change and Global Warming

It is increasingly apparent that greenhouse gases are causing global climate change, and have 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 our key risks, we pay 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 if they require special attention.

Lite-On sees climate change as a major risk for which the company needs to prepare properly reduce the effects that climate change has on business. 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 understand 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 and 25 of 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 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 our production costs in these countries.

Overall Impact of Climate Change

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

Impacts and Challenges

- **Disasters:**
Disasters caused by climate change may include floods, slopeland 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, and drought to a devastating level.
- **Damage to critical infrastructure:**
Rising temperatures are starting to raise 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 flow, water levels, silt and driftwood, which may 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. Rainfall or high winds can cause disruption of train systems while excessive rainfall is capable of washing off soil from roads, disrupting public road systems. Heavy rain is likely to cause floods that damage communications equipment situated on lower floors, and high temperatures reduce the service life of such equipment; both of which pose additional operating costs to telecommunications carriers.

- **Water resources:**

Rainfall volume, 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 level is 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 drought, pollutants that have been released into rivers cannot be diluted or purified because the low flow of the rivers. This causes pollution to become more concentrated, degrading the water quality, since rivers have lost their capacity to self-purify. During the wet season, the high-flow of rivers causes them to collect more pollutants from the soil. Heavy rains can further hasten basin and sediment erosion, landslides, and erosion of the riverbed in addition to increasing the concentration of pollutants. This not only affects river ecology but also deteriorates the water supply.

- **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.

- **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.

- **Energy supply:**

Climate change may increase the likelihood of droughts, during which manufacturers and water companies are compelled to incur substantial expenses just to change production procedures, transfer orders, make deliveries, purchase water, or catch up to schedule. 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.



- **Health:**

Rising temperatures cause insect-borne diseases (e.g. Dengue fever, Tsutsugamushi disease, Japanese encephalitis) 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, and Melioidosis.



Management Solutions in Response to Climate Change

Issues regarding energy conservation and renewable energy sources have been covered as part of Lite-On's mitigation strategies. We have implemented "Energy-saving measures" at all sites (as detailed in Section 3.3.2), and the following is an explanation of the solution using Lite-On's Guangzhou Plant as an example.

- **Pipe leaks:**
optimize pipe management and escalate efforts on identifying water/gas leaks.
- **Water conservation:**
achieve conservation targets by recycling and reusing water resources.
- **Power conservation:**
plans have been made to install an ice storage-based air conditioning system, which will relieve some of the power usage during peak hours and hence save costs on power.
- **Heat recycling:**
an air pressure system is being designed to recycle residual heat for electric-powered heaters and air-conditioned rooms. ($22 \pm 1^\circ\text{C}$)
- **Compressor efficiency:**
exhaust from the clean room will be directed to cool temperature in the compressor room and hence improve compressor efficiency.
- **Energy-efficient lighting:**
all T8 tubes have been replaced by LED for better lighting efficiency.



3.3 Reducing Greenhouse Gases

We are well aware of the reality that the Earth's climate and natural habitats are deteriorating because of increasing greenhouse gases in the atmosphere and the global warming phenomenon. Being a citizen of planet Earth, Lite-On fulfills its corporate responsibilities by measuring the volume of greenhouse gases it produces, and devising feasible reduction plans based on its findings.

Lite-On has developed systematic processes for the surveying and documenting of greenhouse gases based on future ISO requirements. In addition, the company has 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.

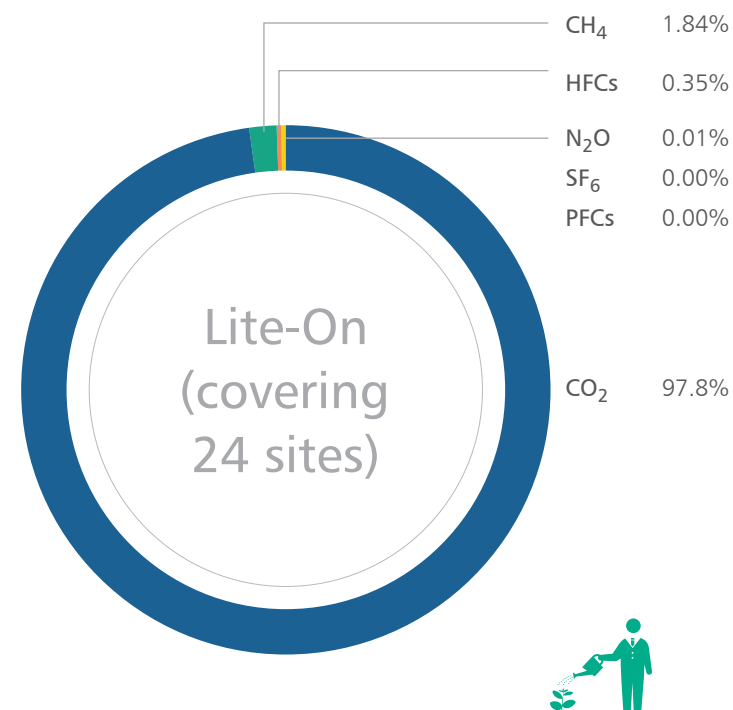
3.3.1 Greenhouse Gas Inventory

Lite-On relies on ISO 14064-1 to perform annual greenhouse gas surveys and prepare greenhouse gas reports containing summaries of greenhouse gas emissions for the previous year. In 2007, the "2006 Greenhouse Gas Report" was produced for the first time. In 2012, 18 business locations and plants underwent greenhouse gas surveys for the preparation of 2013 report. In response to changes in the global IT and communication industry, Lite-On has executed a series of reorganization to integrate subsidiaries more closely with the parent company since the end of 2013. Following the reorganization, six additional sites including Lite-On IT's Guangzhou Plant, Guangxi Beihai Plant and Hsinchu Plant, and Lite-On Mobile's Shenzhen Plant, Guangzhou Plant and Zhuhai Plant were added to the 2013 greenhouse gas survey in 2014, bringing the total number of surveyed sites to 24. The latest report prepared was for 2014, in which 24 business locations and plants were surveyed for a total greenhouse gas volume of 433,972 Tons. In May 2015, Lite-On passed SGS Taiwan's ISO14064-1 (greenhouse gas) verification and received a Greenhouse Gas Verification Statement.

2014 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
424,404	7,994	64	1,510	0.00	0.00	433,972	17,215	416,757
97.80%	1.84%	0.01%	0.35%	0.0%	0.0%	100.00%	4.0%	96.0%



Note 1: Direct emission of greenhouse gases (Scope 1) includes: fuel combustion in fixed equipment, production activities, fuel combustion in transportation equipment, and diffusion (e.g. fire extinguishers and refrigerants). Direct emissions totaled 17,215 Tons CO₂e/year, which accounted for approximately 4.0% of total emissions.

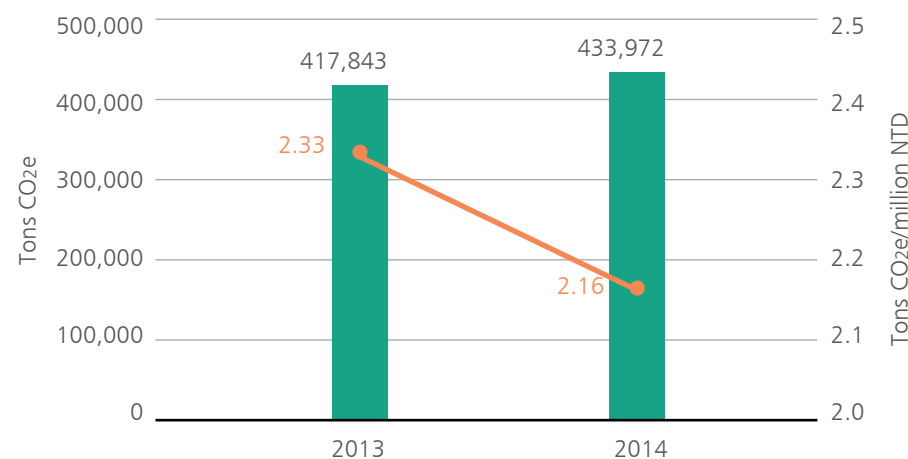
Note 2: Indirect emission of greenhouse gases (Scope 2) includes: purchased electricity and steam. Indirect emissions totaled 416,757 Tons CO₂e/year, which accounted for approximately 96.0% of total emissions.

Note 3: For other sources of indirect greenhouse gas emissions (Scope 3) in 2014, the company only took into account the volume emitted as a result of overseas business trips taken by employees of Neihu office, which was verified at 1,892 Tons CO₂e.

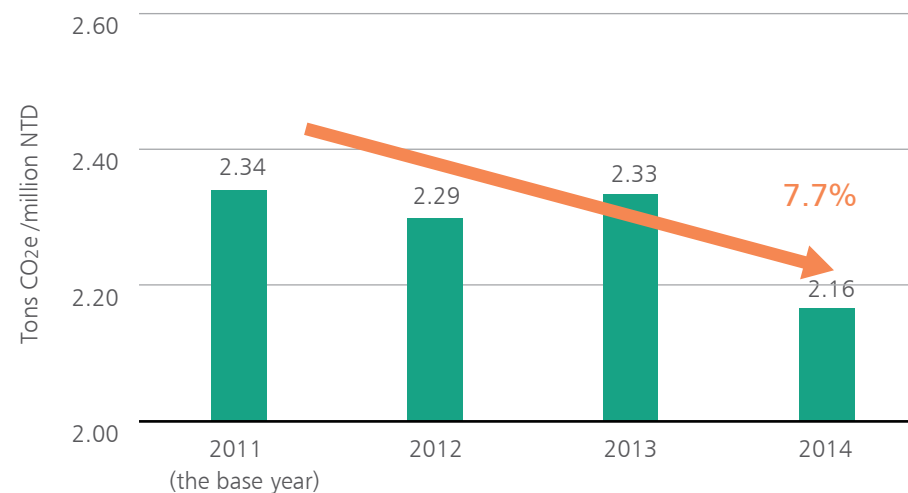
In 2014, the total greenhouse gas emission is 433,972 Tons CO₂e, which was 16,129 Tons CO₂e higher (or 3.9% higher) than the 417,843 Tons CO₂e emitted in 2013. This increase was mainly the result of ramp up production in 2014 along with a higher consumption in electricity. In terms of emission intensity, the company averaged 2.16 Tons CO₂e/million NTD in 2014, lower 7.6% than 2.33 Tons CO₂e/million NTD in 2013.

The results of this survey have been published on the company's website and onto the Greenhouse Gas Data Center maintained by the Industrial Development Bureau. Furthermore, Lite-On has yearly participated the response to questionnaire of Carbon Disclosure Project (CDP) since 2008, in the disclosure of Greenhouse Gas information to stakeholders.

2013-2014 Greenhouse gas emission



Greenhouse gas emission intensity



Remarks: survey results for 2013 and 2014 were after incorporation (24 sites in total), whereas survey results for 2011 and 2012 were before incorporation (18 sites in total).



2011-2014 Greenhouse Gas Emission:

	Lite-On (before incorporation, covering 18 sites)		Lite-On (after incorporation, covering 24 sites) *			
	2011 (the base year)		2012		2013	
Greenhouse gas emission (Scope 1), Tons of CO ₂ e	10,746		12,297		16,100	
Greenhouse gas emission (Scope 2), Tons of CO ₂ e	267,096		266,360		401,743	
Greenhouse gas emission (Scope 3), Tons of CO ₂ e	N/A		1,993		1,895	
Greenhouse gas emission intensity, Tons of CO ₂ e/million NTD	2.34		2.29		2.33	
Volume of Scope 1 and Scope 2 emissions - by gas type	CO ₂ :	273,823	CO ₂ :	271,751	CO ₂ :	408,779
	CH ₄ :	2,392	CH ₄ :	5,788	CH ₄ :	8,277
	N ₂ O:	319	N ₂ O:	46	N ₂ O:	66
	HFCs:	1,308	HFCs:	1,072	HFCs:	721
Percentage of Scope 1 and Scope 2 emissions - by gas type	CO ₂ :	98.55%	CO ₂ :	97.52%	CO ₂ :	97.83%
	CH ₄ :	0.86%	CH ₄ :	2.08%	CH ₄ :	1.98%
	N ₂ O:	0.11%	N ₂ O:	0.02%	N ₂ O:	0.02%
	HFCs:	0.47%	HFCs:	0.38%	HFCs:	0.17%
Biomass emissions (Scope 1), Tons of CO ₂ e	0		1,425		1,120	
Emission due to business trips (Scope 3), Tons of CO ₂ e	N/A		1,993		1,895	
Whether exceeds the significance threshold (3%)	No		No		No	
Significant changes beyond the significance threshold	None		None		None	
Standards and methodology	ISO 14064-1		ISO 14064-1		ISO 14064-1	
Source of emission coefficient	IPCC 2006		IPCC 2006		IPCC 2006	
Operational/financial control (Scope 1 and Scope 2)	Operational control		Operational control		Operational control	

Note: After the reorganization, six plants from various Lite-On subsidiaries were added to the survey (including Lite-On IT's Guangzhou Plant, Beihai Plant and Hsinchu Plant, and Lite-On Mobile's Shenzhen Plant, Guangzhou Plant and Zhuhai Plant).



3.3.2 Energy-saving Measures

1. Lite-On holds employee training classes and promotes its corporate energy conservation and CO₂ emission reduction policies

Lite-On has included CSR courses as part of new-hires orientation, and made CSER Awareness Training available on its e-Learning platform. CSER awareness campaigns are held from time to time to promote employees' understanding of environmental protection and energy conservation. Below are the environmentally-friendly practices that Lite-On has adopted:

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

2. Energy-saving measures at offices and plants

Below is a list of energy-saving measures and solutions that the company implemented in 2014 in all plant locations. They saved 8,516,285 kilowatt-hours of electricity in total, and the following is a detailed breakdown of electricity saved:

Site	Item	Energy-saving solutions	Kilowatt hours saved in 2014
Changan, Dongguan	1	Switch to LED lighting	
	2	Split-type air conditioner	218,200
	3	Compressor enhancement (high-efficiency equipment and re-piping)	422,000
	4	Inverter-based ventilation	769,540
G-Com, Dongguan	5	Hydraulic fans at cooling tower	192,192
	6	Switch to energy-saving LED lighting	133,848
	7	Compressor heat recycling	157,500
G-Tech, Dongguan	8	Replaced 20 stamping presses (200T capacity) and power generators for inverter types, saving 40% in electricity	804,240
	9	Use of natural lighting in certain workshops, saving the use of 60 125W bulbs in day shifts	19,560
	10	Centralized control on all 300 office computers (automatic standby mode after 30 minutes of inactivity), saving 120W/2H of power per PC (a desktop draws 120W and a display draws 20W when active, compared to 20W in standby mode)	12,960
	11	Managed distribution of air conditioning, saving 55KW on night shifts	99,330



Site	Item	Energy-saving solutions	Kilowatt hours saved in 2014
Silitech, Guangzhou	12	(1) Air conditioner enhancements - improved power efficiency of cooling modules	229,000
	13	(2) Air conditioner enhancements - adopted inverter technology for the cooling tower	31,490
	14	(3) Air conditioner enhancements - adopted inverter technology for the chilled tower pump	506,400
	15	(4) Air conditioner enhancements - adopted inverter technology for the chilled tower pump	281,436
	16	Switched from chilled water-based cooling to cooling tower-based solution	1,081,720
	17	Changed humidifier from thermal to spray type	1,889,500
	18	Use of heat pump for the heating of COB units	453,300
	19	Replaced old air conditioners with 100 GREE inverter units	120,960
	20	Improved energy efficiency of high-capacity compressors (model 10)	202,199
Power Guangzhou	21	Replaced broken light bulbs LED solutions	6,600
	22	Maintenance on stamping machinery to minimize leakage	46,323
	23	Maintenance on plastic forming machinery to minimize leakage	41,868
	24	Maintenance on paint machinery to minimize leakage	8,016
	25	Maintenance on assembly machinery to minimize leakage	40,086

Site	Item	Energy-saving solutions	Kilowatt hours saved in 2014
Shijie, Dongguan	26	Switched to inverter-based air compressors	225,700
	27	Replaced T8-28W tubes with LED T8-12W tubes	125,993
	28	Removal of fountain water pump at the dormitory	86,240
Total			8,516,285

Remarks: the overall result is estimated based on power consumption rating before and after changes were made, over actual number of working days.

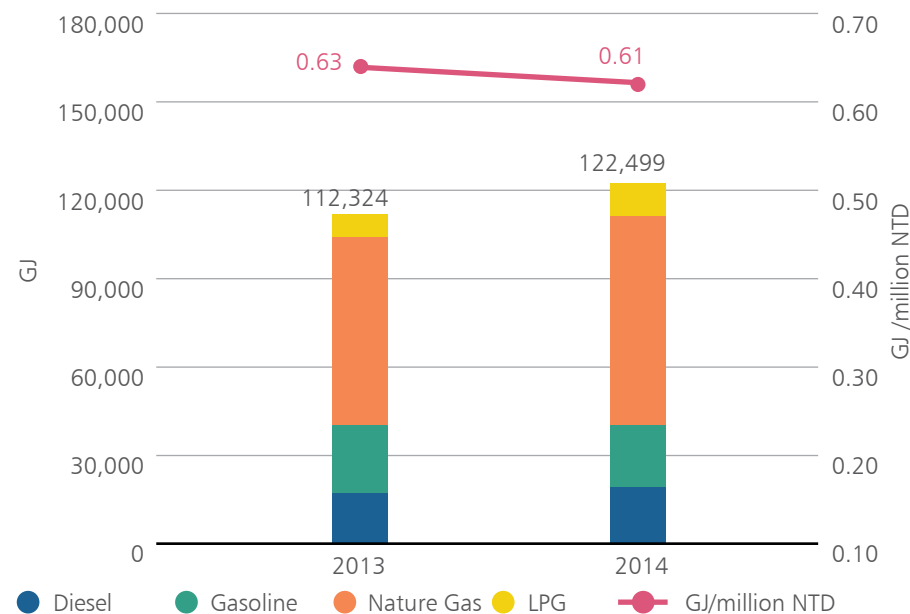


3.3.3 Direct and Indirect Energy Consumption

In 2013, the total energy consumption in 2012 was accounted and verified. In response to changes in the global IT and communication industry, Lite-On has executed a series of reorganization to integrate subsidiaries more closely with the parent company since the end of 2013. Following the reorganization, six additional sites including Lite-On IT's Guangzhou Plant, Guangxi Beihai Plant and Hsinchu Plant, and Lite-On Mobile's Shenzhen Plant, Guangzhou Plant and Zhuhai Plant were added to the 2013 energy consumption survey in 2014, bringing the total number of surveyed sites to 24. The latest report covering 2014, which 24 business locations and plants were surveyed.

Direct Energy

2013-2014 Fossil fuel consumption

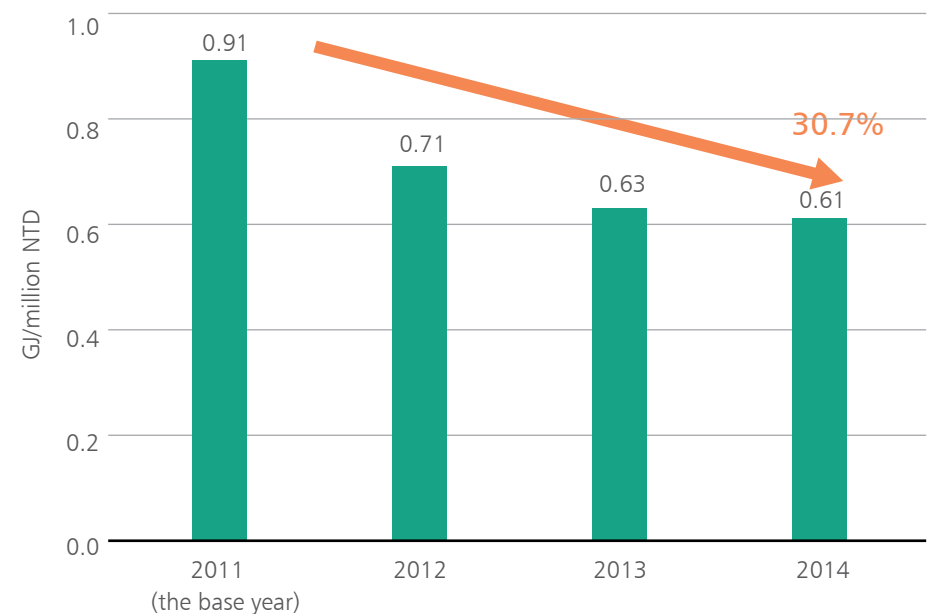


In 2014, Lite-On consumed 122,499 GJ of fossil fuel, equivalent to an intensity level of 0.61 GJ/million NTD, or 3.0% lower than the 0.63 GJ/million NTD in 2013.

Below are details on the use of fossil fuel:

- 556 kiloliters of diesel was used in 2014, and 12.9% higher than 2013.
- 652 kiloliters of gasoline was used in 2014, and 8.1% lesser than 2013.
- 1,807 cubic meters of natural gas was used in 2014, and 9.6% higher than 2013.
- 226 Tons of LPG was used in 2014, and 46.2% higher than 2013.

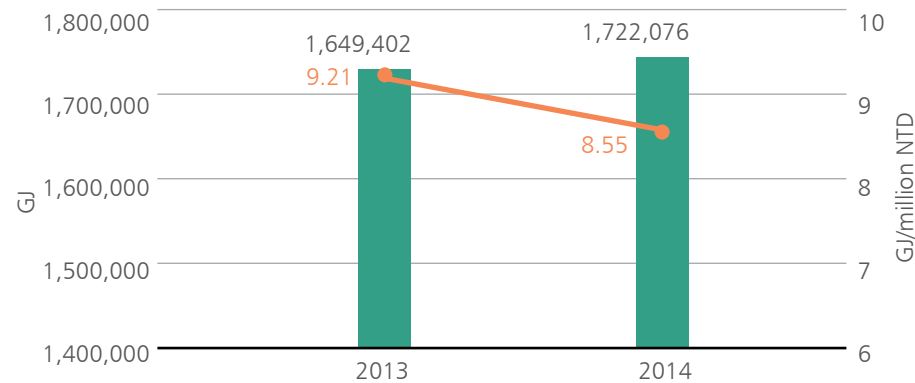
Fossil fuel consumption intensity



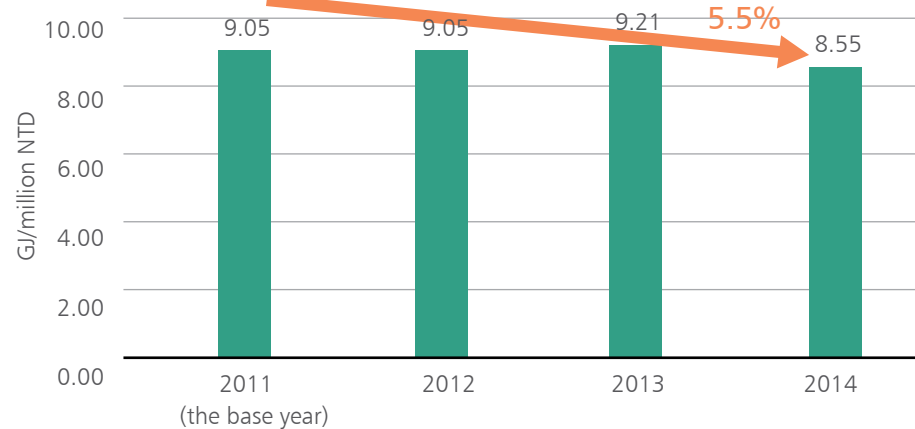
Indirect Energy

In 2014, Lite-On's indirect energy consumption (purchased electricity) totaled 478,355 MWh (megawatt-hours) or 1,722,076 GJ, which was 4.4% higher than 2013. This increase was mainly driven by a ramp-up production with higher consumption in electricity in 2014. In terms of consumption intensity, however, Lite-On averaged 8.55 GJ/million NTD in 2014, which was 7.1% reduction compared to 2013.

2013-2014 Electricity consumption



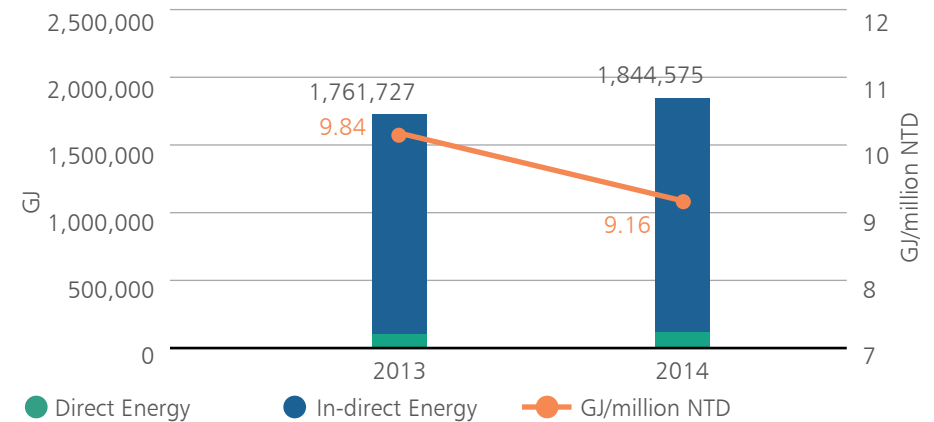
Electricity consumption Intensity



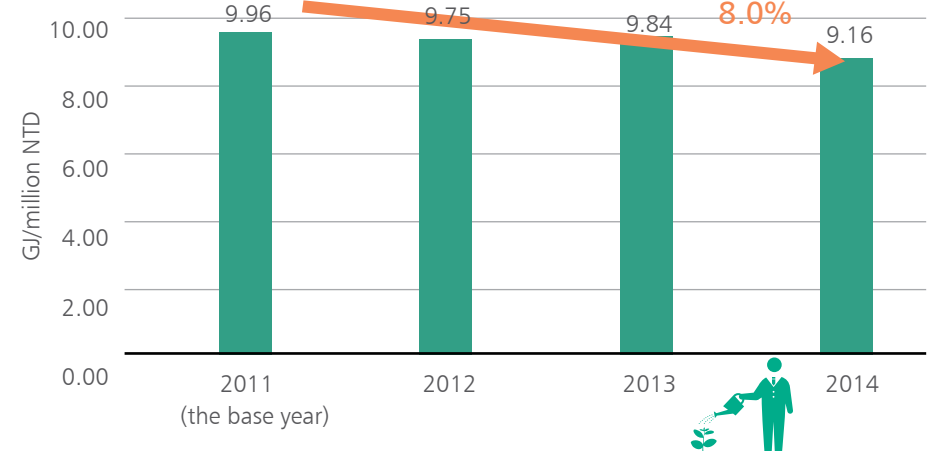
Total Energy Consumption

In 2014, Lite-On consumed 1,844,575 GJ of energy at an intensity level of 9.16 GJ/million NTD; this intensity level was 6.9% lower than 2013 and 8.0% lower than the 9.96 GJ/million NTD in 2011.

2013-2014 Total energy consumption



Total energy consumption Intensity



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 isopropyl alcohol). • 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 waste air. • 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 control pollution within normal levels.



3.4 Water Resource Management

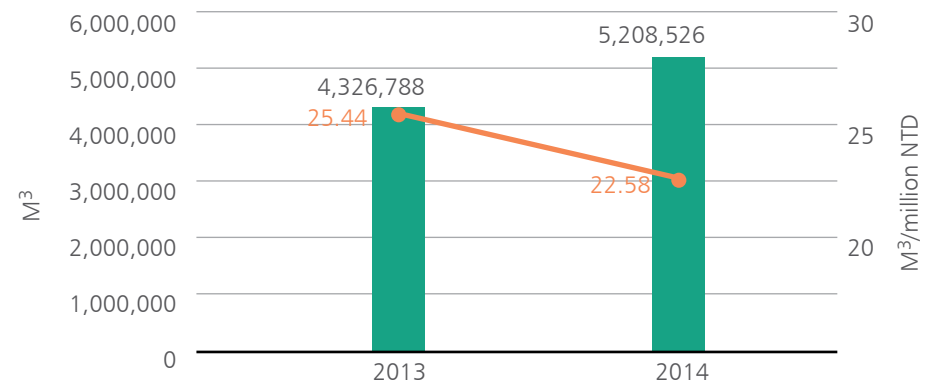
Given ongoing climate change, issues concerning water resources are becoming more significant than ever, and Lite-On has adopted a system based on ISO 14001 as a means of conserving water resources. Lite-On is mainly an assembly plant. Lite-On does not consume significant volume of water in its production, and the biggest water user is plant facilities (e.g. 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, it reduced 31.3%, substantially beyond the targets. In addition to making improvements to existing facilities, the company also attempts to raise water efficiency by changing employees' habits. Below is 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

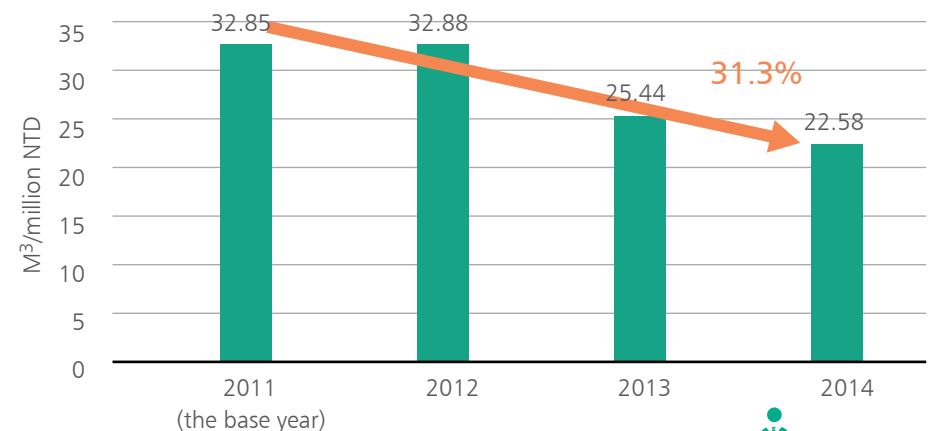
In response to changes in the global ICT industry, Lite-On has executed a series of reorganizations to integrate subsidiaries more closely with the parent company since the end of 2013. For this reason, water consumption by subsidiaries was included in the survey starting 2013.

2013-2014 Water consumption



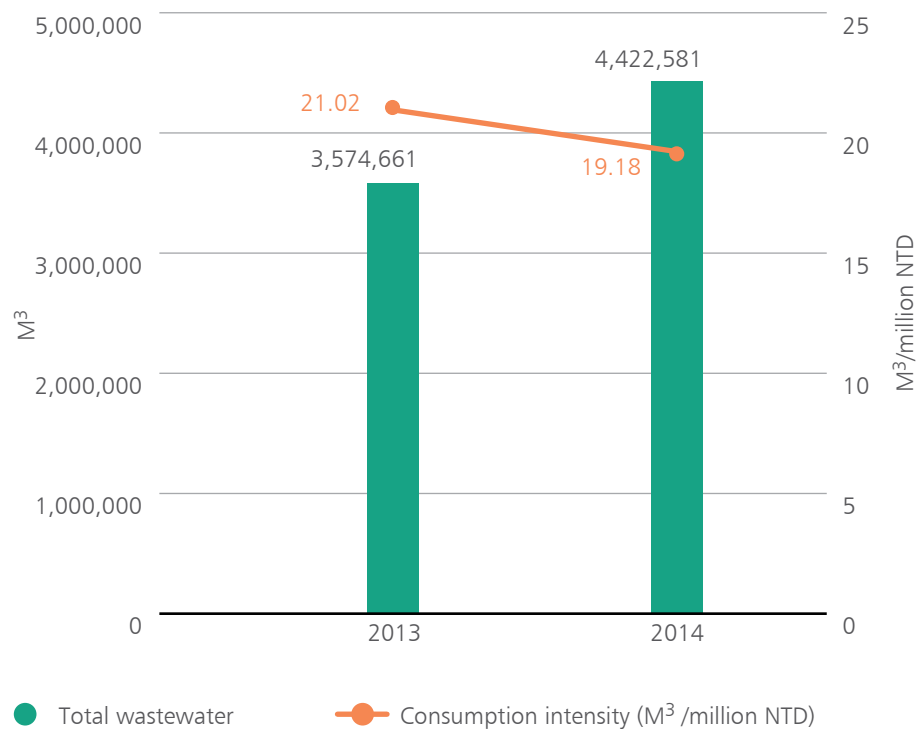
In 2014, Lite-On consumed 5,208,526M³ of water at an intensity level of 22.58M³/million NTD; this intensity level was 11.2% lesser than the 25.44M³/million NTD in 2013, 31.3% lesser than the 32.85 M³/million NTD in 2011 (the base year), and had far exceeded the initial 10% goal.

Water consumption intensity (M³/million NTD)



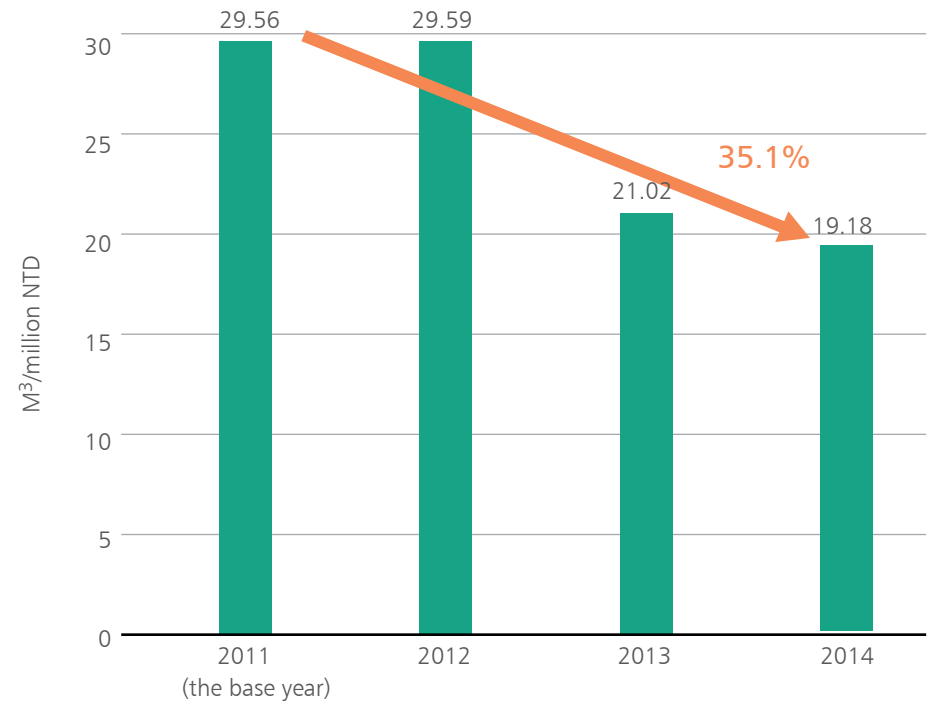
Overall, apart from minor wastage and the 10% of water used for garden irrigation, all wastewater produced by Lite-On's plants is either properly treated or discharged into water treatment plants as required by law, before releasing into receiving water. All effluent complies with the quality requirements specific to the place of operation, and poses no significant impact on the natural environment. According to statistics prepared by various plants, more than 95% of water was used for employees' life-sustaining needs and for plant equipment. Overall consumption intensity averaged 22.58M³/million NTD. The amount of water recycled totaled 22,368 Tons; most of which was recycled from cleaner production units by the advanced treatment.

2013-2014 Wastewater



In 2014, Lite-On discharged 4,422,581M³ of wastewater at an intensity level of 19.18M³/million NTD, which was 8.7% lesser than the 21.02M³/million NTD recorded in 2013.

Wastewater intensity (M³/million NTD)



3.5 Green Product Design

All business segments at Lite-On are committed to designing products with green concepts, which can mean anything from saving resources, higher energy efficiency, GHG reduction, and lowering toxicity to ease of recycle. Green design has been incorporated in all stages of the product life cycle and is closely associated with the company's environmental performance indicators.

Summary of Green Product Designs in 2014

Product category	Focus of green design	Economic and environmental benefits
Desktop & AIO Power	<ul style="list-style-type: none"> • Resource saving • Energy conservation & GHG reduction 	<ol style="list-style-type: none"> 1. By changing the circuitry of 500W PSUs, the new model (PS-8501-2HA) uses 35% less copper than the previous model (PS-7501-5AE) and is 2.5% lighter in weight (from 1457 grams to 1420 grams), which reduces carbon footprint incurred on shipments. 2. The new 120W PSU (PA-1121-62HC) is 20% smaller than the old model (PA-1121-42HP) with weight reduced by 24% (from 633g to 482g), which significantly reduces carbon footprint incurred on shipments. Average power conversion efficiency has been increased from 87% to 88%, saving consumers an additional 5 kilowatt-hours per year.
Magnetic components	<ul style="list-style-type: none"> • Resource saving 	<ol style="list-style-type: none"> 1. By using laser labels, the company has improved the problem of labels peeling off from finished goods, and saved on the use of consumables (ink and paper) during the process 2. By changing product designs, the company was able to introduce an auto-winding process that complies with safety regulations, and discontinue the use of TEFLON TUBE altogether.
DT/Server Chassis	<ul style="list-style-type: none"> • Resource saving • Energy conservation & carbon reduction • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. By changing package design, the company has been able to increase container load by 3% (from 1,716 to 1,768 pieces) for certain products, thereby reducing the carbon footprint per product. 2. Improvements were made to jigs to standardize the volume of resources used. In addition, production procedures were adjusted to eliminate secondary coating, thereby reducing the use of paint materials by 24 Tons and tapes by 168 Kg. 3. Waste materials produced from the stamping process were reused for mold design, saving steel materials by approximately 654 Kg. 4. In response to the expiry of RoHS lead exemptions, the company has been searching for alternative materials since August 2013, and began using 1215 and lead-free metal raw materials to replace 1214 and C3604 leaded metal raw materials in July 2014. 5. The company adopted EPEAT, TCO and Blue Angel standards as well as the use of halogen-free, recyclable or reusable materials and parts. 6. Three paint lines in Guangzhou Plant were converted into phosphate-free production between August and September 2014. This change prevents water pollution by phosphate-based film agents (which deprives the water of oxygen and can cause large populations of algae to die)



Product category	Focus of green design	Economic and environmental benefits
Scanners, multi-functional devices, ATMs and related imaging products	<ul style="list-style-type: none"> Reduction of environmental/safety hazards Resource saving Energy conservation & GHG reduction 	<ol style="list-style-type: none"> The following improvements were made on the Perry series developed in 2014: <ul style="list-style-type: none"> Used 100% RoHS and REACH compliant materials. Used 56.96% common parts. Trimmed main cover thickness from 2.5mm to 2.2mm, thereby reducing use of materials. 97.27% of parts can be disassembled and recycled. Optimized packaging of semi-finished goods, which increased container load by 25%. Developed CIS A4 E-duplex ADF (4751) that complied with the following Energy Star (Ver2.0) and ErP requirements: <ul style="list-style-type: none"> Maximum power consumption (flatbed scanning) = 9.44W Maximum power consumption (Duplex scanning) = 16.19W Power consumption when shut down = 0.16W (required to be <0.5W) Power consumption in sleep mode = 1.69W (required to be <2.5W) Power consumption in standby = 4.9W
Mini PCs	<ul style="list-style-type: none"> Resource saving Energy conservation & GHG reduction 	<ol style="list-style-type: none"> Inheriting the concept of the previous generation, the mini PC system design continued to be miniaturized to consume lesser power in shutdown mode than required by ErP directives (≤ 0.50W). A tool-less and cable-less design reduces the use of wires and time taken to assemble the product. PIP procedures were adopted to replace DIP procedures, reducing both energy and GHG emission.
Auto electronics	<ul style="list-style-type: none"> Reduction of environmental/safety hazards 	All auto electronics are completely produced from materials that comply with RoHS and ELV directives.
Lamp modules	<ul style="list-style-type: none"> Resource saving 	<ol style="list-style-type: none"> Improvements were made to the LED PCBA cooling design. By creating air holes on PCBs, more than 40% of existing model can dissipate heat without additional cooling measures. By adopting stack-up designs, the company has developed an HDI PCB layout that reduces the use of PCB materials. The HDI layout cuts down the size of PCB required to deliver the same functionality by approximately 20%, and is being implemented on 5% of current models.
Motor control modules	<ul style="list-style-type: none"> Resource saving Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> By integrating ECU into the motor design, the company had successfully reduced the use of additional casing for the ECU (the design has been implemented into 6 models in 2014) A sealant-free design was introduced to give products the same water-resistance qualities. This design not only reduces wastage and use of hazardous chemicals during production, but also makes products easier to disassemble and recycle. The design has been successfully implemented onto K5 PWE and is now in mass production.
Vehicular vision	<ul style="list-style-type: none"> Energy conservation & GHG reduction Resource saving 	<ol style="list-style-type: none"> Improvements were made to the power circuitry, which increased power conversion rate from 70% to 85%. By using energy-efficient active components, total power consumption was reduced by 30%. By adopting set lenses and shared platform design, the number of parts required has been reduced by 20%.



Product category	Focus of green design	Economic and environmental benefits
Smartphone back-up camera module	<ul style="list-style-type: none"> Energy conservation & GHG reduction 	The software now detects USB connection to decide whether to power on the camera module, which saves power and extends the useful life of camera lenses. Based on the assumption of a 60-minute drive and a 2-minute back-up per day, this design can save power consumption by up to 90%.
In-vehicle CD/DVD module - M10/V7/V9	<ul style="list-style-type: none"> Resource saving Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. Modular design for components. 2. All parts used are compliant with EU RoHS and REACH standards.
Energy-efficient LED light source	<ul style="list-style-type: none"> Energy conservation & GHG reduction Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. The company has developed chip-grade packaging (1.6x1.6 mm) that can be applied on 2W components to achieve 7,500 lm per square centimeter, which is 3.5 times as common as the 3.0x3.0 mm method. Meanwhile, the flip-chip technology gives finished products greater tolerance to high and low temperatures, making it ideal for outdoor and indoor lighting. 2. As for chip-on-board (CoB) LEDs, the company has been using high reflectance ceramics to replace conventional MCPCB, which increases lighting efficiency by 8% compared to the 2013 range. This new design has been certified for LM80, and is available in all color temperatures and ratings from 4W to 80W. 3. At a color rendering level of 80+ CRI, Lite-On's LEDs are capable of delivering warm colors (3000K) at a luminous efficiency of 160 lm/W or more, and daylight colors (5000K) at a luminous efficiency of 190 lm/W or more; this represents an overall efficiency improvement of 6% compared to the 2013 range. 4. When used with lighting fixtures, Lite-On's LEDs are capable of delivering warm colors at a luminous efficiency of 105 lm/W, and daylight colors at a luminous efficiency exceeding 125 lm/W, which is 8.5~10 times the efficiency of incandescent lamp (12.5 lm/W), 1.6~1.9 times the efficiency of energy-efficient bulbs (65 lm/W), and 1.3~1.5 times the efficiency of T8 tubes (80 lm/W). High-efficiency LED lighting not only reduces power consumption, but is also free of hazardous metals commonly found in energy-efficient bulbs and T8 tubes.
Energy-efficient lighting fixture (LED tubes)	<ul style="list-style-type: none"> Resource saving Energy conservation & carbon reduction Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. By redesigning production procedures and product layout, the company has been able to increase utilization of PCB materials from 88% to 98%. Compared to other LED tubes on the market, Lite-On's products contain 45% fewer parts and uses lesser resources. 2. LED tubes have been designed with a luminance efficiency of 95 lm/W, which complies with Energy Star's A+ rating and is 58% more efficient than conventional fluorescent tubes (60lm/W). 3. Compared to other similar products, Lite-On's tubes require 30% less time and work to install. 4. Products are made using materials that conform with RoHS 2.0 and REACH standards.



Product category	Focus of green design	Economic and environmental benefits
High-efficient LED outdoor lighting and traffic lights	<ul style="list-style-type: none"> • Resource saving • Energy conservation & GHG reduction • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. By using a high-luminance, single-LED design, traffic lights can be constructed with 60% lesser materials while the high power conversion ratio of switching to optoelectronics saves 20% in electricity. 2. High-efficiency street lamps have been developed in two color temperatures: 3000K and 5000K; they feature a 40% boost in luminance efficiency to more than 140 lm/W when compared with products from the previous generation. In the meantime, products have been designed with water and dust resistance features equivalent to IP65, thus making products more reliable and long-lasting. 3. To incorporate smart energy-saving technology, street lamps can be fitted with light sensors to automatically turn on or off depending on the surrounding environment, or fitted with dimming controls that adjust the appropriate level of brightness to save power even further. 4. Products are made using materials that conform with RoHS and REACH standards.
Smartphone camera modules	<ul style="list-style-type: none"> • Energy conservation & carbon reduction • Resource saving • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. The use of Close-loop VCM combined with PDAF sensor system delivers faster and more precise focus. Shorter focus time means lesser power consumption. 2. Introduction of optical image stabilization (OIS) technology reduces the need to re-shoot photos and therefore saves energy. 3. Introduction of integrated voice coil motor design reduces the number of parts and processes needed to produce, which improves product yield and minimizes material wastage. 4. The use of dual-lens camera module combined with image processing software allows different levels of focus to be adjusted on one shot. This reduces the number of photos taken to achieve the desired effect and therefore saves power.
Built-in USB webcam for laptops	<ul style="list-style-type: none"> • Energy conservation & GHG reduction • Resource saving • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. 95.61% of webcams developed in 2014 featured 3.3V USB power input. (93% of webcams developed in 2013 featured 3.3V USB power input) 2. Power consumption between the original and the new design: <ul style="list-style-type: none"> • S5K6A1 ~98m(max)A vs. S5K6A2~ 75mA(max) • IMX119~75.8mA(max) vs. IMX188~56mA(max) • OV9726~95mA(max) vs. OV9772~76mA(max) • OV9726~95mA(max) vs. OV9728~60mA(max) • OV2722~120ma(max)vs. OV2724~78ma(max) @30FPS • OV2722~120mA(max)vs. IMX208~62mA(max) @30FPS 3. The new design features backend USB controller (RTS5841/42, SPCA2083/2093) that is more power efficient. 4. The new design introduces the use of halogen-free materials and reduces pollution to the environment.

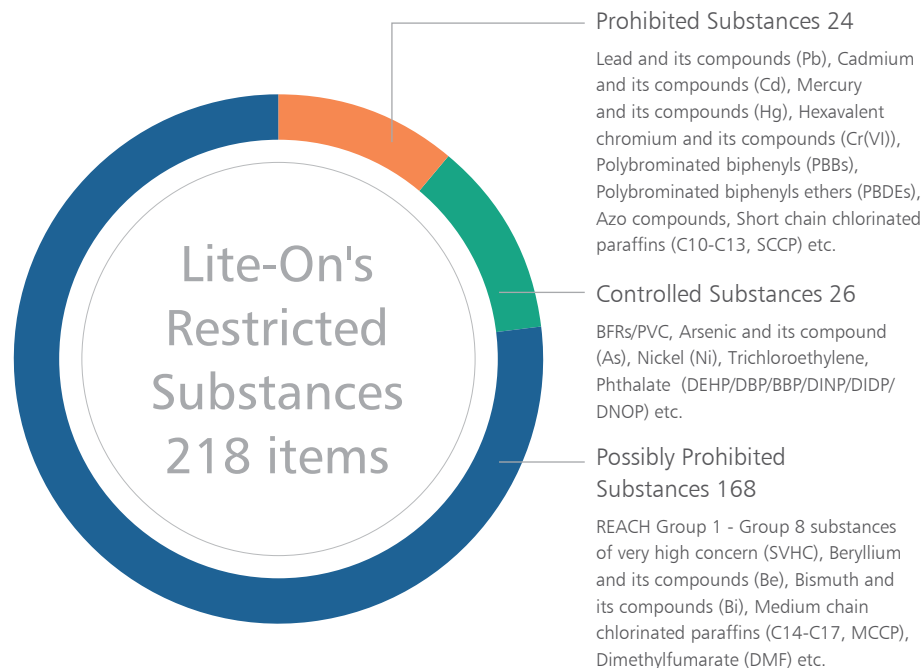


Product category	Focus of green design	Economic and environmental benefits
Built-in camera for tablet PCs	<ul style="list-style-type: none"> • Energy conservation & GHG reduction • Resource saving • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. Developed a new image sensor that is more energy-efficient. 2. In 2014, the company increased the proportion of MIPI tablet cameras to more than 60.8%, and thus reduced backend power wastage. 3. The new design introduces the use of halogen-free materials and reduces pollution to the environment. 4. Introduction of integrated voice coil motor design reduces the number of parts and processes needed to produce, which improves product yield and minimizes material wastage.
Clinical Chemistry Analyzer HB1, VB1 (HB-P01)	<ul style="list-style-type: none"> • Resource saving • Energy conservation & GHG reduction • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. 91% of parts can be disassembled and recycled. 2. 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. 3. All parts used are compliant with EU RoHS and REACH standards. 4. Lite-On's chemical analyzer requires only 1/9 the sample size needed by large analyzers, and hence produces lesser medical waste.
Hemoglobin A1c Analyzer A1C (HI-P01)	<ul style="list-style-type: none"> • Resource saving • Reduction of environmental/safety hazards 	<ol style="list-style-type: none"> 1. The machine has been significantly downsized, by as much as 70% when compared to the first generation. 2. All parts used are compliant with EU RoHS and REACH standards.
All-in-One Blood Glucose Monitoring System eZ1 (HB-H01)	<ul style="list-style-type: none"> • Resource saving • Reduction of environmental/safety hazards • Energy conservation & GHG reduction 	<ol style="list-style-type: none"> 1. Featuring a concise and modular design. 2. Adopted the use of halogen-free, recyclable, and non-hazardous materials that conformed with EU RoHS and REACH standards. 3. The product requires very little power to operate. Two AAA batteries provide enough power to perform more than 1,000 glucose tests, which far exceeds most products on the market (e.g. 500 tests for ACCU-CHEK Integra & Mobile). Power-saving sleep and standby mode: <ul style="list-style-type: none"> • Sleep mode $\leq 10\mu\text{A}$ • Power consumption when in standby $\leq 10\text{mA}$



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 classified into three categories: Prohibited, Controlled, and Possibly Prohibited (e.g. substances of very high concern (SVHC) at REACH). LS301 currently covers 218 different substances including 24 prohibited items; 26 controlled items, and 168 possibly prohibited items. We hope to provide 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 collaborated material requirements, international laws, customer policies, and codes of conduct. 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 is 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.

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 all 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, the company would 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. All products supplied by Lite-On have been designed in accordance with WEEE (Waste Electrical and Electronic Equipment) standards, which require at least 75% of materials to be recovered.

Below are raw materials purchased in 2014:

3.7.1 Metallic Materials

Use of metallic materials in 2014

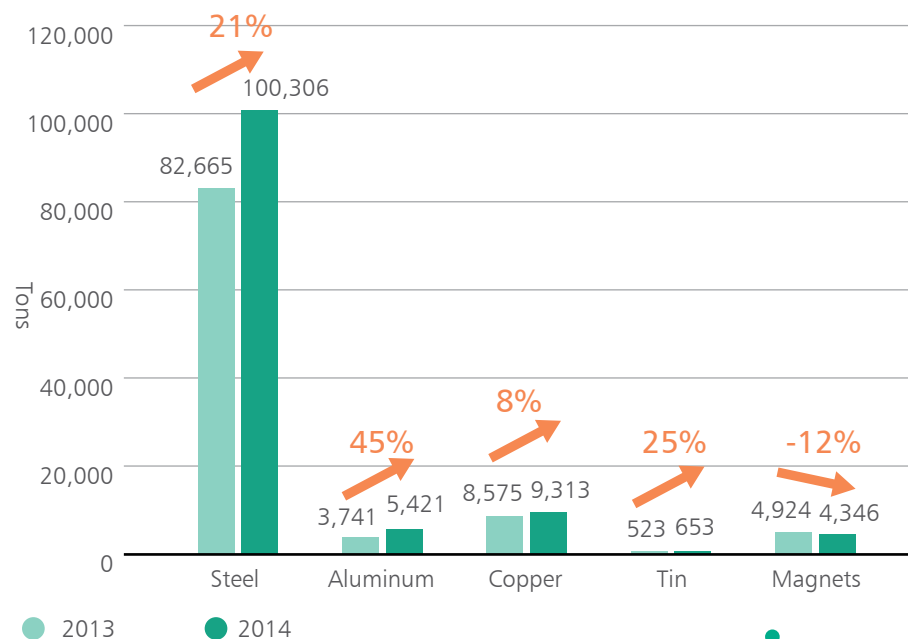
Steel: mainly comprising external casing, screws, power adapters, and fan blades. A total of 100,056 Tons were purchased in 2014, which was 21% higher than the previous year. Increases in the sale of power supply unit, computer casing, keyboard and hand-held device caused additional amounts of steel to be used in production in 2014.

Aluminum: mainly comprising cooling fins. A total of 5,421 Tons were purchased in 2014, which was 45% higher than the previous year. Increases in the sale of power-related products and laser printer caused additional amounts of aluminum to be used in the production.

Copper: mainly comprising wires, printed circuit boards and cables. A total of 9,313 Tons were purchased in 2014, which was 8% higher than the previous year.

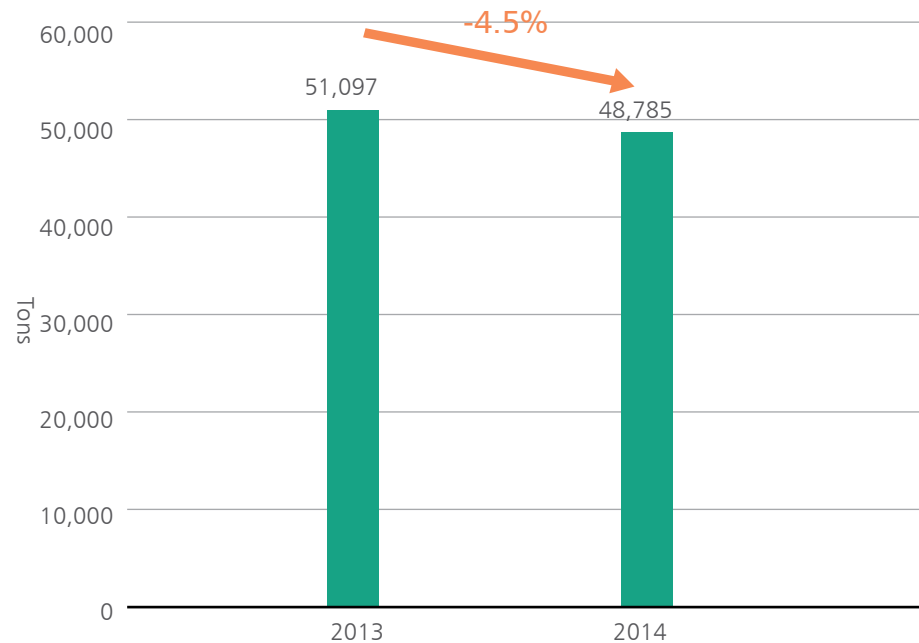
Tin: mainly comprising tin wire, tin bars, and tin paste; they were used mostly for the power supply business units. A total of 653 Tons were purchased in 2014. Increases in the sale of power-related products caused an additional 25% of tin materials to be used in production.

Magnet: mainly used in power adapters. A total of 4,346 Tons were purchased in 2014, which was 12% less than the previous year.



3.7.2 Non-metallic Materials

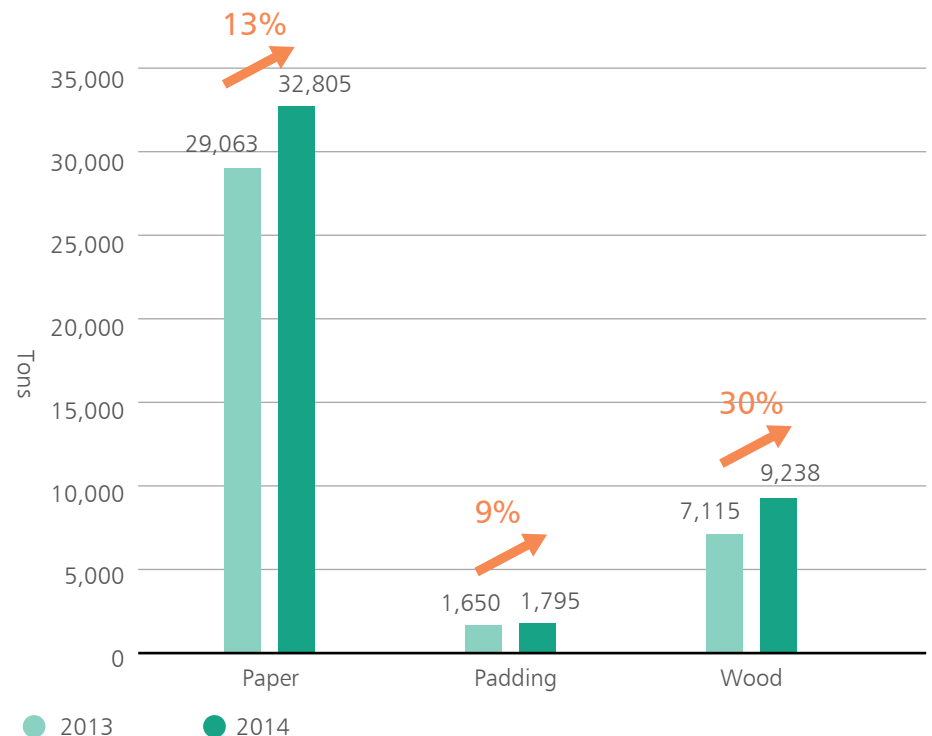
Plastic: used in all product lines including external casing, insulation, socket, etc. A total of 48,785 Tons were purchased in 2014, which was 4.5% less than the previous year.



Note: the volume of plastic materials was misreported in 2013; the correct amount should be 51,097 Tons

3.7.3 Packaging and Shipping Materials

For "local shipments," Lite-On uses recyclable packaging materials as much as possible. The company used 32,805 Tons of paper (writing paper/cardboards/boxes) in 2014, which was 13% higher than the previous year. The amount of padding (foam and bubble wrap) used totaled 1,795 Tons, which was 9% higher than the previous year. Furthermore, 9,238 Tons of wood were used in 2014, representing a 30% increase over the previous year. These increases were mostly due to significant surges in the sale of server casing and laser printers to overseas countries.



Note: the volume of padding materials was misreported in 2013; the correct amount should be 1,650 Tons



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

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 works with recycling firms to increase the resource recovery and achieve the ultimate objective of zero waste.

Effective Treatment and Traceability

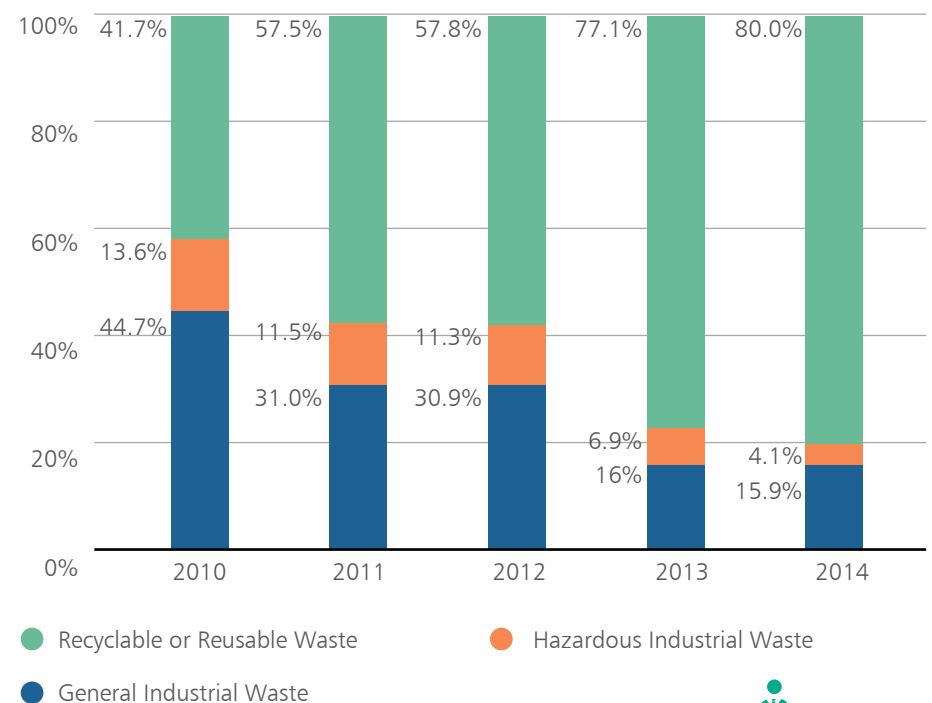
All wastes generated are handled by external professional firms who are legally qualified with the best available technology of waste treatment, and Lite-On performs random checks to ensure that handling procedures are appropriate as well as waste disposal are well managed.

Waste Management Result

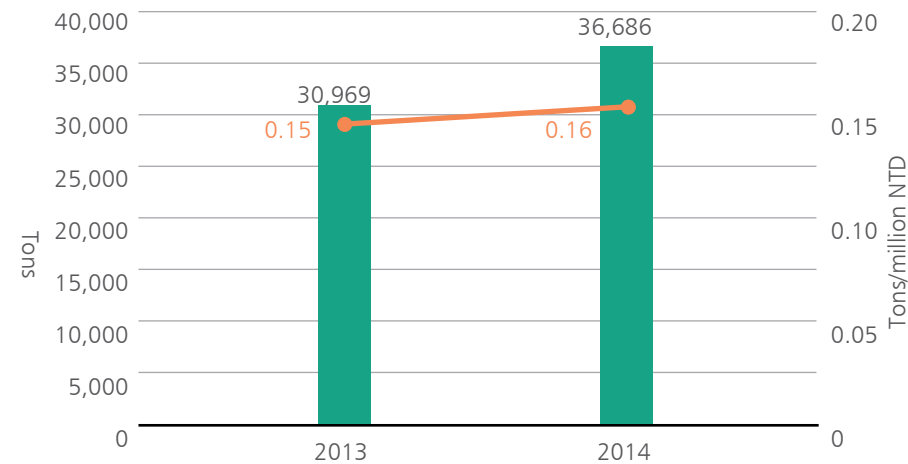
All waste output, transport, and treatment (including recycling) processes comply with the ISO 14001 standards with properly operating and taking records. The wastes are

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 80% in 2014 while hazardous industrial waste decreased to 4.1% in 2013 presenting that Lite-On has gradually improved its resources recovery efficiency by strictly implementing its waste management policy.

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, waste management by subsidiaries was included in the survey starting from 2013.



2013-2014 Total Waste



Remarks: The increase of waste in 2014 mainly resulted from increased production activities; the volume of hazardous waste was reduced by 29%, whereas recyclable or reusable waste increased by 23%.

The three types of waste aggregated to a sum of 36,686 Tons in 2014, which was equivalent to waste generation intensity 0.16 Tons/million NTD. It had increased by 9.5% as compared to 2013.

Waste type	Tons	%
General industrial waste	5,834	15.9
Hazardous industrial waste	1,507	4.1
Recyclable or Reusable Waste	29,345	80.0
Total waste	36,686	100.0

3.8 Green Logistics

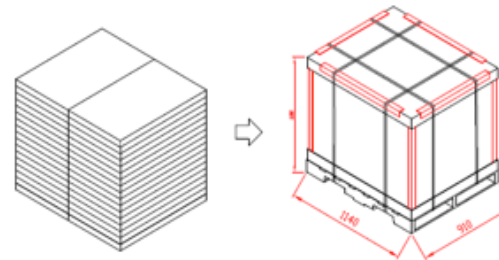
Product transportation and employees' business travel are important aspects of our business. Lite-On is committed to using green transportation and distribution methods to enhance our efforts for carbon reduction. In regards to product transportation, Lite-On has continually improved product packaging 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. The company 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, the company is able to utilize container space more effectively and reduce the number of land, sea and air shipments taken to ship the same quantity of goods, and thus cut down on greenhouse gas emissions and the usage and weight of packaging materials. Below is an example of how Lite-On had adopted S113 packaging design in 2014 to increase container load by 3% for computer server casing. Overall, the new design required lesser packaging materials, made shipments more efficient, reduced the amount of energy consumed, and lowered operating costs.

Improved carton design



Original design

20-foot container - holds 792 units
40-foot container - holds 1716 units

New design

20-foot container - holds 816 units
40-foot container - holds 1768 units





Improved carton design

BC slot design

Capacity: 824*534*60mm

New design

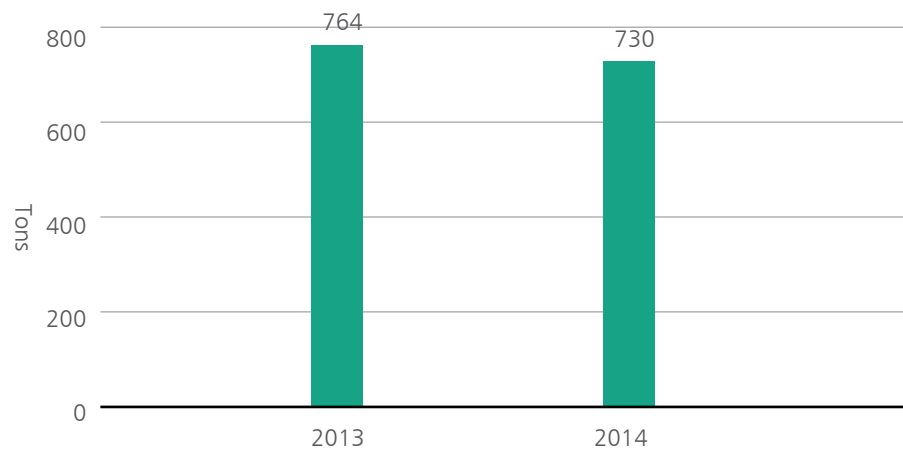
B slot design

Capacity: 804*526*56mm

3.8.2 Improved Goods Delivery

Lite-On has been exercising stringent control over production and logistic schedules to meet customers' delivery deadlines while avoiding air freight as much as possible. Even with an 8% increase in revenues in 2014, Lite-On still managed to cut down the amount of goods shipped via air freight by 33 Tons or 4.4% as compared to 2013.

Air freight volume



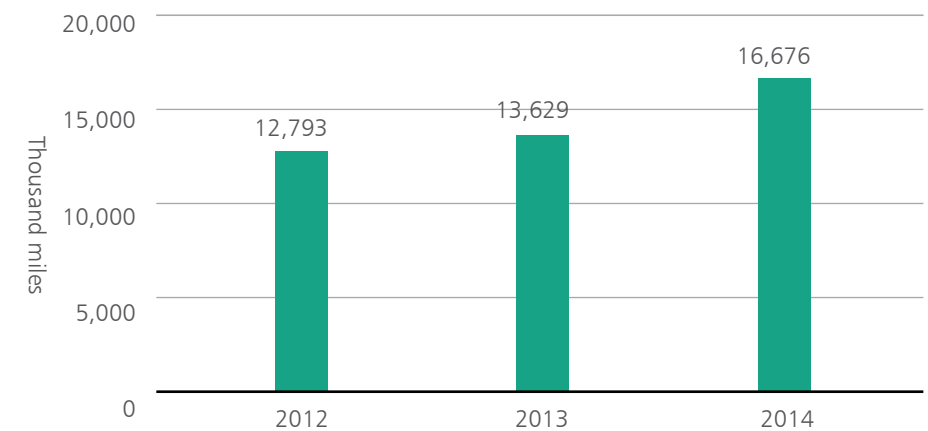
3.8.3 Employees' Business Travel

In 2014, Lite-On's employees in Taiwan traveled a total of 16,676,000 miles; this was 3,047,000 miles or 22% more than 2013.

Reasons for increased travel mileage:

1. Following the recent reorganization, travel data from "Liteon Automotive" and "LarView Technologies" was added to the 2014 survey.
2. The storage segment had relocated its Guangzhou Plant to Beihai, Guangxi towards the end of 2013; the Taiwanese support team had to travel more frequently to ensure proper transfer of technology.
3. In an attempt to raise production efficiency, the Taiwanese automation team was stationed in plants throughout Mainland China to implement automated production.
4. Lite-On had taken the initiative to develop overseas distribution and customer base for its LED segment, which required employees to travel more often than the previous year.

Employees' business trips



Notes: Travel data from Liteon Automotive and LarView Technologies was added to the 2014 survey.



3.9 Green Factory

3.9.1 Green Building

Lite-On's production sites are mainly located in Mainland China, with its most recently established site 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. The green production site has been designed according to the characteristics of the local environment and climate for optimal 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 installed to guide heat upwards and dissipate it outwards. In winter, cool air is guided 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 condition. 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.

Actual benefits of a green factory (Networking Access Plant in Changzhou): 100% of heat generated by air compressors is recycled, keeping the office area warm for a full day. By adjusting production ventilator from 35Hz to 40Hz, the plant was able to generate more

air flow and thus cut down on the use of central air conditioner. Previously, the electronics storage used to be kept warm using heat pumps during winters. However, by channeling heat from the workshop into the storage, the plant was able to make more efficient use of energy.

Apart from energy efficiency, beautification of the environment has also been a key focus in green design. The company 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, and thus achieve the right balance between business, lifestyle, and nature.

Therefore, when Lite-On begins to design new production plants the company creates the plans with green design concepts in mind. The production/office complex that began construction in 2013 in Chunggho, New Taipei City (Taiwan) built in 2014, for example, has been designed strictly in accordance with green building requirements. Some of the key designs include: gardens constructed using soil dug out of the foundation; 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.



Buoyancy-driven
Ventilation Towers



Compressor
Heat Recycling



Central
Air Conditioner



Rooftop Solar Power

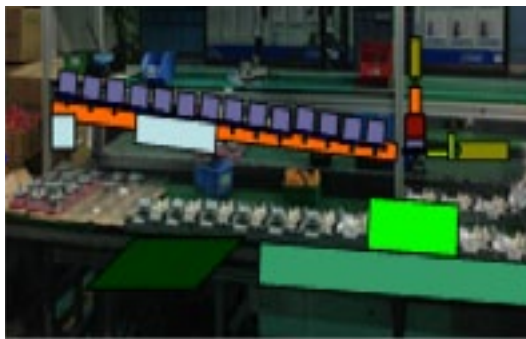


3.9.2 Green Manufacturing

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.

Production Efficiency through Automation

Lite-On actively brings automation to its production. By working closely with suppliers and its R&D team, the company 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 Mainland China in 2014, where the management engaged the R&D team to explore possible design changes that would enable automation in the future. As a result, product yield had increased by 4% in one of the production lines while the number of operators was reduced by 58%, saving cost and improving quality both at the same time.



Design Improvement Practices

Manual Assembly



Automated Assembly



Cleaner Production for Lower Resource Usage

The Cleaner Production initiative helps make more efficient use of direct and indirect energy/resources during production, while in the meantime reduce discharge of waste and chemicals into the environment.

Energy-saving Measures

By combining the PDCA cycle with daily energy management practices, Lite-On's PID plant in Guangzhou was assessed by a third party to have saved 2,485,315 kilowatt-hours of electricity in 2014 (or 207,109 kilowatt-hours per month). What the plant had done to accomplish the above was by implementing an Ultra Performance Plant Controller (UPPC) and adopting inverter technologies for the chilled water pump and the coolant pump. The solution gave the plant complete frequency control over the entire cooling system. The UPPC has an algorithm built in to calculate the optimal condition of the cooling system. It tracks operational data gathered from cooling modules, cooling pumps and cooling towers, and adjusts parameters of every piece of equipment automatically to achieve the lowest energy consumption for the entire plant.



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.

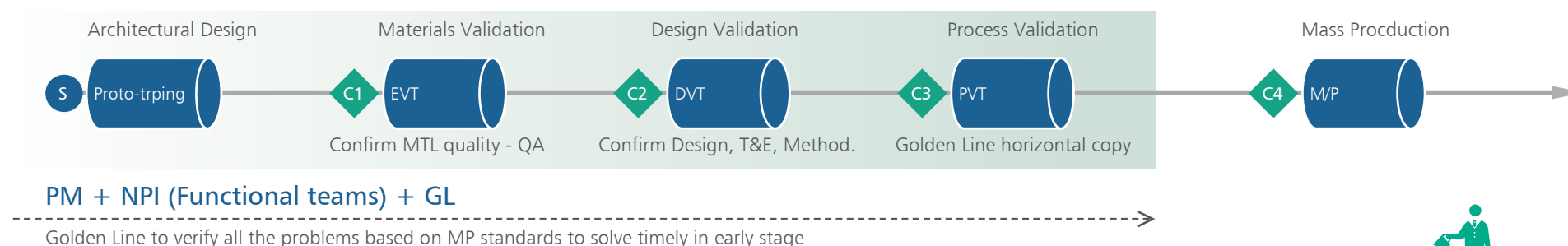
3.10.2 Quality Commitment

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

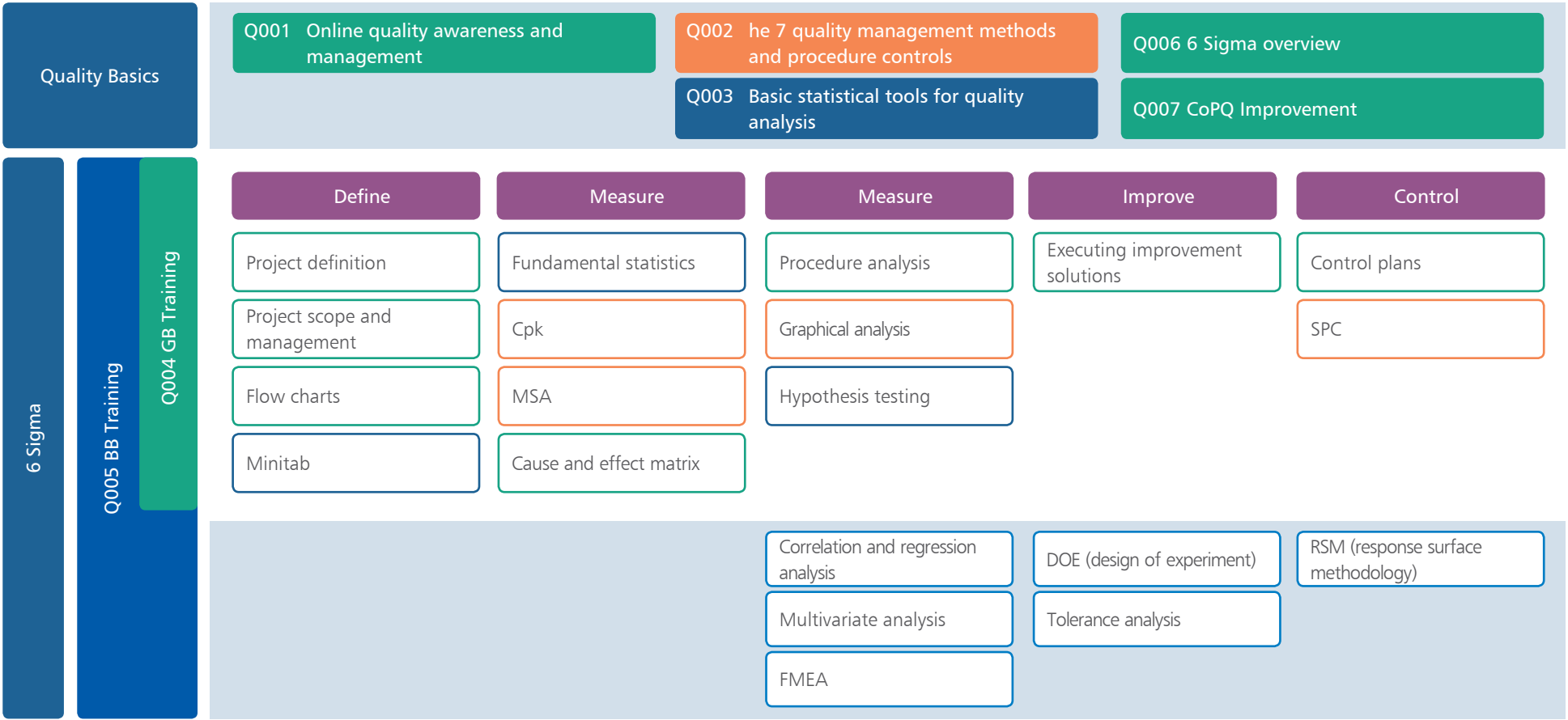
Over the course of quality improvement, Lite-On involves the mass production team early in the product introduction stage and implements stringent supplier management as well as model lines to ensure that product quality can be replicated consistently and rapidly in large volumes.



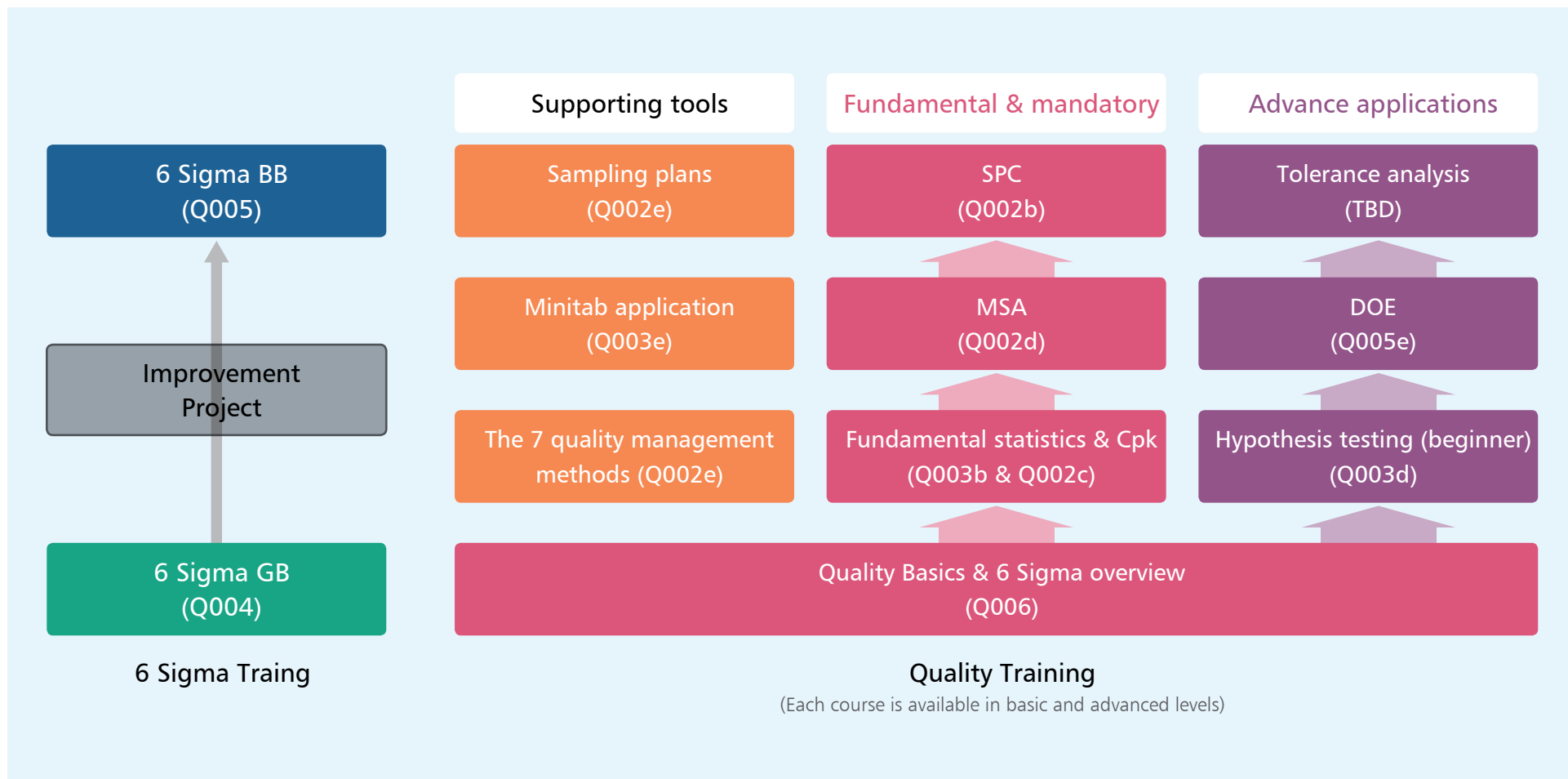
The quality management structure's major functions consist of quality system, quality control and quality engineering, and the roles and responsibilities are set for each function with the key performance indicators.

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 2014, the company trained more than 2,700 GB and more than 130 BB employees, and helped more than 2,300 employees complete their 6-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.



Advance course suggestions



3.10.3 Customer Satisfaction

"Customer Satisfaction" has always been Lite-On's top priority. Everything we do in our business is to maximize the values for our customers, and we constantly motivate ourselves to perform to customers' demands and satisfaction. Understanding and analyzing customers' satisfaction is one of the important ways we adopt to continually improve our product quality and service procedures and implement new systems to further satisfy our customer's needs.

To monitor customer satisfaction, all business segments have adopted the practice to collect customers' assessments (e.g. scorecards) on their suppliers on a regular basis (quarterly, semiannually, or annually). These scorecards provide extensive information such as product quality, pricing, delivery, service, technical capability, CSR engagements, and 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 be used to guide yearly improvement plans. Plants are also required to compile "lessons learned" and customer feedback reports. 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 customer satisfaction survey conducted by Lite-On's power supply segment on 6 main customers in 2014:

		Satisfaction survey items					Overall satisfaction
		Green product	Quality	Resolution of major defects	Timely delivery	Technical capabilities	
Average satisfaction	Score (out of 5)	5.0	4.5	4.2	4.9	4.7	4.8
	Satisfaction (%)	100	90	84	98	94	90
Satisfaction >4.5	Count	6	3	2	6	5	5
	Percentage %	100.0%	50.0%	33.3%	100.0%	83.3%	83.3%
Satisfaction <4.5 ~>4.0	Count	0	3	3	0	1	1
	Percentage %	0%	50.0%	50.0%	0%	16.7%	16.7%
Satisfaction <4.0	Count	0	0	1	0	0	0
	Percentage %	0%	0%	16.7%	0%	0%	0%

Note: main customers are defined as customer groups that collectively account for 70% of revenues of the power supply segment



The 2014 customer satisfaction survey concluded an overall satisfaction rate of 94%, which was 4 percentage points higher than the previous year. Out of a maximum of 5, the company averaged a satisfaction score of 4.7. Among which, 4 customers (67.7%) gave an overall score of 4.5 or above, 2 customers (17.3%) gave an overall score between 4.5 (exclusive) and 4.0 (inclusive), and no customer gave an overall score of less than 4.0.

Except for "Resolution of major defects," which scored 84%, customers' satisfaction rating for all other areas of concern were 90% or above. A further analysis revealed that, out of a maximum of 5, two customers (33.3%) gave a score of 4.5 (inclusive) or above on "Resolution of major defects," while three customers (50%) gave a score between 4.5 (exclusive) and 4.0 (inclusive), and one customer (16.7%) gave a score of less than 4.0.

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.

3.10.4 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 2014, 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.



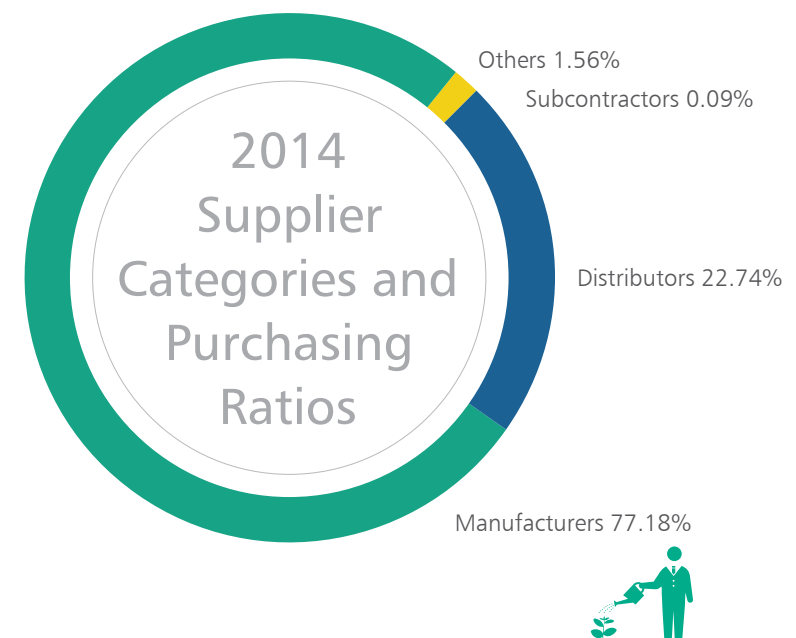
3.11 Supply Chain Management

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.

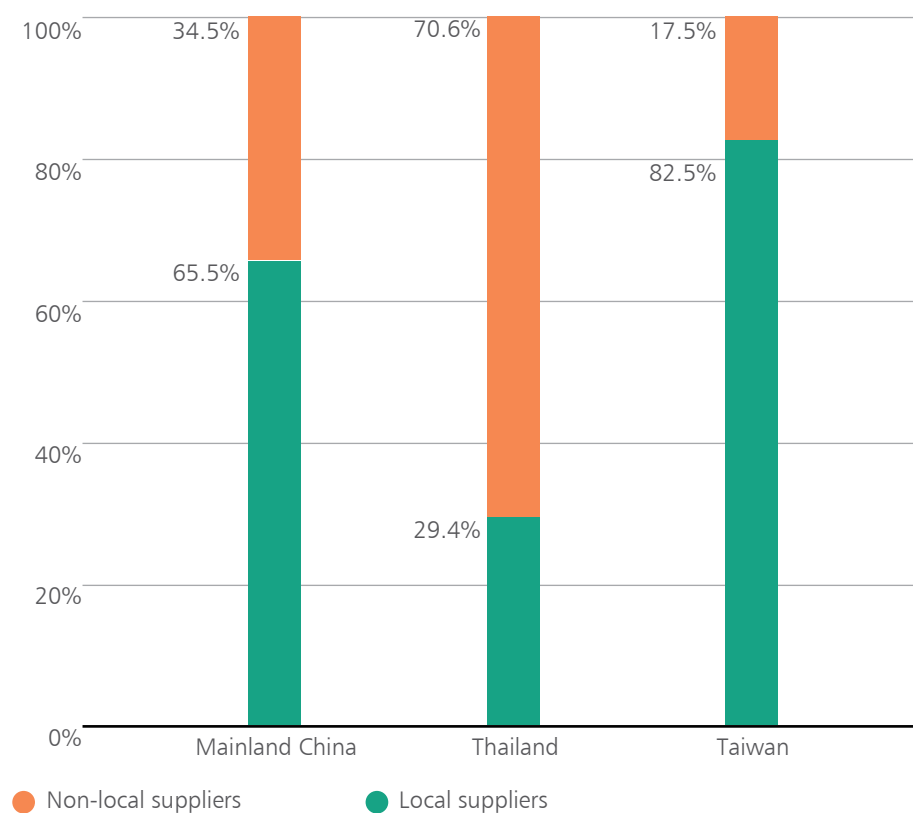
In 2014, Lite-On newly added 389 companies to its suppliers list; of which 51% of new suppliers were involved in the field EICC Audits in accordance with risk rankings complied with Lite-On's standards regarding environmental protection, workers' welfare, human rights, and social impact. 12 suppliers were removed from the qualified list due to less competitiveness in delivery as well as 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 approximately 1,900 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 98.4% in 2014. Direct suppliers are further classified into three types: manufacturers, distributors, and subcontractors. In 2014, 77.2% 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 80%. Distributors of worldwide large suppliers for critical parts and components also accounted for a significant portion at 22.74%, whereas suppliers of indirect materials and services (including transportation and professional services) accounted for 1.56%. See the figure below for a detailed analysis.



Lite-On's production sites are mainly located in Mainland China, Thailand and Taiwan. For our production facilities in Mainland China, local suppliers represented 65.5% of the total supplier counts; in Thailand, local suppliers represented 29.4%, and in Taiwan, 82.5% of the total supplier counts were local suppliers.



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 Training

Seminars on "The Practice of Corporate Social Responsibility for Suppliers"

9 seminars and workshops on "The Practice of Corporate Social Responsibility for Suppliers" were held in 2014 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 2014, these critical suppliers represented 38% of the total supplier count contributing 74% of purchases made by Lite-On. Inspired by the fact that 61% 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
- Labor intensive or high polluting process industry
- Ability to fulfill CSR

3.11.5 Policy for Conflict Metals

Reported by EICC (Electronic Industry Citizenship Coalition), the mining of some minerals has become the main revenue sources to the armed rebel groups in Democratic Republic of Congo (DRC). The revenue is used to buy weapons, and it caused bloody conflicts between governments, devastating the safety of the local civilian, and triggering international disputes. Lite-On Technology, as a global citizen, declared and committed not to accepting these conflict minerals from the conflict mining area in DRC or relevant regions in Africa; meanwhile, we requested our supply chain to follow Lite-On's policy as well. Since 2010, we initiated to utilize the EICC tool (Conflict Minerals Reporting Template, CMRT) to control the uses of conflict minerals in place.

Note: Conflict minerals (metals) mean the minerals composed of columbite-tantalite, cassiterite, wolframite and gold from the fighting region of Democratic Republic of the Congo (DRC) or other Africa regions. These minerals are refined into tantalum (Ta), tin (Sn), tungsten (W) (referred as 3T), cobalt (Co) and gold (Au), respectively, and are widely used in electronic and other products.

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.





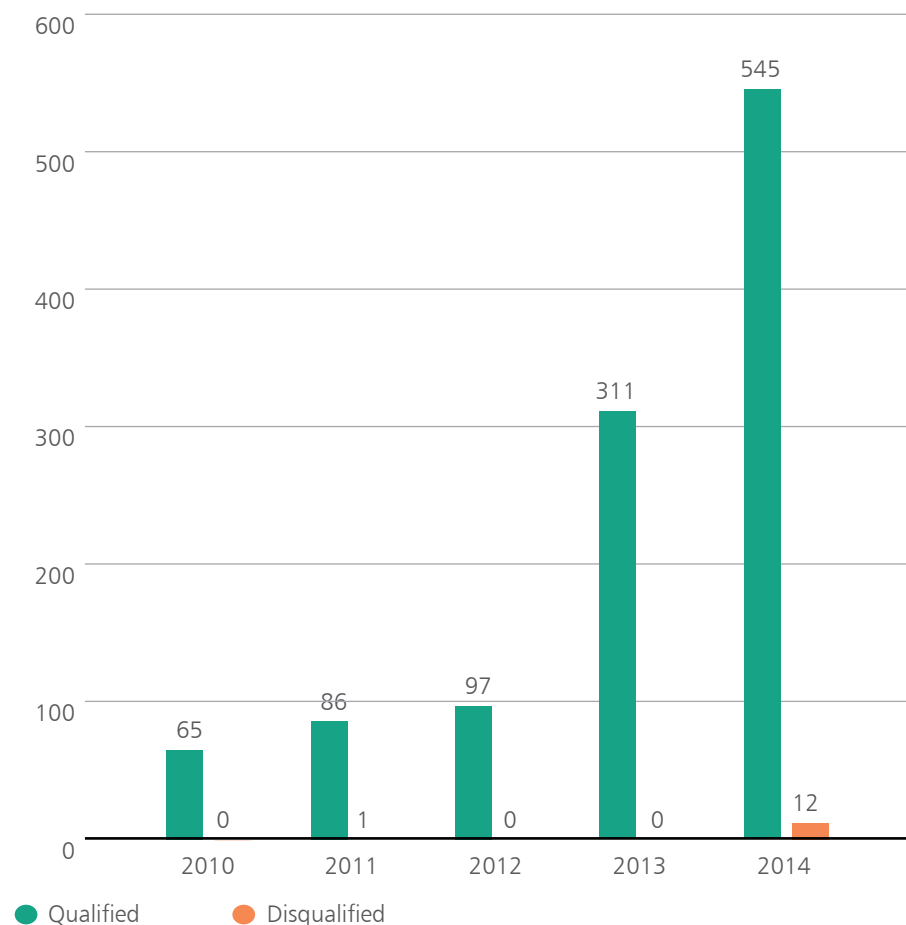
Uses and preservation of water resources have also become two of the pressing issues for now and the future. Due to ongoing climate change, the water resources that we used to rely upon may someday disappear, posing a major concern for sustainability of our suppliers. Given the extensive number of Lite-On 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 Mainland 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.

3.11.7 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 545 suppliers in 2014, and the most common issue found was overtime. After the audit was completed, Lite-

On requested suppliers to take corrective actions within a given time. Suppliers' conduct was rated either qualified or disqualified; no suppliers were disqualified in 2014 for CSR issues. See the following figure for audit results in previous years.



Note: In 2014, there're 12 disqualified suppliers due to quality issues.



4 Lite-On and 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 has made the commitment to obey labor laws and international labor standards in all locations where it operates, giving employees the utmost freedom of association and privacy, while prohibiting all forms of forced labor, child labor, and discrimination. Lite-On has policies in place to secure employees' interests. It continually introduces new projects to promote employee health, and offers competitive salary packages to incentivize employees to work in a "passionate, motivated, innovative, and growing" 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 and 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, singing competitions, Christmas dinners, year-end gatherings, etc.). In 2014, Lite-On organized a competition for the company's theme song, during which employees were encouraged to submit their creations. After a company-wide vote, the title "Lite-on Forever" was selected to represent employees' passion and loyalty to the company.



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 emails letterboxes and hotlines that employees may use to report sexual harassment. Upon receiving an employee's report, a Complaint Resolution Panel will be assembled immediately to resolve the matter. Furthermore, there are strict confidentiality rules in place to protect the plaintiff's identity. Lite-On has established its management systems based on the Electronic Industry Code of Conduct (EICC). Plants in Mainland China are subjected 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

To celebrate its 40th anniversary, the company organized the "Lite-On 40 Global Flame Relay" in 2014, starting from its founding location, Zhonghe, and passing through 13 countries before returning to Taiwan. This event has been one of the many mechanisms that the company constantly creates to motivate and inspire its employees to achieve greater success.

Growth

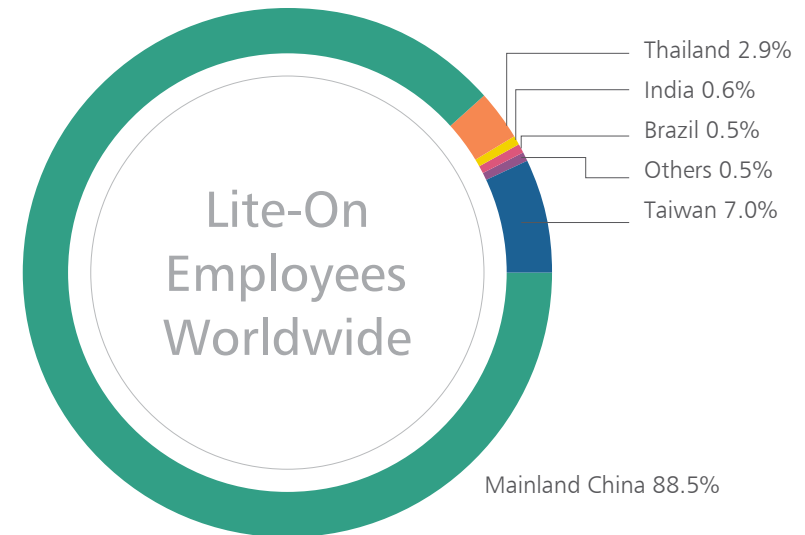
With regards to training and development, Lite-On provides employees with basic orientation, systematic training courses that help them develop the professional skills and qualities needed to progress in their career, and a user-friendly online learning system that they may use at their own convenience. 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 Profile

4.2.1 Employee Structure and Distribution

As at the end of 2014, Lite-On had 62,495 employees worldwide; 55.8% of whom were male and 44.2% were female. There were 4,417 employees in Taiwan, while the remaining 58,078 were located throughout Mainland China and other overseas plants. 99.1% of employees were in Asia.

	Taiwan	Mainland China	Thailand	India	Brazil	Others	TTL
Male	7.8%	89.6%	1.0%	0.9%	0.3%	0.4%	55.8%
Female	6.2%	87.2%	5.3%	0.2%	0.6%	0.5%	44.2%



Employee Composition by Contract Type

SITE Location	Male					Female					Total
	Permanent	Foreign	Disabled	Interns	Total	Permanent	Foreign	Disabled	Interns	Total	
Taiwan	2,657	22	30	8	2,717	1,439	247	13	1	1,700	4,417
Mainland China	30,248	58	170	772	31,248	23,484	3	86	496	24,069	55,317
Thailand	354	0	0	0	354	1,461	0	0	0	1,461	1,815
India	302	1	0	0	303	68	1	0	0	69	372
Brazil	115	0	0	0	115	169	3	0	0	172	287
Others	144	3	0	0	147	139	1	0	0	140	287
Worldwide Total	33,820	84	200	780	34,884	26,760	255	99	497	27,611	62,495

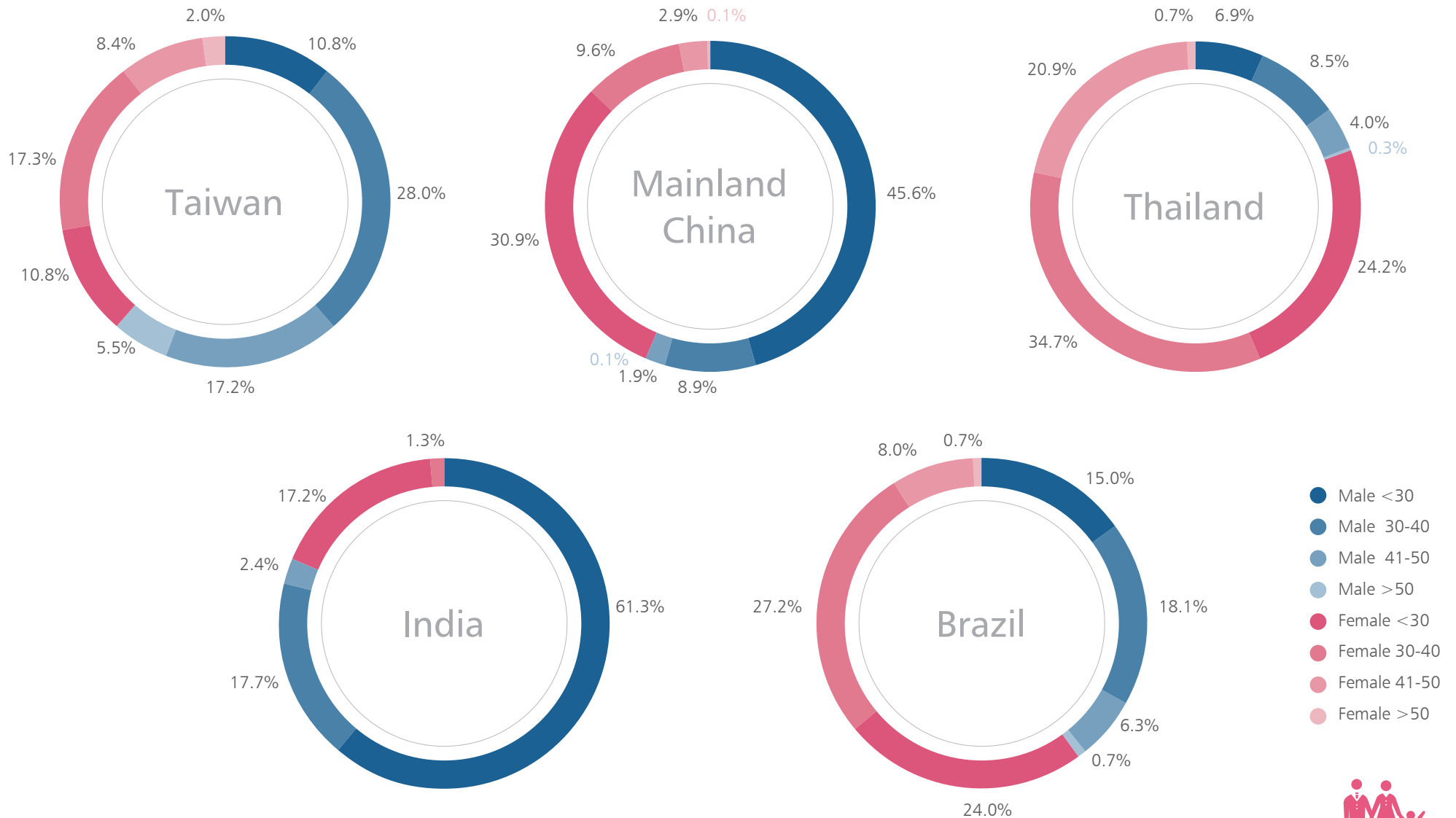
It is the company's policy to hire local employees as a priority throughout its overseas locations. In Taiwan, employees graded deputy manager and above accounted for 41% of total employees, and 99.2% were locals. In Mainland China, employees graded deputy manager and above accounted for 1.3% of total employees, and 87.2% were locals. In Thailand, employees graded deputy manager and above accounted for 2.7% of total employees, and were 100% locals. In India, employees graded deputy manager and above accounted for 3.2% of total employees, and 83.3% were locals. In Brazil, employees graded deputy manager and above accounted for 2.4% of total employees, and were 100% locals.

	Taiwan	Mainland China	Thailand	India	Brazil	Others
Deputy Managers and above	41.0%	1.3%	2.7%	3.2%	2.4%	56.8%
Percentage of Deputy Managers and above	99.2%	87.2%	100.0%	83.3%	100.0%	89.6%



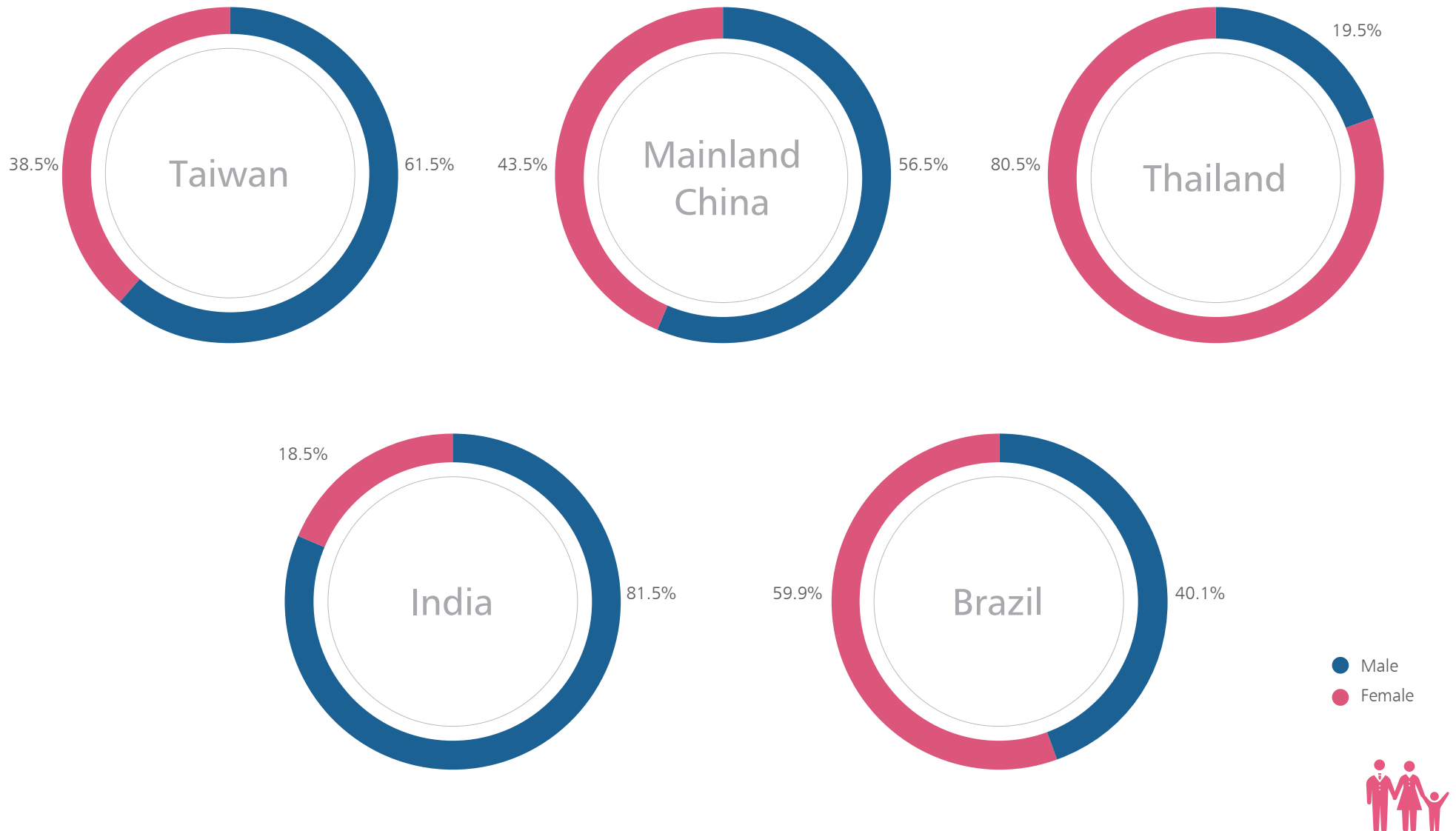
Employee Structure

by Location, Gender and Age



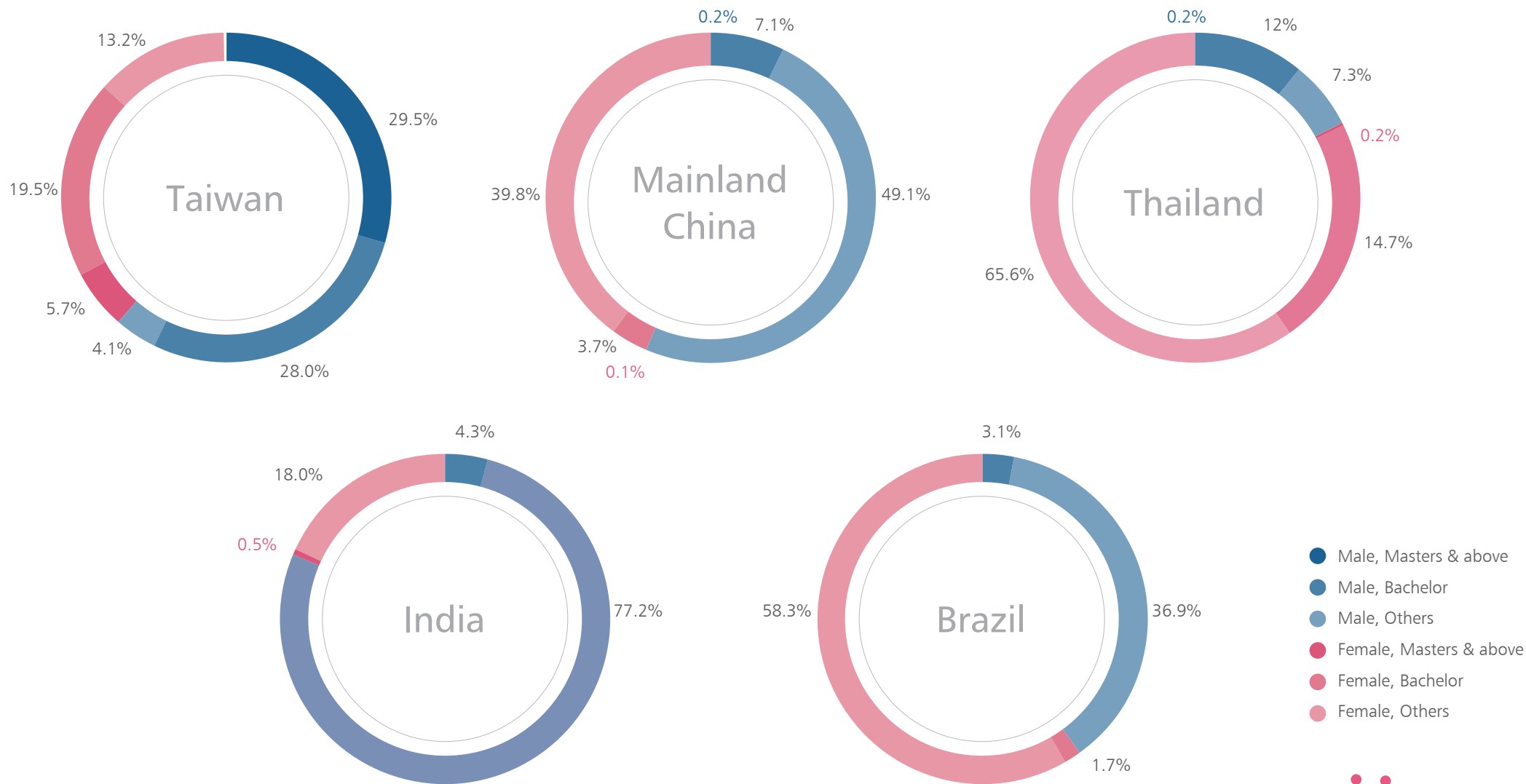
Employee Structure

Gender Distribution by Region



Employee Structure

by Location, Gender and Education



Employee Grade Distribution

Gender		2014		2013		2012	
Executive management	Male	57	95.0%	49	94%	47	94%
	Female	3	5.0%	3	6%	3	6%
	Total	60	100.0%	52	100%	50	100%
Senior manager	Male	350	86.6%	245	91%	238	90%
	Female	54	13.4%	25	9%	25	10%
	Total	404	100.0%	270	100%	263	100%
Mid-level manager	Male	4,011	73.3%	3,375	76%	3,161	76%
	Female	1,461	26.7%	1,081	24%	1,011	24%
	Total	5,472	100.0%	4,456	100%	4,172	100%
Gender		2014		2013		2012	
General employees (indirect labor; IDL)	Male	9,968	66.4%	9,983	66%	9,674	67%
	Female	5,050	33.6%	5,034	34%	4,848	33%
	Total	15,018	100.0%	15,017	100%	14,522	100%
General employees (direct labor)	Male	24,916	52.5%	25,836	52%	26,176	52%
	Female	22,561	47.5%	23,638	48%	23,783	48%
	Total	47,477	100.0%	49,474	100%	49,959	100%
All employees	Male	34,884	55.8%	35,819	56%	35,850	56%
	Female	27,611	44.2%	28,672	44%	28,631	44%
	Total	62,495	100.0%	64,491	100%	64,481	100%

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



4.2.2 Employee Retention

Lite-On has always treated employees as the most critical asset of the company. It has management courses, promotion and welfare systems in place to encourage employees' self-development and to help them reach their career goals.

The company will communicate and coordinate in advance with any employee who requests to transfer to other department or location. Employees who are being transferred to more remote areas will be granted proper allowances or subsidies.

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.

Should any significant changes occur to the company's operations, the company would first assess and arrange to have employees transfer to similar positions. Employees are made redundant only if no suitable positions exist or if employees are unwilling to transfer.

Because of the company's respect for employee retention, a special task force was assembled to resolve employment matters before the merger of the four affiliated enterprises (Liteon Automotive, Leotek, Lite-On IT, and LarView Technologies) in 2014. Seminars were held approximately one month before the merger took place to assure employees that no impacts would occur on their salaries and benefits. With this knowledge in mind, employees were issued consent forms to be transferred to Lite-On if they were willing, or to be subsidized according to policy should they decide otherwise. The company has comprehensive systems in place to communicate with employees and secure their interests in the event of a major change.

1. Employee turnover rate

The monthly average turnover rate below is calculated as: (monthly average number of departed employees in 2014)/(sum of month-end employee count from Jan to Dec/12)*100%.

2014 Monthly Average Turnover Rate (Including Voluntary and Involuntary Departures) - by Age

SITE Location	Direct labor (DL)					Indirect labor (IDL)				
	<30	30-40	41-50	>50	Total	<30	30-40	41-50	>50	Total
Taiwan	7.9%	8.9%	7.1%	*	8.1%	2.2%	2.0%	1.0%	0.5%	1.6%
Mainland China	19.5%	12.2%	6.3%	2.0%	18.0%	4.0%	2.3%	2.1%	4.0%	3.3%
Thailand	0.8%	0.6%	0.3%	1.5%	0.6%	4.9%	2.3%	1.0%	*	1.9%
India	14.5%	-	*	-	12.9%	29.2%	15.3%	8.3%	-	21.6%
Brazil	7.1%	6.7%	5.7%	*	6.7%	3.2%	3.1%	3.9%	8.3%	3.3%
Others	*	*	-	-	-	0.4%	1.0%	1.5%	0.7%	1.0%
Worldwide Total	18.9%	10.8%	5.4%	1.7%	17.1%	4.0%	2.3%	1.4%	0.9%	2.9%

Note: *An asterisk (*) denotes percentages that are too small to be rounded up to 0.1%



2014 Monthly Average Turnover Rate (Including Voluntary and Involuntary Departures) -- by Gender

Location	Direct labor (DL)		Indirect labor (IDL)	
	Male	Female	Male	Female
Taiwan	20.4%	4.9%	1.4%	1.1%
Mainland China	19.8%	13.1%	3.5%	3.2%
Thailand	1.2%	0.5%	1.4%	2.4%
India	11.0%	19.9%	21.1%	27.4%
Brazil	7.4%	6.4%	3.7%	2.6%
Others	-	-	1.1%	0.3%

Note 1: The relatively high employee turnover in Mainland China is largely attributable to the local labor shortage.

Note 2: The relatively high employee turnover in India is largely attributable to changes in production orders and uncertainties.

2. New hire rate

The new hire rate below is calculated as: (monthly average number of new employees in 2014)/(sum of month-end employee count from Jan to Dec/12)*100%.

2014 Monthly Average New Hire Rate - by Age

Location	Direct labor (DL)				Indirect labor (IDL)			
	<30	30-40	41-50	>50	<30	30-40	41-50	>50
Taiwan	8.3%	7.3%	5.3%	1.0%	5.4%	2.7%	1.6%	0.7%
Mainland China	25.6%	13.7%	6.7%	1.5%	4.3%	1.8%	1.9%	1.9%
Thailand	11.4%	4.7%	0.3%	-	7.0%	2.8%	0.5%	-
India	2.4%	0.6%	-	-	2.7%	0.6%	2.8%	-
Brazil	4.5%	3.7%	3.4%	-	2.4%	2.8%	1.3%	-
Others	37.3%	0.0%	-	-	2.8%	0.2%	-	0.1%



2014 Monthly Average New Hire Rate - by Gender

Location	Direct labor (DL)		Indirect labor (IDL)	
	Male	Female	Male	Female
Taiwan	23.1%	9.5%	2.8%	2.2%
Mainland China	27.2%	18.4%	3.4%	2.9%
Thailand	6.7%	6.8%	1.5%	2.6%
India	1.4%	5.1%	1.7%	2.4%
Brazil	4.3%	3.9%	2.9%	1.5%
Others	33.3%	36.1%	0.5%	1.2%

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. Personnel recruitment 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, an IT system has been established to manage employees' working hours and vacation time, ensuring that employees can balance work and leisure.

4.2.4 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 Mainland 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 the given timeframe.



4.3 Employee Development and Training

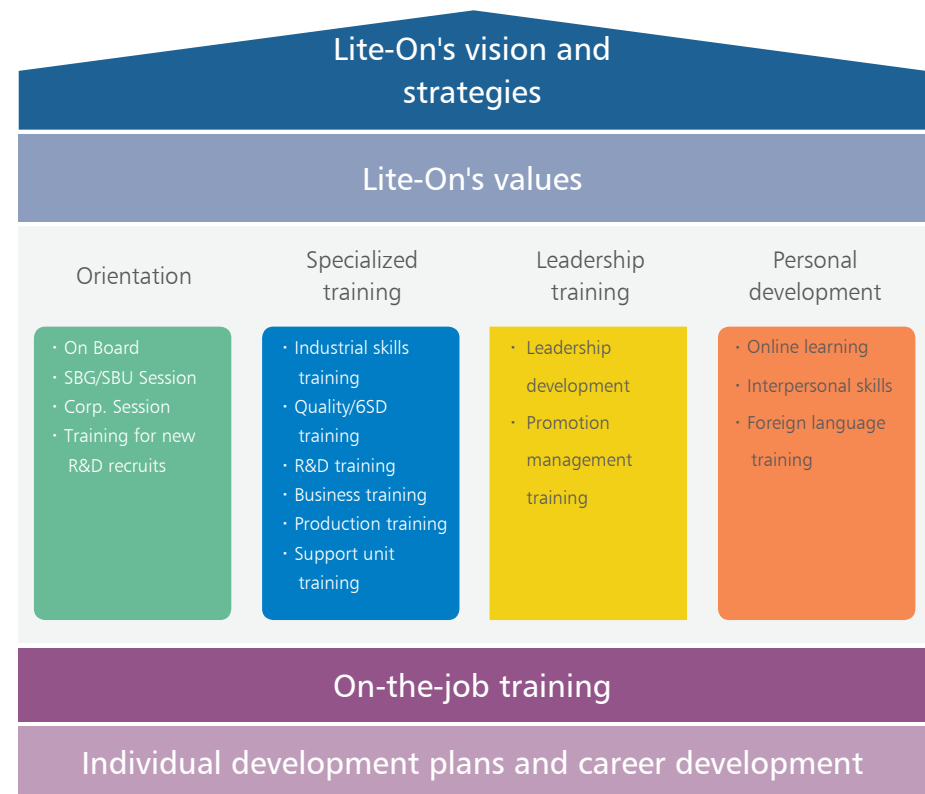
Lite-On's Commitment to Learning and Development

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.



Lite-On's Learning Structure and Roadmap

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.



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	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
Upper management				Management Team CSR Training	Upper management training	Quality training	
Middle management	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-level management	Mentorship	Stage 3 training for new hires	Internal instructor skills enhancement training	General Staff CSR Training	Primary-level management training	Quality/6SD training	On-the-job development program
Operational level	Technical certification				Team leader training	Business training	
						Procurement training	



Average Training Hours 2014

The following table shows the average number of training hours received by Lite-On employees in Taiwan, Mainland China and Thailand in 2014 (this includes both classroom and e-Learning courses).

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	112	2	114	509	14.54
	Upper management	527	56	583	3,000	16.39
	Middle management	3,584	975	4,559	24,622	20.08
	Indirect labor	5,673	2,658	8,331	42,331	25.72
	Direct labor	172	732	904	5,495	19.84
e-Learning	Indirect labor (inclusive of the above)	-	-	3,679	20,904	6.77
Total		-	-	18,170	96,861	28.77

Training Overview - Mainland China:

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	0	0	0	0	0.00
	Upper management	286	36	322	914	20.77
	Middle management	1,811	472	2,283	8,940	12.99
	Indirect labor	34,649	20,418	55,067	189,795	22.32
	Direct labor	113,289	81,432	194,721	865,817	13.81
e-Learning	Indirect labor (inclusive of the above)	-	-	32,287	3,347	0.36
Total		-	-	284,680	1,068,813	14.86



Training Overview - Thailand:

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	-	-	-	-	-
	Upper management	-	-	-	-	-
	Middle management	11	44	55	330	4.40
	Indirect labor	25	106	131	786	2.94
	Direct labor	115	453	568	3,408	2.31
Total		151	603	754	4,524	2.49

*e-Learning is not available in Thailand



Lite-On's Strategies and Plans on Learning and Development

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 online courses, e-books, 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.

Integrating group resources into a talent bank and common management language

- **Creation of managers' Success Profiles:** Success Profiles have been created based on the knowledge, experience, capabilities, and characters expected from a manager. They are used as guides to employees' career development.

- **Development of a talent bank:** A company-wide census was conducted to build up a database of managers' knowledge, experience, capabilities and character, so that any open positions can be filled with suitable talent within a relatively short period of time.
- **Common leadership courses:** These courses aim to build up common language among managers and eliminate cultural differences, thereby shorten the time required to adapt to the new management.

Innovative product R&D

- **Industry-academia collaboration:** As part of Lite-On's commitment to corporate social responsibility, a platform for both theory and experiential learning has been created in collaboration with universities for our employees, students, and the public in general. The program is founded upon technological projects, graduate studies and internship programs and combines theories to cooperatively educate and cultivate new talent. In the company's effort to continue its sustainable business values, we hope that this program will put the company into direct contact with leaders of the next generation, thereby providing support to the company itself and offering a great benefit to society, the industry and the individuals involved.
- **Ongoing recruitment:** Through the aforementioned programs and R&D substitute service opportunities, Lite-On has been working with universities to train students with the complete set of skills as a means of quickly recruiting R&D talents from graduating students and creating a stable source of talent.
- **Enhancement of R&D capabilities:** To quickly nurture new talent, the company has committed substantial resources to building up basic skills and general knowledge among R&D personnel, thereby making sure that new recruits are able to engage in productive work within the shortest amount of time. To cope with the rapid progression of technology, college professors and doctoral degree holders in various fields of expertise have been invited to host seminars, giving R&D personnel a boost of knowledge that would work in favor of new product development.



Internal management

- Developing a highly efficient management model: To ensure that business strategies and management practices are properly implemented from the top-down, the company holds monthly management meetings where managers are gathered to communicate the latest strategies and practices. Industry experts, government officials and scholars are invited to host management seminars from time to time, whereas managers are given the opportunity to attend management trainings outside the company.

Full-range courses

- Comprehensive orientation system
 - Three-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.
- Leadership training: Lite-On's leadership training has been integrated with its promotion system. Managers who have been recommended for promotion during a given year are required to complete the necessary management courses and develop the skills and knowledge required for the next level before being promoted according

to the company's "Promotion Policy." For senior managers, promotion is approved only after the candidate has finished the required courses and passed various assessments and interviews. These courses include: Daily work management, communication and coordination, problem analysis and decision making, project management, goal management, etc.

- Fundamental R&D training: These courses are part of the learning program for R&D personnel, which new recruits are expected to complete within one year of employment. They cover professional knowledge on power supply, LED, institution, and safety rules.
- Technical training: These courses focus on exploring product trends and new technologies. They are taught mostly by college professors or industry experts to product managers and R&D personnel in general; course materials are discussed in advance between the R&D department and individual lecturers. In addition, the R&D department also arranges to have employees attend external courses.
- General quality training: For compliance with ISO and TS quality standards, employees are required to undergo basic quality courses as well as more advanced training as customers may require.
- Performance enhancement training: Comprising of leadership, language, and marketing courses, this program is intended to improve employees' work efficiency and managers' leadership skills.

Enhanced leadership skills for primary-level managers in Mainland China

To enhance the leadership and management skills of primary-level managers (team leaders) in Mainland China, Lite-On has been introducing the Training Within Industry (TWI) for Supervisors program into its Chinese factories throughout 2014. 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.



Lite-On Human Rights Training

CSER (Corporate Social and Environment Responsibility) 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 to promote the importance CSER principles. We hope that all employees can join together to accomplish our company-wide CSER goals.
- Promotion of CSER e-Learning: Lite-On issues regular newsletters (LiteOn Volunteer, HRD Team) 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.
- Individual 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):

- 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. To more appropriately elaborate on the implications of EICC, Lite-On has re-designed its e-Learning courses in 2012 based on the latest EICC 4.0. 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.

- Following the implementation of EICC 5.0 in April 2015, Lite-On has updated its training materials to provide employees with the latest and most relevant EICC information, making sure that they are aware of the safety standards, respect and dignity entitled at work, as well as the company's policies on environmental protection and ethical conduct.

Training progress:

- In 2014, there were a total of 41,068 participations in EICC, CSER and anti-corruption training by 69% of employees in Taiwan and Mainland China. The number of training hours received amounted to 58,284. Due to the merger in 2014, the company was unable to present the number of employees trained as a percentage of total employees in various regions. The company plans to disclose the number of trained employees by location in next year's report.

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 Interests

4.4.1 Protection of Interests of 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

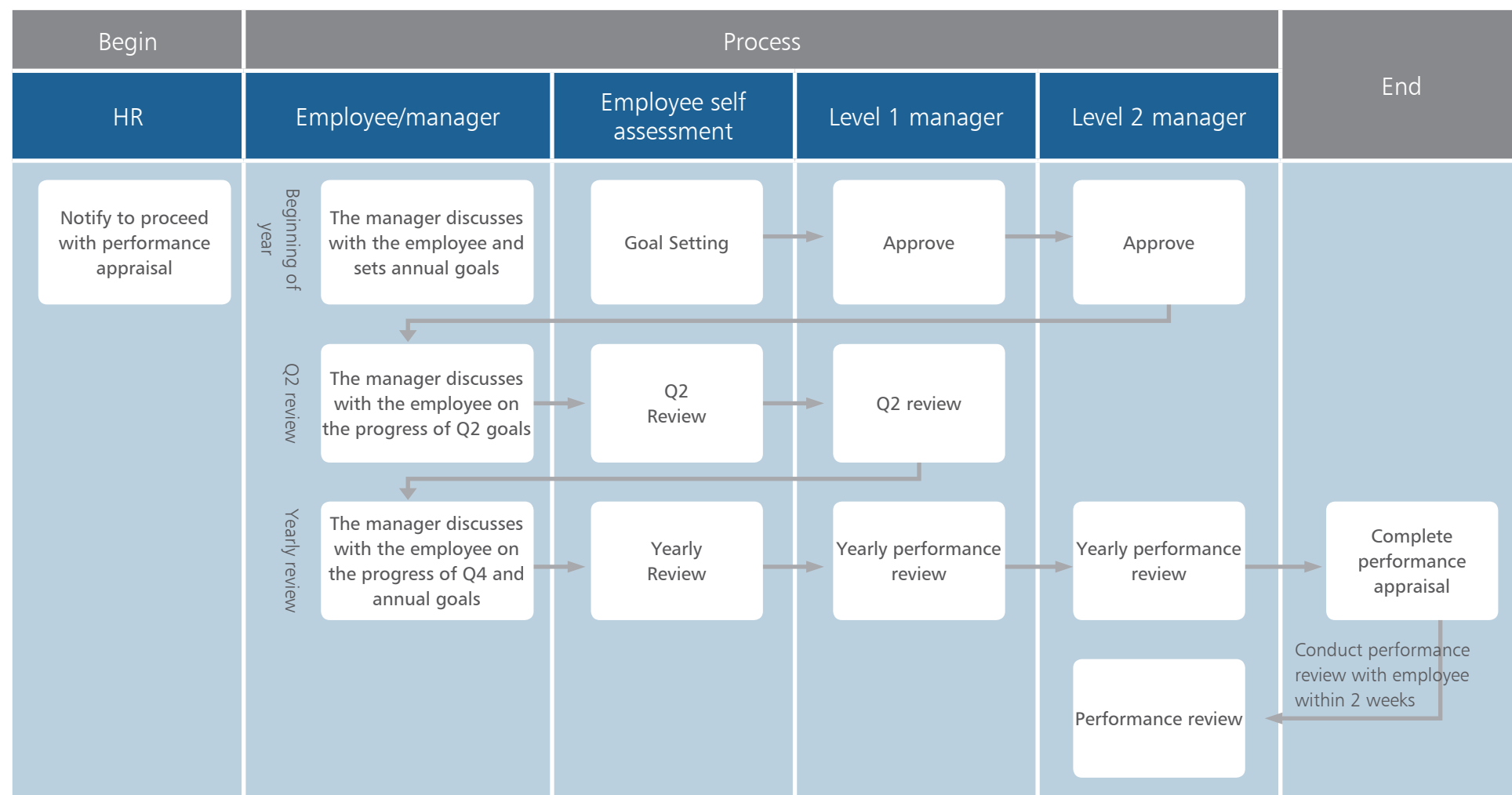
relationship, the company will terminate the employee's contract with severance pay in accordance with relevant laws and regulations.

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 is 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.



Lite-On's performance appraisal cycle:



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 the 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 for bachelor degree and masters degree holders is approximately 1.7 times ~ 2.3 times the minimum wage in Taiwan, and 1.1 times ~ 2.3 times the minimum wage in Thailand. 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)	1.08	1
Engineer/officer (JG10-14)	1.08	1
Manager (JG16-20)	1.08	1
Department head (JG21 and above)	1.08	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 the 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 scheme; in Mainland China, employees are insured according to local regulations in order to secure a comfortable lifestyle after retirement.



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 Mainland China. This reserve has accumulated to NT\$1.06 billion 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 monthly 6% contributions made by the employer, employees may also choose to contribute another 0%~6% of their salaries into their pension accounts.



4.5 Employee Relations

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

- Every business unit/plant is required to conduct monthly management meetings and organize two-way discussions with employees on a quarterly or monthly basis (a total of 25 sessions were held in Taiwan; and 242 sessions overseas in 2014). These meetings and discussions enable the management to communicate directly with employees regarding their visions, culture and hence develop common goals. Employees may also use this opportunity to provide feedback and suggestions, and hence maintain good employee relations.

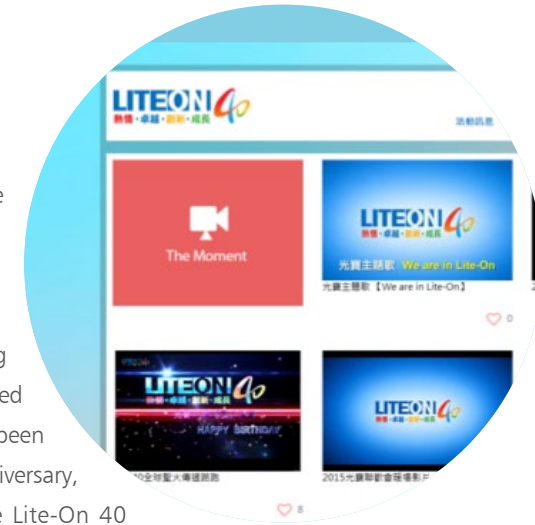
- Lite-On Homestead:

Following the One Lite-On merger that took place in 2014, a number of measures have been taken to give employees a timely update on information concerning their interests. Lite-On and the welfare committee collaborated to establish a website named "Lite-On Homestead" The website was created to introduce to employees Lite-On's welfare committee, the policies provided by the company, and the latest welfare information in the fastest means possible. The website also features an "Opinion Mailbox" run by dedicated personnel to offer suggestions and assist employees with their queries.



- Lite-On 40 website:

Two major events had occurred in 2014; one of them was the 9-in-1 merger, and the other was Lite-On's 40th anniversary. A website named Lite-On 40 was created in 2014 to give new recruits a more complete understanding of Lite-On's history and culture. It also contained information on a number of events that had been organized in celebration of Lite-On's 40th anniversary, including: the theme song competition, the Lite-On 40 Global Flame Relay, the Lite-On 40th Anniversary Sports Competition and Family Day, and the Lite-On 40 Photo Contest. This website not only gave employees new and old a peek into Lite-On's glory and vision but also invited them to create new history together.



- Internal publications:

employees are encouraged to write articles and share their ideas onto the company's internal publications (the quarterly Lite-On Magazine in Taiwan, and monthly periodicals in overseas sites), while the management uses this media to report corporate performance and disseminate news on various events, so that employees around the world may have a better understanding of what is happening. Currently, a total of 11 internal publications are issued between Taiwanese and Chinese plants. Apart from printed copies, these publications have also been made available in electronic form on a common platform. All employees are able to access current and previous copies through the e-Learning Center, giving new employees a better understanding of the company's culture.



- Internal announcements: depending on the nature of announcements made, the company distributes newsletters such as "My Liteon," "ER Team," and "LiteOn Volunteer", 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 at plant sites to receive employees' opinions and suggestions. No employee grievances were received in Taiwan in 2014, whereas 149 cases were received overseas; 139 or 93.3% of the above cases were resolved, while 10 were still in progress. Every business unit has an exclusive HR representative assigned to respond to employees' opinions and needs.



Mainland China plant sites -
opinion boxes



Mainland China plant sites -
counseling stations



- Union association:

a local union was established for employees of Lite-On Zhonghe, New Taipei City First Plant. This year, union directors and supervisors organized a one-day summer trip, "Sensational Summer", for members as a means of building employee relations. Lite-

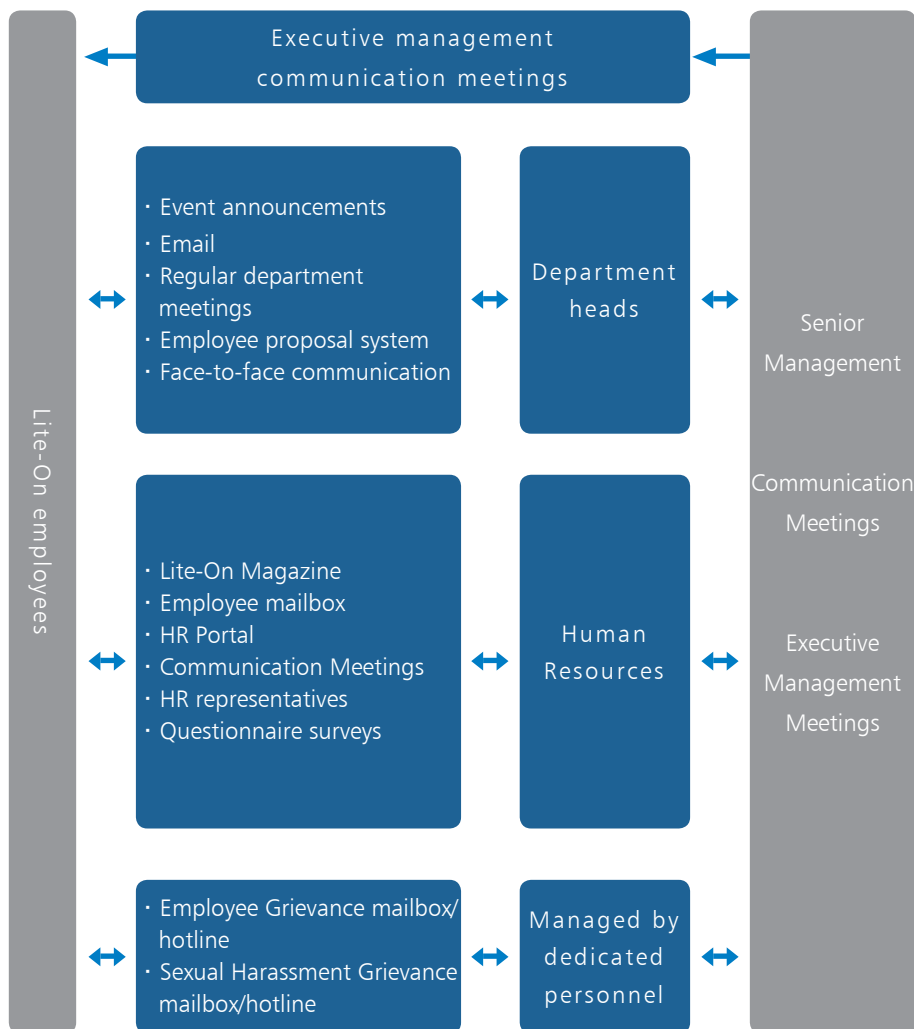
On's Chinese plants at Guangzhou, Dongguan, Xianning, Huizhou, Beihai, Yingtan and Changzhou have also established their own unions. Furthermore, the Thai plant has had a union assembled and representatives assigned to each department to learn employees' needs and suggestions and have them resolved during regular meetings. These 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. In 2014, an incident had occurred in one of the Chinese plants, where an inexperienced security guard held a metal detector too close that eventually made contact with a female's body. After the incident, security guards were reminded to hold metal detectors at least 3 centimeters away from employees' bodies. This requirement had since been included as part of the orientation training for new security guards, and highlighted as an area that requires enhanced supervision from managers.



- 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 an employee welfare committee 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

Employee Assistance Programs (EAPs)

Since 2013, Lite-On has been introducing Employee Assistance Programs (EAPs) that provided employees with free, 24-hour professional, multi-lateral and highly confidential consultation services on four main areas: mental health, business administration, legal affairs, and healthcare. EAPs are currently run by outsourced consultant companies. Each employee is given an EAP card (see the figure below) that contains contact information through which employees may obtain the most immediate and professional assistance.



Emergency Card for Employees

A total of 122 EAP sessions were provided in 2014; 94% of employees were satisfied with the services provided by our external consultants.

Care for employees

Lite-On's human resource department has personnel dedicated to care for employees on matters such as work accidents, traffic accidents, and major illnesses, and to provide assistance where necessary (e.g.: group insurance). Furthermore, Lite-On's Employee Welfare Committee offers prompt financial aid to employees who fall victim to unfortunate events (e.g. accidents, illness, natural disasters, and other major catastrophes) to help them through such difficult times.

Subsidy rates 2014:

Level of severity	Description of emergency	Financial status (supporting considerations)	Recommended amount (\$)
1	Loss of work ability for three months or longer	<ul style="list-style-type: none"> Primary income earner (single-income household) Mortgage and auto loans Dependents Insurance coverage 	30,000
2	Loss of work ability for six months or longer		60,000
3	Loss of work ability for one year or longer		100,000



Happiness seminars

For the personal development of employees, "Happiness Seminars" are held regularly at each plant site to brief employees on a variety of topics including professional skills, mental health, and personal growth, thereby promoting a healthy lifestyle and proper work-life balance. Employees who participate in advanced studies courses, no matter the topic, such as language, cooking, and handicraft, get their class fees subsidized. Subsidies are granted as long as employees complete their courses on schedule.



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.

Other welfare and benefits

Lite-On offers employees a multitude of welfare initiatives. Though some welfare details may differ from plant to plant, they nevertheless comply with and even surpass the requirements of local laws. Some of these benefits include: health checks, stationed physicians, commendation for long-time service, commendation for excellence, fitness centers, group insurance, birthday and festive gifts, wedding subsidy, child subsidy, education subsidy, hospitalization subsidy, funeral subsidy, and any benefits mandated by law. The company also provides employees with personal travel subsidies that they can use to plan trips for the family.



4.6.2 Diverse Recreational Activities

Each year, Lite-On organizes a broad variety of motivational events ranging from group trips, competitions, festive dinners, sports competitions, family gatherings, to year-end/new year celebrations. 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.

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.

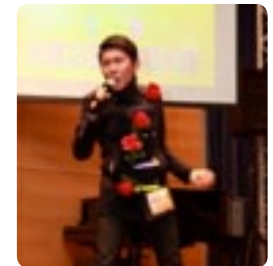
Group trip

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 and get to appreciate the level of care the company has provided for its employees.



Competitions

the company organizes singing competitions on a regular basis, while each department also organizes its own competitions. Apart from competitions, the company also organizes fun games as a means to let off steam.



Festive events

the company joins its employees in the celebration of traditional festivals



Sports Competition and Family Day

2014 marked Lite-On's 40th anniversary; what used to be a family day event was expanded into a sports and family day. Employees from eight business segments engaged in a series of group competitions and family activities that gave participants a memorable and joyful day.



Year-end party

for the 40th anniversary, Lite-On's year-end party was made special by the "Global Flame Relay," the theme song - "We Are in Liteon," talent shows, and the presence of retirees. During the year-end party, the company conveyed its hope of working with employees to achieve further growth, and to take corporate social responsibility to a higher level to create a brighter future.



4.6.3 Environment, Health and Safety (EHS)

Lite-On places emphasis on its EHS (Environment, Health and Safety) performance management, the company 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 the company's competitive advantage, and is hardwired into the corporate DNA. The company has an MOE (Manufacturing Operation Excellence) Department directly under the 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 recently 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," "innovation," and "integrity." The company 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



Worker Health and Safety Committees in Place at Each Plant Location

Lite-On's production sites are mainly located in Taiwan, Mainland 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 Mainland China or Thailand, Lite-On has nevertheless created similar organizations to involve employees in the company'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 key issues discussed in 2014.

Region	Taiwan	Mainland China	Thailand
Percentage of employee representatives in the worker health and safety committee	78.8%	Not applicable	45.5%
Key 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 checkups and health and safety training to new employees. It also provides regular health checkups for in-service employees who perform particularly hazardous work, who must also use appropriate safety gear. 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 2014, Lite-On performed 54,878 health check-ups for employees and there were 161,542 participations in fire prevention, health and safety trainings.





In accordance with EHS regulations and its management systems the company has tracked statistics on occupational injuries (including those occurring while commuting) in 2014. Lite-On and its subsidiaries (Lite-On Mobile and Lite-On IT) have been able to reduce the frequency of injuries despite different comparative basis. However, there was a slight 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, Mainland China males represented the highest frequency at 0.3980% whereas Taiwan females represented the lowest frequency at 0.0054%. On a worldwide perspective, the group's overall absence rate has been measured at 0.4895%. According to employees' health checkup results, no work accidents happened as a result of occupational illness.

Disabling Injuries Statistics

Region	Frequency of disabling injuries (FR)						Severity of disabling injuries (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	0.44	0.17	0.33	0.08	0.03	0.06	4.30	0.17	2.71	0.86	0.03	0.54
Mainland China	0.62	0.34	0.50	0.12	0.07	0.10	8.80	3.28	6.40	1.76	0.65	1.28
Thailand	0.75	0.36	0.44	0.15	0.07	0.08	23.29	0.54	4.981	4.65	0.10	0.99
Global	0.61	0.33	0.49	0.12	0.06	0.09	8.62	2.96	6.11	1.72	0.59	1.22



Injury-induced Absence

Region	Male	Female	Total
Taiwan	0.2118%	0.0054%	0.2173%
Mainland China	0.3980%	0.1142%	0.5122%
Thailand	0.3633%	0.0352%	0.3985%
Global	0.3848%	0.1047%	0.4895%

Formula:

1. Frequency rate of disabling injuries (FR) = number of disabling injuries \times 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 \times 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 \times 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 \times 200,000/total work hours elapsed [for statistics presented per 200,000 work hours]

Injury-induced absence (%) = total hours lost/total work hours elapsed \times 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 given period.



4.7 Collaboration with Stakeholders

Lite-On had worked with HP (one of its customers) and Inno Community Development Organisation (Inno) in a program that "cares for migrant children and improves family relations"

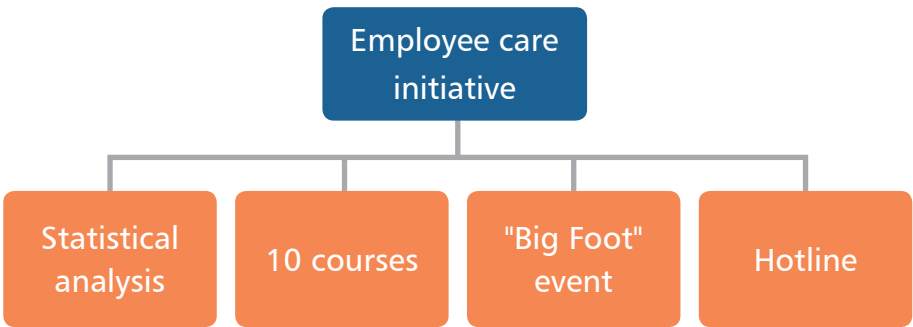
Program objectives:

By organizing "10 family courses, 1 hotline, and 1 Big Foot event," the program aims to build a foundation through which parents may communicate with their children to resolve family issues. This program can give parents and their children the opportunity to communicate freely, to improve their parenting skills, and to show how much the company cares for its employees.

Program background:

- Introduction to the Inno Community Development Organisation: Inno is a non-profit organization that helps factory workers care for migrant children and improve family communication. The program uses three different means to help—a hotline, training courses, and volunteers—to achieve its ultimate goals: to ensure children's physical and mental health and to establish communication between parents and children.

- Program coverage



Program results

The care for migrant children had yielded good results after more than nine months of work. Employees were quite satisfied with the training courses provided to them, while the hotline was effective at answering queries. All calls logged through the hotline were considered cases that would not escalate even if handled at a later time, and were responded with appropriate answers and solutions. This once again shows the company's ability to implement its employee care programs.

Statistical analysis

A sampled survey was first conducted to profile migrant children's families and to identify parents who were interested to participate in the program. The purpose of this survey was mainly to select children aged at or below elementary school years. Having obtained the above information, the series of parental courses that followed were fine-tuned with greater precision.

Data was sourced from 7 participating factories in the GZ park (Enclosure, IMG, PID, EPS, LIT, AE, LOM).

Item	Number	Item	Number	Item	Number
Employees with children	3,116	Number of interested employees	72	Employees with children in elementary education	71
Number of employees	21,403	Employees with children	3,116	Number of interested employees	72
Percentage	14.56%	Percentage	2.31%	Percentage	98.6%



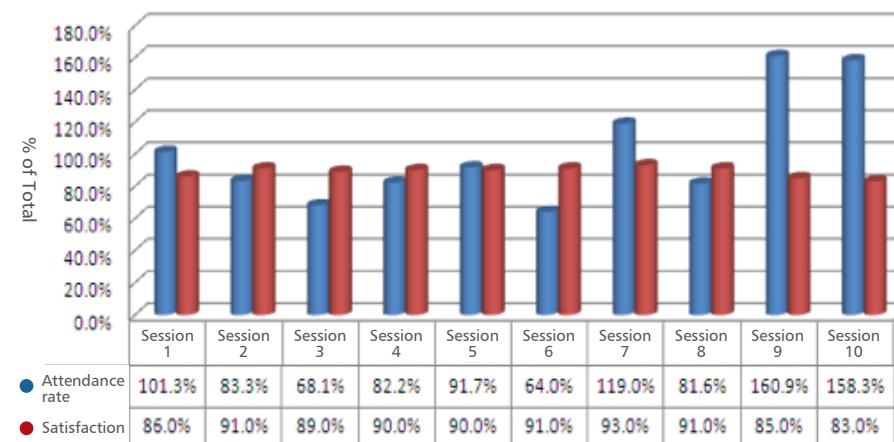
10 parental courses

For the nine months between May 2014 and January 2015, a total of 10 parental courses were held. Jiang Weizhi, an expert in child psychology, was invited as speaker to help parents communicate with their children, resolve parent-child communication barriers, and help parents and children grow and learn together.

Session	Date	Subject
1	May 2014	It All Begins with Understanding—A Children's Road to Development
2	June 2014	Reasoning with Children—How to Foster Good Moral Character
3	July 2014	Helping Children Express Their Feelings
4	August 2014	Encouraging Children to Cooperate with Us
5	September 2014	Alternatives to Punishment
6	October 2014	Words of Affirmation
7	November 2014	Building Children's Independence
8	December 2014	Character Education (Part 1)
9	January 2015	Character Education (Part 2)
10	January 2015	Joyful Learning



Course Evaluation



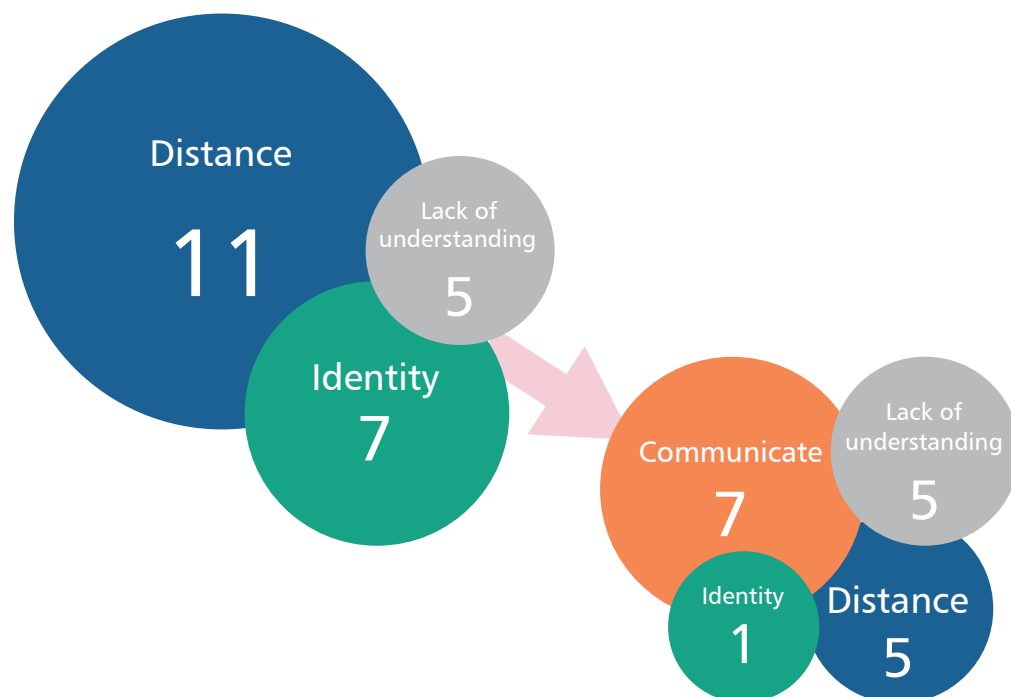
"Big Foot" event

"Big Foot" is a parental communication workshop that Inno has organized in collaboration with several factories for migrant children families. Through the use of games and sharing of opinions, the four-day, three-night workshop aimed to discover whatever difficulties that existed in how parents communicate with migrant children, and to discover love and appreciation that strengthened the relationship. From Lite-On, employees Zhao Jin (EPS), Wang Deping and Liu Shuzhen (LOM) participated in this event.

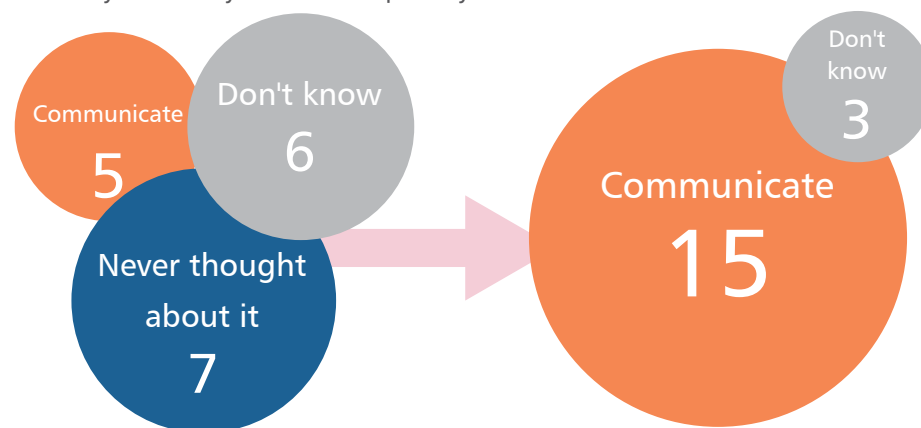
Before and After

Their changes: Nine families were sampled during the event, and questionnaires were issued to 18 parents. The responses to the same set of questions were different before and after the event:

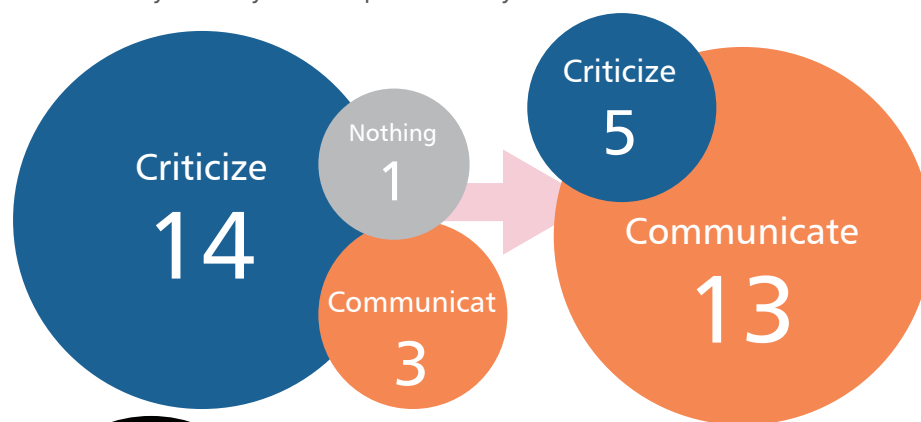
What do you think are the reasons that affect your relationships?



How do you handle your relationship with your child?



What would you do if you are displeased with your child?



A father (EPS/Zhao Jin) said:

"I folded a paper dart for my child and it made him very happy. I know now that children not are satisfied necessarily by the most expensive gifts. Maybe he liked it because he knew I made it for him."



Hotline

The hotline was a counseling and grievance service that Inno provided for Lite-On employees and migrant children. Employees and migrant children were able to contact hotline operators via phone call, SMS or QQ to discuss whatever problems they had.

After a preliminary assessment, the hotline operator would color-code each case and respond with appropriate measures.

Color	Description
Green	The case concerns personal emotions, parental communication, children psychology, family education, personal health, life queries, perceptions, learning culture, legal knowledge, and general consultation. It would not escalate even if handled at a later time.
Yellow	The Case subject is troubled by minor illness, self-destructive behavior, or issues that require emergency consultation. The Case subject has explicitly requested for emergency assistance
Red	The Case subject is troubled by major illness, suicidal behavior, or exhibits likelihood of domestic violence, sexual assault, or tendency to harm other people The case may or have already gathered the attention of the media or the government

Based on monthly feedback reports, uses of the hotline by Lite-On employees can be summarized below:

- Emotions
Employees had consulted about ways to be with family, friends and classmates. It reflected people's sensitivity to the perceptions of others.
- Children's education
Children's education has always been one of employees' main concerns. Questions were asked about how they could help children grow better and rid them of bad habits of everyday life.

- Learning and exams
Employees had expressed concerns about the learning difficulties they encountered at work, and were desperate to get a good grasp of the needed skills.
- Information about the hotline
Questions were asked about hours of operation and names of the service staff.
- Health
Questions were asked about how to cope with children's turn towards adolescence, such as menstruation.
- Life queries
Questions about any problem encountered in life, such as preventing the flu.
- Relationship problems
Questions were asked about how couples should be with each other, which highlights just how troubled employees were about maintaining relationships with people. The hotline existed to provide consultation about how employees should deal with their emotions, and helped them solve problems in the correct way.

Based on the above statistics, 100% of cases logged by Lite-On employees were coded green; there had been no yellow or red-coded cases. The absence of untimely processed and upgraded cases shows that Lite-On has long-maintained good employee relations. Meanwhile, the hotline provides valuable feedback that the company may use to organize workshops on personal emotions, parental communication, and work skills.



5

Life-On and Society



5.1 Social Inclusion Policy

Lite-On has long committed to social inclusion with the goal of "giving back what is taken from society," especially given escalating problems involving new immigrants. These problems include new immigrant integrating into society, upbringing of younger generation, life-long educational resources, lack of creative talent, and increasingly serious environmental and ecological issues. Lite-On's social inclusion efforts have focused on building a multi-cultural, caring, creative, and sustainable society. In order to achieve this social vision, the company has identified four critical missions to guide its efforts: advancing cultural diversity, promoting youth and life-long education, nurturing creative talent, and developing product and environmental sustainability. Accomplishment of the above missions depends on how we execute our strategy. Some of the projects undertaken have included: a Community Assistance program, community college, Lite-On Award, educational support, a corporate volunteer system, and sustainable product designs. The above strategies were executed mainly through the following actions:

- Volunteer training (for multi-culture and community volunteer programs)
- Care services for youth and children
- English and after-school teaching at remote elementary schools; after-school counseling for disadvantaged students; counseling for the physically/mentally disabled; environmental protection activities
- Adult education (including disabled and disadvantaged people); provision of life-long learning platform and green courses
- Nurturing industrial design talents and raising consumer awareness
- Industry-academia collaboration—combining theory and practice
- Development of clean, energy-saving, and healthcare-related equipment

Lite-On's Social Engagement Funding in 2014

Item	In multiples of NTD10,000
Total cash donations	2,601
Donation of supplies (including Lite-On products)*	155
Event cost **	1,017
Total	3,773



* Donation of Lite-On products was accounted in the cost of materials

**1. Event costs represent actual dollars spent by the company on social engagement activities, and does not include manpower or supplies given to support such activities.

**2. Furthermore, event costs do not include expenses paid by Lite-On Cultural Foundation.



5.2 Lite-On Cultural Foundation

Founded in 1993, the Lite-On Cultural Foundation was initially funded by private donations from founders of three affiliated companies. Each year, Lite-On and its affiliated companies would donate NTD10 million of their profits to the foundation, which became the main source of funding for the foundation's activities. Lite-On believes that a company's performance is measured not only in its ability to generate profits and reinvest in growth but also in how it supports education, cultural development, charity, and other aspects of society to benefit society as a whole.

Lite-On has long-dedicated itself to the spirit of "giving back what is taken from society" through long-term, active investment in educational activities. The company considers "education" the foundation to fixing problems of our society, and has been bringing diversity into the education system for more than 20 years to help society in any way possible. "Community Assistance" and "Xinyi Community College" were two of the company's most prominent programs in this area; the former is intended as a care for children's education, while the latter assists adults in life-long learning.

In 2014, Lite-On Cultural Foundation's Xisong High School Community Volunteers was recognized in the "2014 Xing Tan Fen Fang Directory" with recommendations from Xisong High School Principal, Luo Mei-Er. Nicknamed the Xisong Buddies, the Xisong High School Community Volunteers was first founded in October 2002 by a group of school counselors and parents, and has since grown to include other parents from the high school and middle school and from around the community. Although parents have a lot of experience and stories to share, they lack the counseling skills needed to communicate with children. This was



2014 Xing Tan Fen Fang Directory



where Lite-On Cultural Foundation stepped in with its Community Assistance resources and contributed its systematic, group training programs to help care for youths, their families, and even themselves. In addition to caring for young students, community volunteers have also aided parents in coping with children's growth. In Taiwan, there were at least 17 volunteers who were long-committed to the cause; 13 of whom had already seen their children graduate from school, but remained a part of the volunteers anyway to offer assistance to students where needed, inspiring others.

In 2014, Taipei Xinyi Community College focused on "education" as its special requisite and recommended three volunteers: Liu Yu-Ying, Huang Ah-Huo and Lin Fu-Lai to be commended during the 16th National Community College Conference held on May 18, 2014, at National Cheng Kung University (Tainan) for their continual efforts to learn, grow, and eventually give back and serve others. In 2014, volunteers Hsu Lin-Hua and Liu Yu-Ying were certified for "more than 600 hours of voluntary service" and were accredited by the Department of Social Welfare with a Volunteer Contribution Award.



Volunteers Huang Ah-Huo, Lin Fu-Lai and Liu Yu-Ying received, NAPCU Commendation for Learning Volunteers 2014

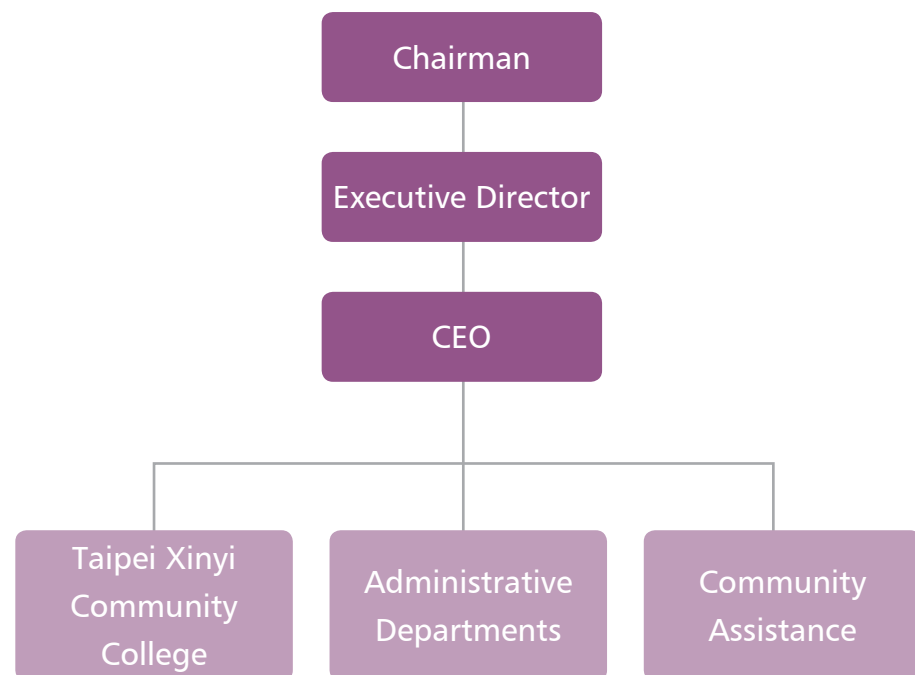


Hsu Lin-Hua was accredited by the Department of Social Welfare in 2014 with Volunteer Contribution Award

Note: "Xing Tan Fen Fang Directory Recommendation and Review Guidelines" is a set of rules created by Taipei City Department of Education for the purpose of commending educational contributions by institutional workers, parents, and members of the community dedicated to the passionate and sound development of education.



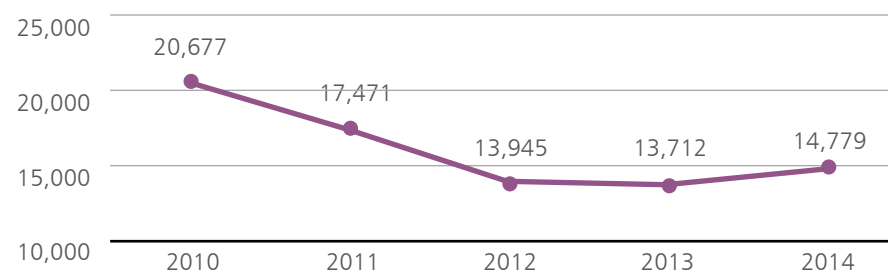
Organizational chart of Lite-On Cultural Foundation



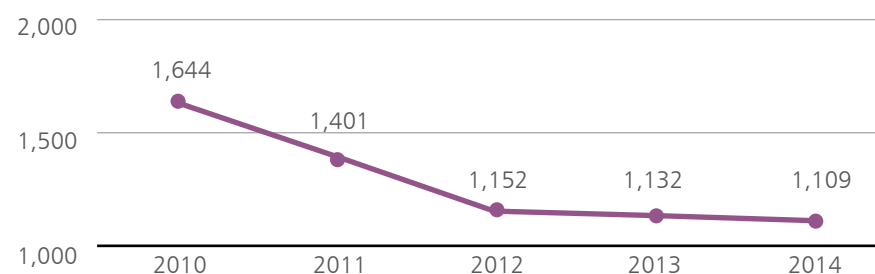
5.2.1 Community Assistance: Caring for Disadvantaged Children and Youths

Lite-On Cultural Foundation first began its community assistance project back in 1997 at Taipei Municipal Minzu Elementary School, during which it hired professional instructors to train the first wave of volunteers so that they possessed the ability to counsel troubled, neglected, and abused children. The counseling took place at a fixed time every week. In addition to assistance services, these volunteers also, based on the requirements of each school, joined school volunteers in storytelling, student orientation, character development, life education, gender education, EQ camps and other relevant volunteer services, assisting students' growth in all aspects and enriching their development process. It is a long-term program aimed to shape the character and hope of our younger generations.

Number of counseling sessions provided



Number of people serviced





New Taipei City Zhonghe Fuxing Elementary School: Family zoo | Creative clip art



Taipei Municipal Hu Shih Elementary School: What others see in me

The Community Assistance program begins by training volunteers with adequate counseling knowledge and skills. It provided care and solved problems for families that needed it, while in the meantime supplied schools with semi-professional but highly effective human resource. Also, trained volunteers were able to apply what they learned in their own families and strengthen their own family relations. The Community Volunteer program has been strategically designed to complement other programs executed by the government, NGOs, schools and social welfare institutions, and support their efforts to deliver more comprehensive services.

No. of community volunteers trained



No. of training provided



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 services they can provide. Coupled with the Ministry of Education's change of policy on school volunteers and psychological counselors, which gradually made teachers be responsible for more auxiliary volunteer services, the number of community volunteers has dwindled as a result. In light of these changes, the community volunteers have already expanded their services beyond counseling to include areas such as reading assistance, life education, character development, and after-school studies. Volunteers who were unable to participate in these services could help in the tutoring of young students or assist in other administrative services.





Xisong High School (Taipei City): Li Shu-Jing / Discovering Energy and Strength through Narrative Therapy



Feng Shu Primary School (Guishan Township, Taoyuan County): Wu Hao-Ping / Improving Family Relations—Observing Problems within the Family



• Innovative parental courses

The counseling system has arisen as a result of the changing times and environment in hopes to help improve the issues related to the shortage of staff. Recently, more psychological counselors and volunteer teachers have become a part of the school and have been able to share their experience and guidance. With these added resources, schools now have a counseling system that is more comprehensive than ever. For this reason, the Foundation's Community Assistance program will be undergoing a "Transformational Period" to adapt to the changing environment and deal with issues related to the aging society and the economic downturn. The Community Assistance

program is no longer simply about knowledge, but instead has used the family as the basis to create new all-around family education courses. In 2014, the Foundation developed two parental courses titled "Discovering Children's Advantages" and "8 Lessons to Managing Emotions" to aid its efforts.

The course, "From Their Perspective—Discovering Your Children's Advantages", was designed based on Alfred Adler's theories and made use of different media and group activities to discover the simple and pure happiness of life. According to Alfred Adler, encouragement is the key to mental therapy, and a critical element to parenting, education and counsel.

In "8 Lessons to Managing Emotions," parents were guided with their own observations through a series of activities to observe their own physical and mental states, and then develop interaction with people around them. From their own perspective, this course established physical and spiritual balance and harmony through interpersonal interaction. The course used service learning, remedial teaching, and classroom management to extend parent-child relationships, learning, and education to create positives energy for the family and for the community. Through handicraft and storytelling, participants were able to discover and inspire their own potential to create happiness for the family and community.

Since April 2011, the Foundation has been publishing a "Community Assistance Biweekly Newsletter" that shares its work and education efforts to a broader audience (including NPOs). The newsletter shows real accomplishments of family education projects and family life to cultivate even better relations and quality of life. The Community Assistance Biweekly Newsletter shares the achievements of parents enrolled in the courses with the volunteers and anyone interested. A total of 30 biweekly newsletters were issued in 2014, making it an important means through which the Foundation discloses relevant information and contacts its Community Assistance. Web link: http://www.liteoncf.org.tw/edm_list.php



- Scholarship and donation platform for disadvantaged students

In 2013, the Foundation established 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 74 students benefited from this program in 2014.

- Strategic alliance for life-long learning and service

The "Community Assistance" 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. The Community Assistance 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 was to form "strategic alliances" that complement each other in terms of resources.

Strategic alliance for life-long learning and service



- "Community Counseling Seminar" with 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. In recent years, the Community Assistance program has actively expanded its collaboration with schools and government agencies (such as Family Education Center) located in New Taipei City. To accommodate this effort, Teacher Chang Foundation also increased its seminar sessions to help train volunteer counselors. Twelve sessions were held in 2014 for a total audience size of 1,528.

Community Counseling Seminar participants



2014.10.23 / Wu Chin-Huei / The Rare Happiness of Life II: Understanding and Inspiring the Lives of Disabled Persons (Nankan Elementary School, Taoyuan County)



2014.10.09 / Dr. Chang Te-Tsung / Six Tips to Children's Successful Career (Lu Jiang Elementary School, New Taipei City)



- Project Involvement with 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, course curriculum was designed, training sessions organized and systematic and ongoing supervision provided.

Year	Project name	Duration	Schools	Number of attendees
2014	2014 Family Education Support Program	Jan-Jun	10	1857
2014	2014 "Life-long Happiness" and Eight Lessons to Manage Emotions	Jul-Dec	16	2560
Total			26	4417

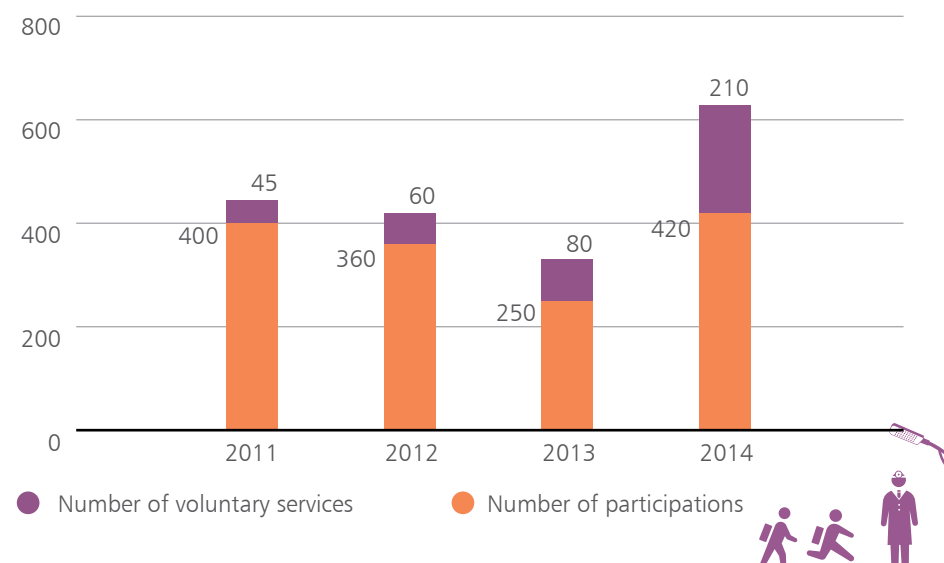


- Sponsored children's camping activities organized by Taipei Lefu Community Association

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 to 30 students each semester. Since 2010, Lite-On Cultural Foundation has been sponsoring Wan Long Christian Church in organizing summer and winter camps for disadvantaged children.

In 2014, the Foundation assisted Wan Long Christian Church in organizing a "summer workshop" that aimed to teach disadvantaged children ways to manage emotions and solving problems encountered in life. The workshop was assisted with the use of multimedia and group activities, and guided children toward developing proper self awareness, problem solving skills, and learning about the resources they could use to their advantage. In the end, the workshop helped children build up the wisdom and courage they needed to embrace life's challenges.

Summary of Wan Long Christian Church camp





During the sports competition and family day held in Lite-On's 40th anniversary, the Foundation invited Nankan Elementary School volunteers to make cookies and jam for the charity sale. Seven students and two teachers from Lefu Community Association joined and helped run the booth. Once shy children experienced the fun of running a business as their confidence grew with each sale they made. Over the course of this event, the children gained a sense of accomplishment and felt the joy of growing up. One of the children who used to give teachers a hard time excelled at selling goods, and delivered top performance among all children. All proceeds generated from the sale that day were donated to Lefu Community Association, hoping that the children may grow up and pass on the love to more people in need.



• Internships from Universities and Technical Schools

Each year during summer vacation, the Foundation cooperates with academic institutions to recruit interns to participate in summer internships. The foundation helps create the study plans, weekly diaries, and real assessments from the internship supervisors. The summer internship program was designed by both the Foundation and the participating institutions to give students the chance to put theory into practice and be enlightened for future studies. The internship program helped elevate the educational efforts of the Foundation to a higher level and further accomplish the Foundation's goals of providing top-tier, innovative education. The internship program took on eight interns in 2014; 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).



• Remote children counseling support

Invited by Jingtong Elementary School (Pingxi District, New Taipei City) and Yeliou Elementary School (Wanli District, Taipei City), three of the Foundation's community volunteers embarked on a mission to provide group counseling for students in the above schools. These two schools had approached the Foundation for assistance due to their lack of resources, and their remoteness made it the furthest mission that community volunteers had ever embarked on. Students who lived in remote



areas all had parents working abroad and were raised by grandparents instead. After a period of continuous counseling, both teachers and parents were very impressed with how much progress the children have shown.

Progress of the 2014 remote children counseling support:

Name of institution	Duration	Number of Shareholders	Frequency	Number of attendees
Jingtong Elementary School (Pingxi)	Jan-Jun	6	12	72
Jingtong Elementary School (Pingxi)	Jul-Dec	6	6	36
Yeliou Elementary School (Wanli)	Jul-Dec	7	12	84
Total		19	30	192



- Donating Global Kids Monthly with Global Views Educational Foundation
Global Views Educational Foundation has long been committed in the rectification of urban-suburban differences by "spreading words of progress." It has sponsored a broad variety of reading, education, and charity activities, and had donated 29,342 books and 28,089 magazines to remote schools in 2013. In 2011, Global Views Educational Foundation published Global Kids, a monthly periodical targeting children aged 9 to 14 that later won Best Children and Teenage Magazine during the 2013 Golden Tripod Awards and was named Excellent Extracurricular Reading Material by the Ministry of Culture for two consecutive years.

Similar to Global Views Educational Foundation, Lite-On Cultural Foundation also has a keen interest in the future of our next generation; it helps disadvantaged children build up confidence by mobilizing a team of community volunteers to care for and keep children company as they grow. In April 2014, the two foundations joined forces to launch the project "Giving Children a Better Future," where one year's worth of Global Kids Monthly was donated to 20 schools, seven new immigrant tuition organizations, and 13 child care facilities. Meanwhile, teachers and community volunteers were invited to guide students through their reading and open their minds to a world of opportunities with a diverse array of education content.



• Progress of the 2014 Community Assistance program

1.Direct benefit

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
Main counseling service	32,023	1,237	17,280	43,200	12,633	2,110	40,890
Remote children counseling	192						
Strategic alliances	Teacher Chang Foundation	1,528					
	New Taipei City Government	4,417					
	Wan Long Christian Church	630					
Total	38,790	1,237	17,280	43,200	12,633	2,110	40,890

2.Indirect benefit

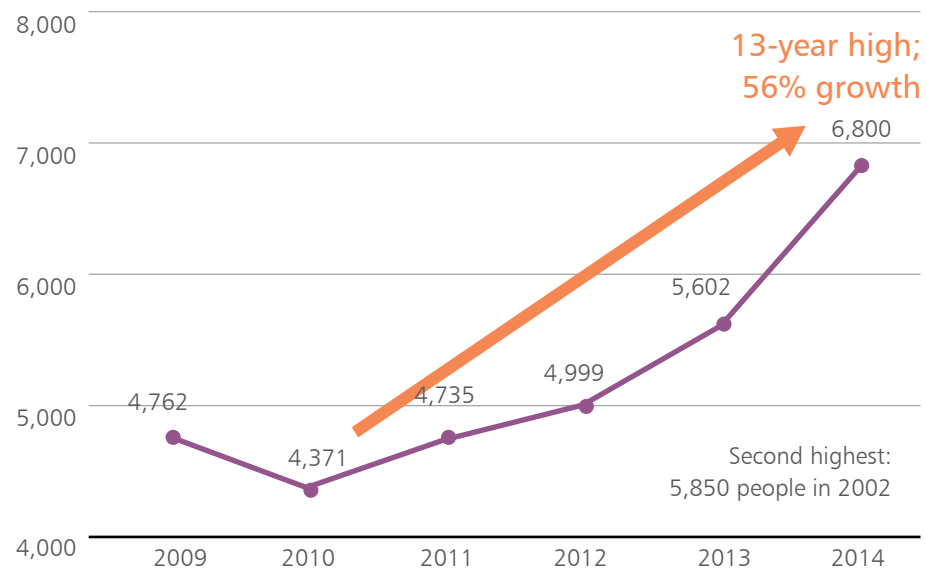
Item	Calculation content	Basis of calculation
Training of Community Volunteers	1,237 persons * \$4,000/person = \$4,948,000	Teacher Chang Foundation, Shiuh-Li Lih Memorial Foundation, and Care Counseling Center quoted course fees at NTD4,000 ~ NTD6,000; hence calculation was made using the lowest rate of NTD4,000.
Community volunteer service hours	40,890 hours * \$400/hour = \$16,356,000	For small group activities, the government has set standard rates of NTD400/hour for internal instructors and NTD800/hour for external instructors; calculations were made using the lowest rate of NTD400.
Total	\$21,304,000	



5.2.2 Taipei Xinyi Community College Adopts Corporate Management

Relying on its long-term community development experience, Lite-On Cultural Foundation began preparation for Xinyi Community College in 2000 and aimed to build it as a "Deeply Rooted Foundation" of lifelong learning. The college received approval and began enrolling outside students in 2001. Xinyi Community College offered more than 336 courses in 2014 and received an enrollment count exceeding 6,800.

Growing Enrollment in 6 Years (12 Semesters)



Year	2009	2010	2011	2012	2013	2014
Spring session	2,421	2,235	2,273	2,426	*2,614	3,273
Autumn session	2,341	2,136	2,462	2,573	2,988	3,527
Combined total	4,762	4,371	4,735	4,999	5,602	6,800

Note: The 2013 report showed incorrect enrollment count of 2,615 for the spring semester; the correct figure should be 2,614)

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.

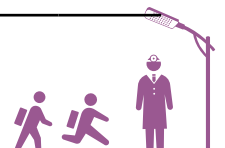
• Introduction of corporate management

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 management team in adopting a results-driven approach to education and non-profit organizational involvement. This ensures that its annual goals are achieved as planned without straying from the charitable educational 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 actively develop a management system that sustains over the long term.

Management goals

KPI	2012 (Target)	2012 Actual	2013 (Target)	2013 Actual	2014 (Target)	2014 Actual
A. Average student headcount	2,500	2,450	2,800	2,814	2,900	3,400
B. Number of students enrolled in green courses	150	216	250	497	450	557
C. Number of disadvantaged students	84	100	97	97	120	98



With the help of the Lite-On Cultural Foundation, the community college was able to call on Lite-On employees to caring for the socially disadvantaged. In 2014, 80 Lite-On volunteers continued to join Xinyi Community College volunteers in organizing "Chinese New Year Gathering for Lone Elders" and "Lite-On Jianle Cup Basketball Tournament". Xinyi Community Volunteers and Lite-On Corporate Volunteers accompanied elders and disabled people one-by-one through games, songs and meals, The volunteers truly embodied the sentiment of "it is always better to give than to receive." Each volunteer gained a sense of accomplishment no lesser than what they achieved at work. Each one of these corporate volunteer accompaniment and services activities was later posted onto social networks to reach a broader audience. In the future, the community college will realign its curriculum to train "specialist volunteers." We hope that the "expertise of the volunteers" will allow people to develop specialties that they can use to give back to the community and create an environment for "corporate sustainability through local farming."

Events organized by "Xinyi Community College Volunteers" and "Lite-On Volunteers"

Event date	Event name	No. of participants	No. of volunteers
2014.02.22	2014 Chinese New Year Gathering for Lone Elders	53	Lite-On volunteers: 20 Xinyi volunteers: 15
2014.06.21 2014.12.13	Lite-On Jianle Cup Basketball Tournament	200	Lite-On volunteers: 40 Xinyi volunteers: 10
2014.11.27	Angel Garden Tour	50	Lite-On volunteers: 20 Xinyi volunteers: 5



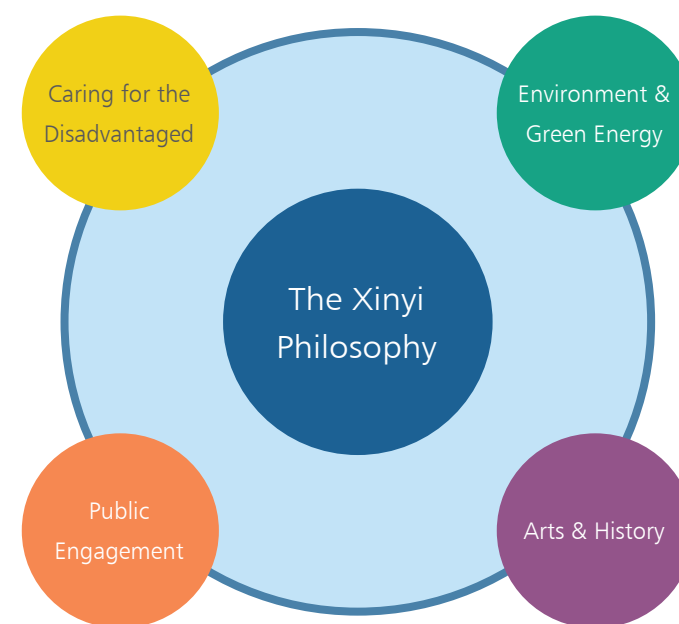
Chinese New Year Gathering for Lone Elders



Lite-On Jianle Cup Basketball Tournament

• Course objectives and features

Founded upon the Ministry of Education's "lifelong learning" policy, the community college has been fulfilling its social responsibilities by "facilitating cultural and education development" alongside the Lite-On Cultural Foundation management team. The college has envisioned itself to becoming "a long-term independent non-profit organization offering multidimensional lifelong learning opportunities for the growth of society. With people at its core, the college aims to develop society hand-in-hand by setting down its roots and creating a means for community building to flourish." Based on this concept, the college will expand its passion for caring for the socially disadvantaged, promoting "green energy and carbon reduction, and creating a lifelong learning platform for the community to allow the people and culture of this society to grow. This is our painstaking goal and is also the vision of Xinyi Community College. Conceptual Diagram for Sustainable Education:



Xinyi Community College's overall development and course outline have been planned in the four aspects shown above. By combining academic theories with real life experience, the college aims to promote community interactions on three levels—academic, social, and lifestyle—while constantly bringing people's attention to public issues and current affairs, making the community a lifelong learning environment. By creating such an educational platform, we hope that everyone can achieve their academic goals.

Caring for the Disadvantaged, Diverse Education.

Vision: Building an education platform for disadvantaged people living in Xinyi District

Goals: Combine resources throughout local departments and integrate group education methods to build an inclusive learning environment for the socially disadvantaged.

Environmental sustainability and green lifestyle.

Vision: To motivate green learning within Xinyi District

Goals: Rebuild and protect a green environment through learning

Public engagement and talent training.

Vision: Build up civil competence and talent for the growth of the community.

Goals: Promote civil awareness by engaging residents in public, voluntary services.

Arts, history & community aesthetics.

Vision: Bring culture and aesthetics into the community through teaching of arts and history.

Goals: Train aesthetic talent and guidance through arts studies and history workshops.

Xinyi Community College has long incorporated its four main missions with the development of the local community. The role that the community college has played over the course of its existence is one that brings 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 contributions. The college has also linked together many organizations to allow individual studies to penetrate deeply into society and develop the ability to influence key social issues. The college owes its accomplishments to its dedication to its diverse and lifelong learning educational foundation, making it a strong platform from which to support social movements. Below is a summary of the college's community efforts in the last year:



Development Objective	Event details	Community partners	Purpose/result	No. of participants
Caring for the Disadvantaged Diverse Education	Festive gathering for lone elders	Xinyi Volunteers + Elderly Service Center + Social Welfare Center + Health Center	Delivering care to those in need.	Approximately 300 people
	Jianle exercise, Angel Garden tour, basketball tournament, child fitness camp	Jianle camp + First Social Welfare Foundation + Lite-On volunteers	Helping the disadvantaged grow and blend into the society	Approximately 120 people
	"Care for Christmas" campus-wide donations to help abused girls	Xinyi volunteers + Good Shepherd Social Welfare Services	After a preliminary investigation, instructors and students came together to wholeheartedly donate supplies to those who really needed them.	Approximately 1,200 people
	Carpentry repairs	Carpentry club + Taihe Li office + Li-An Li office	The service was intended to improve quality of life	Approximately 50 people
	Complimentary hairstyling	Hairstyling course + Taihe Li office + Li-An Li office	Saving expenses and catering for the needs of the socially disadvantaged	Approximately 200 people
	Elder computer courses	Computer courses + Department of Social Welfare	Closing the gap between people and computers, Familiarize participants with basic computer applications in life	Approximately 50 people
	Developmentally challenged children's camp	Xinyi volunteers + First Social Welfare Foundation + kindergartens	Helping retarded children develop sensory integration and promoting family relations	Approximately 600 people
Environmental sustainability Local farming	Hushan organic farming course	Chen Ming-Huang + Sung Shan District Farmers' Association	Promotion of organic farming within community	Approximately 60 people
	The rice path tour	Path exploration course + Taihe Li office	Teaching of local history	Approximately 40 people



Development Objective	Event details	Community partners	Purpose/result	No. of participants
Environmental sustainability Local farming	Fifth Organic Farming Conference	Organic farming course + local organic farming groups and individuals	Discussing benefits of organic crops and vegetables in diet.	Approximately 200 people
	Organic farming and green transformation	Green living course + Taihe Li office	Bringing green lifestyle to communities near mountains by teaching people to make good use of local resources.	Approximately 50 people
	Green transformation at home	Home gardening course + Public Assembly Hall	Introducing simple changes that bring green transformation to home.	Approximately 150 people
Public Engagement Human Resources Training	Health education	Public health course + Health Center + Taipei Medical University	Training volunteer instructors on public health issues	Approximately 64 people
	Accupunch	Accupunch Club	Free accupunch community clinic and DIY meridian massage tutoring at Zhongqiang Park during public holidays as a means to promote health.	Approximately 200 people
	Clean governance: What is justice?	Xinyi Community College + Department of Government Ethics	Inspiring participants to care for "justice" using Harvard materials.	Approximately 200 people
	Community action conference	Xinyi Community College + Taihe Li, Li-An Li, Sanzhang Li, and Hui-An Li offices	The conference aimed to identify subjects that were desperately in need of assistance and explore feasible means of raising people's awareness.	Approximately 10 people



Development Objective	Event details	Community partners	Purpose/result	No. of participants
Public Engagement Human Resources Training	Xinyi natural tour guide training	Xinyi Community College + Lin Zhong-Jun Cultural Foundation + Taiwan Nature Trail Society	By organizing group tours of 60 to Hushan, Xiangshan and the rice path each month, the college aimed to document changes in the local habitat and train new tour guides in the process. The findings were entirely uploaded onto the Xinyi Community College website.	Approximately 720 people
	Community exhibitions	Xinyi Community College + Xinyi District offices	Public exhibitions brought attraction to local communities and promoted lifelong learning.	Approximately 2,000 people
Arts & History Community Aesthetics	Xinyi Community College arts exhibition	Calligraphy/paper art/embroidery course students + City Council gallery, Sun Yat-Sen Memorial Hall, Chiang Kai-Shek Memorial Hall, National Science and Technology Center for Disaster Reduction	Promoting appreciation to arts and culture.	Approximately 3,000 people
	Dance exhibition	Belly dancing and Flamenco course students + Shuanghe Li office, Futai Li office	Promote dancing as a healthy exercise through tour exhibitions.	Approximately 2,000 people
	Instrumental music exhibition and performance	Ocarina and traditional music course students + Hushan trail, Sanzhang Li office	Inspire people's interests in learning and community arts through outdoor performance exhibitions.	Approximately 800 people
	Taipei Railway Workshop tour	Taipei Railway Workshop Cultural Heritage Conservation Union + Xinyi District offices	Explore history and the possibility of building a railway park though tours to the railway workshop	Approximately 1,500 people



Corporate social responsibilities in the current course outline:

- Building a learning environment friendly to the aging society

According to MIC (Market Intelligence & Consulting Institute), Taiwan's elderly population is expected to account for 16.2% of total population by 2017, making it one of the aging societies in the world. In anticipation of increasing demands for lifelong learning, Xinyi Community College has made several improvements for the convenience of elder students, such as handrails and elevators, and introduced courses on singing, arts, language, and healthcare to accommodate the needs of the elder population. Furthermore, the college continually organizes related activities to arouse participation from senior citizens.

According to a survey conducted on students aged 60 and above, the three most desired courses or activities were singing, information, and healthcare, which the college will accommodate accordingly.

1.Seminars for senior citizens:

Item	Date	Name of seminar
Mental health	2014/5/2	Positive Mindset
	2014/10/29	Movie Screening: "Sixty and the City"
	2014/10/30	Changing Your Old Self
Physical health	2014/08/26	Maintaining Healthy Life: Diet Control
	2014/10/27	Exercise is brain's medicine
	2014/10/28	Exercising the Right Way
	2014/4/28	Understand and Prevent Dementia
	2014/10/31	Acupuncture and Health
	2014/10/31	Avoiding Health Alerts
Society	2014/10/30	How to Communicate
	2014/4/29	Inheritance, Marriage and Property - the Legal Implications
	2014/10/29	Smart Home Designs for the Elderly
	2014/10/27	Legal Q&A on Foreign Home Care Workers

2.Courses for Senior Citizens

Class	Description and benefits
Singing and arts	Launched courses on "Chinese Painting," "Ukulele," "Mandarin/ Taiwanese Songs," "English Classic Songs," English KTV," and "Casual Singing." A total of 124 enrollments were received from students aged 60 and above.
Information	Launched courses on "Computer and Smartphone Application," "Computer Studies - Basic," and "Computer Studies - Entry." A total of 56 enrollments were received from students aged 60 and above.
Healthcare	Launched courses on "Exercises for Elders - Entry," Exercises for Elders - Advance," and "Energetic Walks." A total of 69 enrollments were received from students aged 60 and above.

- Developing secondary talent for second employment

The recent surge of the unemployment rate signified the end of life-time employment in Taiwan and gave rise to the need for secondary specializations. To help develop secondary talents, Xinyi Community College has introduced a wide range of professional courses tutored by specialists with actual practices to help students learn. Courses created for this purpose included bakery, Chinese/western cooking, DIY carpentry, plumbing, and electrical work, Internet enterprising, hairstyling, and wedding planning. These courses were designed to help students develop expertise from their hobbies, and obtain proper certification for their skills. Seeing an increasing number of enrolled students in existing courses, an addition two courses were launched to host 40 more students in 2014.

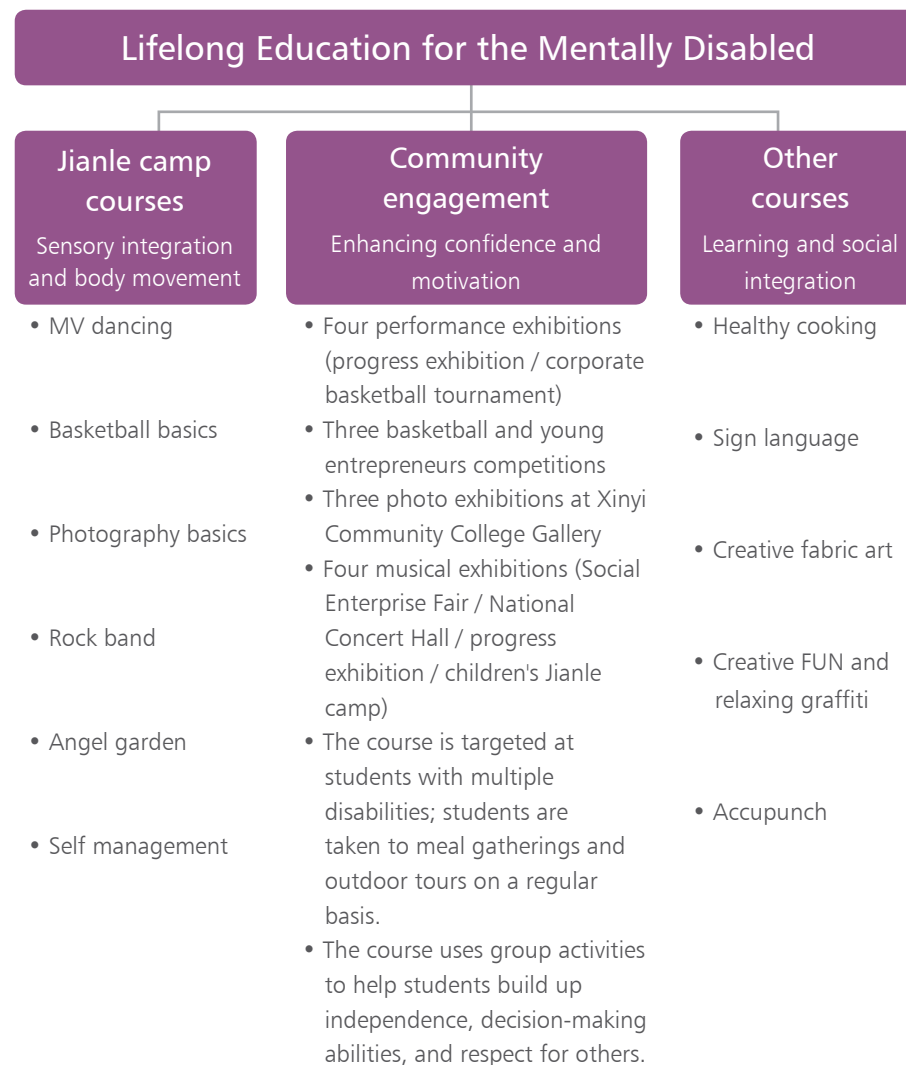


- Green living for the rising environmental protection and awareness

As part of its efforts to promote environmental sustainability, Xinyi Community College has launched a series of green living courses, such as urban farming, home gardening, green community workshops, and organic farming, to guide students through the basics of transforming their living environment. These courses are taught by expert farmers, community designers and landscapers, and feature both theoretical indoor courses and outdoor experiential sessions. 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. These volunteers have been donating their harvest entirely to "Taiwan Cancer Friends New Life Association" for four consecutive years.

- Courses for the mentally disabled

Though Xinyi District is perceived as a place of prosperity, the needs of the mentally disabled are not quite satisfied in that region. This was why the college has been offering lifelong learning opportunities to mentally disabled adults since 2008. Seven courses were launched this year to the benefit of 248 people in total, making it the only community college in Taipei to have extended services to the mentally disabled. In addition, courses such as physical development, arts therapy, game therapy, and recreation (blending with residents) were introduced to address the needs of different students. Below is a comprehensive list of courses launched in this regard:



Break time for parents and caregivers

While waiting for students, caregivers may also participate in other courses offered by Xinyi Community College as a means of stress relief to maintain and improve quality of life.



The following are some of the improvements planned for 2015:

- As students demand and expect more from the community college, we shall launch our courses by following the SWOT principle. In terms of care for the socially disadvantaged, we will expand our "Jianle" course series to cover broader knowledge including arts and sports activities. With regards to "Green Courses:" The college will introduce new courses addressing organic issues that expand advanced professional practices and life extending applications. These courses will give students more practice hours during their internship in effort to meet our goals in terms of practical farming methods. As for public engagement, arts and history, we will introduce courses to complement our long-term academic goals. We will recruit external professors from popular general arts courses. Meanwhile, more courses will be made available to accommodate the growing number of retirees in the society.
- The college will train higher quality professional and entrepreneurial volunteers to take our efforts to the next level. By caring for the disadvantaged, engaging in advocacy, and conducting documenting and reporting activities, team leaders will be able to inspire new recruits to help even more segments of society.
- In terms of social development, instructors and class representatives will organize public forums to discuss societal issues and future goals. We will also encourage instructors to establish community service clubs to accomplish the school's medium and long term objectives. Class leaders will submit their own annual development plans to help the community on the local level with their combined achievements and experience. At the end of each year, the clubs will hold community exchange seminars at the school.
- The school will attract younger generations by offering innovative curriculum and young instructors, and introduce courses on body building, stress relief and revitalization. We hope these new offerings will satisfy the desires of younger generations while simultaneously creating a stronger educational foundation for our future.
- We will connect course content with cultural assets, such as the Taipei Railway Workshop, Songshan Cultural and Creative Park, and 44 South Village, to actively participate and promote community aesthetics and engage in cooperative discussion. Whether it is through course work, lecture topics, or local aesthetics exhibitions, we create a platform to promote the study of the local aesthetics of the area.
- In 2015, we will launch a three to five year medium/long-term project called "Explore Xinyi". The college will organize a group of students dedicated to the environmental resources and development of Xinyi District. The group will gather information on the ecosystems and history of Xinyi trials. Engaging with the community and the neighborhood, the group will organize Explore Xinyi tours, including: the Tiger Mountain and Feng Tian Temple Tour, Taomi Ancient Trail, and Tiger Mountain and Beixing Temple Tour. At the same time, the group will create a website for local sights to promote further awareness for the love, care, and protection of the environment. In addition to our effort to transform our corporate volunteers into active ecological, cultural, and historical tour guides, the college will also train Lite-On volunteers to collaborate with local Xinyi district offices to explore new learning resources and promote more collaboration in 2015. We eagerly look forward to developing our partnership long into the future.



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 Citizenship by "giving back what is taken from society" and by leveraging its corporate influence to care for and become an inseparable member of the society. Lite-On has identified four directions through which to engage in CSER, which are: community care, environmental sustainability, talent nurturing, and charity and sponsorship. Each of these objectives is executed with clear goals through a number of social welfare activities, in which all Lite-On employees are invited to participate. These efforts provide Lite-On with necessary people, resources, and actions to fulfill its CSR goals.

Lite-On also encourages employees to participate in its sponsored or co-sponsored charity events by offering employees paid leave. Each employee is offered two days of paid "public welfare" leave per year to experience first-hand the company's support to care for society.



Overseas summer internship and industry-academia collaboration

Starting 2012, the company has supported the Department of Technological and Vocational Education, Ministry of Education, in a number of industry-academia programs. With the philosophy of nurturing young student, the company dedicates invaluable resources to sponsor students in overseas summer internships.

This internship program is primarily targeted at undergraduate and postgraduate students of engineering (engineering management) majors. The internship program chooses 24 to 26 students each year from partnered institutions to undergo a two-month internship in Mainland China.

Students are guided by dedicated mentors over the course of their internship, and are required to devise, review and report their complete of the program goals. To ensure that the students will be fully dedicated to their studies, each student is provided a salary, accommodation, and travel allowance during their internship.



Students' end-of-program parting words to Lite-On

Thank you, Lite-On, for this precious experience and for supporting me every step along the way. From start to finish, this program showed me what it was like to work in a genuine workplace. When I return home, I will sincerely recommend this program to others.

The past two months have been a turning point in my life.

I have learned a lot, and the program gave me great confidence to face the challenges ahead.

I would like to express my sincere gratitude to every Lite-On employee who assisted us.

The program gave me the chance to see and mutually learn from different cultures!

This program broadened our vision. I hope that this program continues long into the future.



Overview of Lite-On's corporate volunteer events in 2014

Lite-On's active involvement in volunteer work contributes to society by supporting activities that focus on key issues including the environment, arts, education and culture. Based on the corporate volunteer system founded in 2013, the company has extended its efforts to consolidate more resources and mobilize a greater number of volunteers into charity work in 2014. The affects of Lite-On efforts have resonated throughout each department of the company, and Lite-On continues to encourage and invite even more employees to join in on the company's volunteer efforts.

As part of the company's efforts to care for the community, Lite-On's volunteers involved themselves in a number of community services in 2014. These efforts included caring for elderly persons living alone and caring for the disabled. In addition, several talent-training projects and campaigns were launched during the year to secure the future of Taiwan's younger generations. With the assistance from government agencies, private institutions and Lite-On volunteers, students of Shuangxi and Jinhe elementary schools were offered professional and intensive courses to aid in their studies. Not only has the combined efforts across the company have developed the long-term sustainability of such volunteer programs, there was also been a consistent increase in employee participation across all volunteer activities organized in 2014.

In 2014, 2,000 corporate volunteers contribute to a total of 2,532 service hours.

Community care - Taiwan

Year-end banquet for elderly persons living alone



Last year, the Lite-On Cultural Foundation joined Xinyi Community College in organizing a "Year-end banquet for elderly persons living alone." During the event, volunteers kept elderly guests company as the new year was ushered in. The volunteers joined the elders in meal preparation and games, making the new year celebration a joyful event. In return, the volunteers came to realize the needs of elderly and the joy in giving to the needy through the time they spent and the joy they shared with elders.

"Angel Heart" performance during the 2014 Lite-On Year-end Party



For the 2014 Lite-On Year-end Party, the company invited children from "Neihu Angels Home" to a performance on stage. After more than two months of practice, the children astonished the crowd with a perfectly choreographed showdown of street dance and traditional arts. This performance not only gave children the attention they needed, but also a stage to exhibit their talents.

Public Welfare Cup:

ALS SBU friendly basketball game with First Social Welfare Foundation



Lite-On's ALS manger and staff joined members of the First Social Welfare Foundation in a charity basketball game. The game was played on a beautiful weekend morning and through sweat and hard work, everyone enjoyed an exciting game as well as the opportunity to make friends.

Public Welfare Cup:

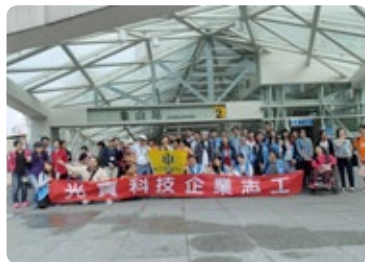
ALS SBU & OPS SBG friendly basketball competition



This basketball exhibition was organized by nearly 30 volunteers from Lite-On's ALS and OPS departments. Lite-On volunteers engaged members of First Social Welfare Foundation in a display of energy and passion for the sport. The most exciting game was the one involving a mix-and-match volunteer team because the volunteers, despite having teamed up for the first time, demonstrated exceptional teamwork and inspired their opponents to perform better.



MEC SBG Angel Garden Tour



The "Angel Garden Tour" was an event organized between Lite-On, Lite-On Cultural Foundation and Xinyi Community College, during which MEC SBG volunteers accompanied children from First Social Welfare Foundation to a visit at the Municipal Children's Recreation Center. The tour started the children on an MRT journey across the city, the first ride for many children in the group. Next, the children accompanied their volunteers in a series of outdoor activities, giving the children the opportunity to appreciate the outdoor exercise and the joy of group activities.

Talent nurturing

Lite-On English Language Course



In an attempt to help children living in remote areas develop English skills, Lite-On has committed resources into organizing voluntary English tuition for students of Shuangxi Elementary School since May 2013. These English classes, taught by volunteers of the company's Neihu office, started and laid the foundation for the children's English education. In August 2013, "Lite-On English Language Camp for Children" was organized as a formal course, where volunteers from Lite-On's Neihu office were assigned to Shuangxi Elementary School to help children in the middle and lower level classes improve their language skills.

Lite-On Ukulele Camp



In an attempt to enrich children living in remote areas with more diverse learning resources, Lite-On joined Shuangxi Elementary School in organizing a series of ukulele courses starting in 2013. The classes were taught by carefully selected professional teachers and volunteers from Lite-On's Zhonghe office who helped tutor the students. In the short time of the classes, students were able to demonstrate outstanding progress. During a learning exhibition organized by Shuangxi Elementary School in the beginning of 2014, students of Lite-On Ukulele Camp were invited to perform on stage, and delivered a stunning performance to the delight of the audience.

Shuangxi after-school English tuition



Following the success of the "Lite-On English Language Camp for Children," the company decided to change its voluntary English tuition services to "after-school courses" in September 2014. These after-school courses were targeted at upper-level students at Shuangxi Elementary School. By cultivating their English abilities, the classes gave students a head start as they progress into their junior high school studies. Owing to the volunteer efforts of Lite-On employees, students have demonstrated good learning progress and have performed excellently in their English studies, much to the satisfaction of the school board and parents.

Neihu Angel's Home Shelter after-school 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 answer whatever questions they have with their studies, thus inspiring students' interest in English and mathematics. The volunteers also shared their life experience as well as inspirational articles in an attempt to shape the children's character.

Jinhe after-school English tuition



Starting in September 2014, Lite-On has been working with Jinhe Elementary School to provide a voluntary English activity that hopes to strengthen the level and competitiveness of disadvantaged children in terms of their foreign language capabilities. To commence the program, the school was asked to shortlist a group of disadvantaged students willing to take part in the tutoring activity. After a period of hard work, and with the help of their formal school curriculum, the students who participated in Lite-On's volunteer courses were able to demonstrate exceptional learning progress.



Environmental sustainability

Lite-On urban farmer experience



In 2014, a group of passionate and dedicated Lite-On employees began their long-term organic farming activities at Shuangxi Park. What began as a simple idea eventually led to a series of learning and execution efforts before turning into a full-fledged farmland where families can share the joy of growing organic crops from plowing and seeding to harvesting. The experience not only helped people appreciate the hardships of farming but also brought children and their families closer to nature, helping pass on the necessity of environmental protection and awareness.

Charity & sponsorship

Taiwanese opera ticket concessions



As an expression of gratitude for the hard work and effort of Lite-On employees, the company offered employees concession tickets to the performance of Hsin-chuan Taiwanese Opera Troupe, where they could admire, learn and show support for Taiwanese grassroots culture. Employees were able to bring their entire family to enjoy a high-quality opera performance.

Donations to Kaohsiung gas explosion incident



On August 1, 2014, a major gas explosion occurred in Kaohsiung and brought southern Taiwan to a state of depression. In light of this incident, Lite-On mobilized its employees to donate a single-day's salary and was met with an overwhelming response. Lite-On's employees were so enthusiastic about the donation that they actively donated an additional NTD5 million and LED street lights as a contribution to victims' relief and reconstruction work to ensure that Kaohsiung and the victims of the incident had a fast recovery.

Blood donation - Neihu Building



Blood donation events are held at Lite-On's Neihu office building on a yearly basis, and 2014 was no exception. On August 26, a total of 70 employees in Neihu once again gathered for the cause and donated 103 bags to help compensate for the shortage at Taiwanese blood banks.

Blood donation - Zhonghe Plant



Lite-On has long been supportive of blood donations, and the event in 2014 was another success story. With the idea of "Donate a bag, save a life," Lite-On's Zhonghe Plant organized a blood donation event in which 83 employees participated and gave 127 bags of blood on June 5, 2014.

Community care – Mainland China

Voluntary services at Zhuji Retirement Home



On September 14 and November 15, 2014, Changzhou EPS volunteers organized a series of voluntary services at "Zhuji Street Retirement Home," during which volunteers accompanied the elderly in conversations and brought them massage services, put on a well-prepared talent show, and brought a sense of joy and excitement to the retirement community.



A Pleasant Sunset for the Elderly: a visit to senior citizen home



Welcoming in the cool autumn air, 26 employees from Lite-On's Guangzhou Plant embarked on a one-day volunteer service at a local senior citizen home on the afternoon of October 15, 2014. Through group activities, these volunteers showed their passion and love as Lite-On employees, and accompanied the elderly through a fun afternoon while bringing sweet memories home with them.

2014 care for the elderly in Chongyang



The event was organized by Huadong Operations Center on 2014 Chongyang Day, during which Lite-On's SBU managers, HR managers and industry association representatives accompanied senior citizens through a joyful afternoon and thereby completed this iteration of the care for the elderly event.

Talent nurturing

Off-campus trip for Nanxiashu Primary School

Lite-On Technology Corp., Lite-On Workers Union and Nanxiashu Primary School jointly organized the "Caring Recreational Activity". The activity took the headmaster along with 49 students, acting as little journalists, of Nanxiashu Primary School on a one-day visit at Leotek's lighting exhibition hall. They spent a meaningful afternoon and participated in a book donation event.

Environmental sustainability

Changzhou tree planting event



On the morning of March 15, 2014, the administrative department invited SBU employees to the 2014 Spring Tree Planting event, in which they planted 50 trees of different varieties including crepe myrtle, sweet olive, peach, rose mallow, and Chinese flowing apple. This activity not only enabled employees to experience the joy in planting trees but also brought them closer to nature, cultivated an interest in the outdoors, and enhanced their environmental awareness.

"The Green Path" tree planting event



"The Green Path" was a tree planting event in Ganzhushan that employees of Shijie Plant had organized to promote environmental protection and bring a touch of nature and beauty to their homes. Some employees even brought their children along for the event. They divided work efficiently amongst themselves and planted a symbol of hope with each seed while giving children a lesson on environmental sustainability.

Charity & sponsorship

The 6th Huadong Operations Center Blood Donation



On March 6, 2014, Lite-On welcomed the arrival of angels dressed in white riding in the Changzhou City blood donation van. This marked the 5th anniversary of the blood donation event at the Huadong Operations Center. Despite the recent change in weather, many employees braved the cold and the risk of getting sick by rolling up their sleeves just to give blood, establishing a deeper connection to all of those who had the courage to participate.



5.4 Lite-On Award: Shaping Sustainable Life Through Technology



The "Lite-On Award" was founded in 2001 as part of the company's corporate social responsibility to nurture technological talent in the Chinese-speaking world, while offering industrial design talent an opportunity to utilize creativity to the maximum. For 14 years, the award has attracted Chinese industrial designers from more than 20 countries into capturing the industry's latest visions and trends. The 2014 14th Lite-On Award featured the theme, "Design for Change", emphasized the importance of keeping up with changes while encouraging designers to change the world through technology and create sustainable life by incorporating social, cultural and environmental elements.

Designing the future for the needs of mankind

The 2014 Lite-On Award received more than 1,700 designs from 2,300 applications around the world. The gold prize was awarded to the "Cold Press Band-aid," which utilizes chemical reactions between water and ammonium nitrate to quickly cool down swollen skin and stop bleeding. With a size no bigger than a coin, it provides a smarter yet feasible solution to first aid. The silver prize was awarded to two winners: 1. "Forest Wizard," a fire detector featuring Bluetooth 4.0, vibration-powered generator and solar power technology; and 2. "LBS Portable Fire Extinguisher," one that combines the use of App and human-machine semantics. Lastly, the bronze prize was awarded to "Diving Emergency Sharing Device." All the creation mentioned above feature a humanistic design and designed with a "people-oriented" goal in mind. The jury specifically stated that humanity, life, and emergency aid were the main criteria

for this year's awards. There were several designs that could have a potential positive influence on people's lives, such as "Life-Me", a new escalator that addresses safety issues when moving large volumes of people in areas such as Chinese subway stations; and "Mobile Kitchen", a design that solves the housing needs of Mainland China's migrant population. These designs all suggest that industrial designers are embracing a design approach based on observation of social phenomena and consideration of the needs of humanity.



Hundreds of new design talent gathered in an exchange of new knowledge

Every year, the Lite-On Award invites international design experts and industry leaders to serve as judges. This year, the judges included Soon-In Lee, CEO of Seoul Design Center, Frederick Rickmann, renowned designer from Scandinavia, Manfred Wang, distinguished professor of the Department of Design, National Taiwan Normal University, Sean C.K. Lee, Regional Director iF International Forum Design GmbH, Taiwan Branch, and Hugh Hu, General Manager of NDD Design, all of whom were able to share their advice to contestants first-hand. The jury commented that: "In the products of this year's Lite-On Award, we saw ambition in how





Chinese designers have attempted to change the world through the different approaches they have taken. The Lite-On Award has become a leading platform for the exchange of design intelligence, as well as the ability to encourage everyone to explore diverse themes and concepts and bring outstanding creative works to the world stage, which is consistent with the purpose upon which the award was initially founded."

In addition to the stunning competition, the Lite-On Award also features an annual design forum hosted by prominent figures throughout the design profession. This year's forum featured the topic "Designing a New World", with a focus on the surge of Asian talent. The forum was hosted by a number of internationally prominent speakers including CEO Soon-In Lee of Seoul Design Center, renowned Scandinavian designer Frederick Rickmann, and Shu-Chang Kung, who led NCTU's orchid conservatory to winning Global Green Building Award in Paris. These speakers shared their global visions and personal views about the design business, and discussed the power and trend of "Design to Change the World". In the end, they encouraged young Chinese designers to take part in shaping a new world.

Lifestyle seminars bring top-notch innovation to homes of ordinary people

Apart from wearable devices, how will technology change our lives in the future? To give the public an opportunity to learn about innovations, designs and technologies from different fields, Lite-On Technology Corporation joined several sponsors of the Lite-On Award including ABB, Bayer and Merck in hosting "Lite-On Innovative Living," a forum that aimed to inspire new designs and technologies by exploring what life may look like in the future across all levels of society.

This year's forum introduced the world's first robot that can work under the assistance of a human, which brings manufacturing into a new era where workers can accomplish jobs alongside robots together inside the same room. The robot astonished the audience as its arms performed even the smallest tasks with great precision. Bayer has had great success with its "Dream Production" project, as the company is now able transform CO₂ into high-quality foam, thereby reducing the consumption of oil and resolving issues related to environmental improvement, resource conservation, and addressing human needs. Merck, on the other hand, took the audience through the future of display devices. Imagine when glass becomes a popular display media, a building's curtain wall can be used as a gigantic display, and architects may find themselves a new profession in designing curtain wall displays. As technology progresses further, anything that has a surface, such as tables, cars, and contact lenses, can all be used as displays, and present whole new possibilities for industrial designers. Through simple presentation of high-tech, innovative inventions and products, the Lite-On Innovative Living forum gave the public a peek into the world's advance creations and showed them how technology will shape life for all humans in the future.



Lite-On Award - Society's common treasure

Lite-On has committed significant resources into organizing Lite-On Award since 2001 for the purpose of inspiring innovation and competitiveness among Chinese design talents. As Lite-On Chairman Raymond Soong expressed: "After 14 years of refinement, Lite-On Award has become the most prominent and authoritative industrial design event in the Chinese-speaking world. We hope to see the award become a common treasure for all of society, and not an asset that is owned exclusively by Lite-On."

For this purpose, Lite-On once again invited ABB and Bayer, and a new member, Merck, to participate as judges of the awards. A total of 12 awards were made available to recognize creations of the utmost creativity and marketability, and ultimately enhance and bring closer the innovative abilities of different industries.

President Kayee Ding of ABB Taiwan: "We are glad to see more and more young designers taking an all-around perspective in their design works, and making use of 'energy-efficient' solutions in industrial, traffic, and architectural applications to ensure the sustainability of our society and industry."

Managing Director Michael Lee of Bayer Material Science, a sponsor of Lite-On Award for the last six years, said: "Bayer is glad to see young designers taking the initiative to observe problems, apply knowledge and come up with things that change people's lives. One thing worth mentioning about the life-changing potential of this year's award is that all Bayer Award-winning designs are feasible in terms of technology and use of material, which also conforms with our corporate mission to 'enrich lives with technology.'"

As a new sponsor in this year's Lite-On Award, Managing Director Dick Hsieh of Merck Taiwan noted: "The most distinguished accomplishment of Lite-On Award, apart from its ability to inspire and support new talent, is the level of attention paid to the 'marketability' of participants' designs. Merck received many excellent designs that, in addition to being creative, exhibited solid mastery of the technologies involve and good grasp of current trends. I believe they have the potential to be marketed into something that changes people's lives in the future."

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Overview of 2014 Lite-On Award

No. of participants	About 2,300
No. of designs	1,700 pieces
No. of award-winning pieces	32 pieces
Taiwan Campus Innovation Seminar	14 sessions



5.5 Innovative Products on Social Equality and Charity—skyla® HB1 Clinical Chemistry Analyzer

In 2014, Lite-On's Medical and Biotech business unit launched the nation's first proprietary clinical chemistry analyzer, skyla® HB1, paving way for a series of biomedical instruments to be introduced under the skyla® brand. This chemistry analyzer is capable of testing blood in three major areas: biochemicals, the immune system, and electrolytes. Combined with the use of optical sensors and disposable panels, this machine produces 25 different readings (including: ALB, ALP,

ALT, AMY, AST, BUN, CPK, CREA, DBIL, GGT, GLU, HDL, LDH, LIPA, TBA, TBIL, TC, TG, TP, UA, Ca, Cl, K, Na, and P) from only 0.2cc of blood. Featuring a light weight of only 5.5kg, skyla HB1 is fully automated and requires just three simple steps to operate, and produces up to 15 test results in 15 minutes at the same accuracy as the wet chemistry method, giving patients the most immediate feedback on their liver, kidney, and pancreas functions as well as cardiovascular and acute diseases. The ability to test and obtain results without to leave the patient's side provides a great benefit to the people and makes this instrument especially suitable for small medical institutions, clinics, ER, retirement homes, nursing centers, medical stations, remote areas, ambulance, and first-aid stations.

Skyla® HB1 has already been successfully marketed to many countries around the world. In addition, Lite-On took the initiative to sponsor the Ministry of Health and Welfare's policy of "Sophisticated Healthcare for All of Taiwan" by donating 18 units of skyla® HB1 along with test kits and services to medical practitioners located in Lienchiang County, Penghu County, Hualien County, Taitung County, Nantou County, and Pingtung County as a way to care for Taiwan and give back to society.



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Governance	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.	1.1.1 2.2	Lite-On CSER Committee Corporate Governance	12 38	183
	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	13	183
			1.2.2	Methods of Communication with Stakeholders	18	
			2.2	Corporate Governance	38	
			4.5	Employee Relations	114	
	G4-38	The composition of the highest governance body and its committees.	2.2.1	Board of Directors	39	183
	G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	2.2.1	Board of Directors	39	183
	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	38	183
	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	40	183
			2.2.3	Remuneration Committee	41	
			2.2.4	Growth Strategy Committee	42	
Governance	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.	1.1	Corporate Commitment and CSR Vision	11	183
			2.2	Corporate Governance	38	
	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	38	183

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General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions	External Assurance Page
Governance	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	38	183
	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 Letter from the Chairman and Group CEO	38 6	183
	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 2.2.9	Corporate Governance Corporate Risk Management	38 48	183
	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	2.2 2.2.9	Corporate Governance Corporate Risk Management	38 48	183
	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	12	183
	G4-49	The process for communicating critical concerns to the highest governance body.	1.1.1 2.2	Lite-On CSER Committee Corporate Governance	12 38	183
	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.	1.1.1	Lite-On CSER Committee	12	183
	G4-51	The remuneration policies for the highest governance body and senior executives for the below types of remuneration	2.2.1 2.2.3	Board of Directors Remuneration Committee	39 41	183
	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	41	183

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General Standard Disclosures Overview

Aspect		General Standard Disclosures		Related Report Sections	Page	Omissions	External Assurance Page
Governance	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	41		183
	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	41		183
	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	41		183
Ethics and Integrity	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	11		183
			2.2.8	Anti-corruption	45		
			3.1	Lite-On's Green Commitment	53		
	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	45		183
	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	45		183

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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	26		183
			2.2 Corporate Governance	38		
			2.1.2 Business Performance and Outlook	34		
	G4-EC1	Direct economic value generated and distributed.	2.2.6 Dividend Policy and Execution	43		183
			2.2.7 Employee Bonus and Directors' Remuneration	44		
			4.4 Protection of Rights and Interests	110		
			4.6 LOHAS Lite-On	117		
			5.1 Social Inclusion Policy	130		
	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	6		183
			3.2 Response to Climate Change and Global Warming	57		
			3.3 Reducing Greenhouse Gases	60		
Market Presence	G4-EC3	Coverage of the organization's defined benefit plan obligations.	4.4.3 Pension Policy	113		183
	G4-EC4	Financial assistance received from government.	2.2.5 List of Major Shareholders	42		183
	DMA		2.1 Company Overview	26		183
			2.2 Corporate Governance	38		
Market Presence	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	110		183
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	4.2 Employee Overview	94		183
Procurement Practices	DMA		3.1 Lite-On's Green Commitment	53		183
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	3.11 Supply Chain Management	88		183

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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	53		183
	G4-EN1	Materials used by weight or volume.	3.7 Main Raw Materials	76		183
	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.	183
Energy	DMA		3.1 Lite-On's Green Commitment	53		183
			3.2 Response to Climate Change and Global Warming	57		
			3.3 Reducing Greenhouse Gases	60		
	G4-EN3	Energy consumption within the organization.	3.3.3 Direct and Indirect Energy Consumption	65		183
	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.	183
	G4-EN5	Energy intensity.	3.3.3 Direct and Indirect Energy Consumption	65		183
	G4-EN6	Reduction of energy consumption.	3.3.2 Energy-saving Measures	63		183
			3.3.3 Direct and Indirect Energy Consumption	65		
			3.8 Green Logistics	79		
	G4-EN7	Reductions in energy requirements of products and services.	3.5 Green Product Design	70		183

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Specific Standard Disclosures Overview - Environmental

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Water	DMA		3.1	Lite-On's Green Commitment	53	183
			3.2	Response to Climate Change and Global Warming	57	
	G4-EN8	Total water withdrawal by source.	3.4	Water Resource Management	68	183
	G4-EN9	Water sources significantly affected by withdrawal of water.	Note:	No source affected.		183
	G4-EN10	Percentage and total volume of water recycled and reused.	3.4	Water Resource Management	68	Water recycled and reused data were not materialized to Lite-On's industrial nature. 183
Emissions	DMA		3.1	Lite-On's Green Commitment	53	183
			3.2	Response to Climate Change and Global Warming	57	
			3.3	Reducing Greenhouse Gases	60	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	3.3.1	Greenhouse Gas Inventory	60	183
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.3.1	Greenhouse Gas Inventory	60	183
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	3.3.1	Greenhouse Gas Inventory	60	183
	G4-EN18	Greenhouse gas (GHG) emissions intensity	3.3.1	Greenhouse Gas Inventory	60	183
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.1.1	Environmental Management Goals	54	183
			3.3.1	Greenhouse Gas Inventory	60	
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Note : Lite-On does not use any substances detrimental to ozone layer in its production processes.			183
	G4-EN21	NOx, SOx, and other significant air emissions	3.3.4	Air Pollution Control	67	183

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Specific Standard Disclosures Overview - Environmental

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Effluents and Waste	DMA		3.1	Lite-On's Green Commitment	53	183
			3.2	Response to Climate Change and Global Warming	57	
	G4-EN22	Total water discharge by quality and destination	3.4	Water Resource Management	68	183
	G4-EN23	Total weight of waste by type and disposal method	3.7.4	Waste Management and Recovery	78	183
	G4-EN24	Total number and volume of significant spills	Note: There no significant incident of spills occurred in 2014.			183
	G4-EN25	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.			183
Products and Services	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	68	183
	DMA		3.1	Lite-On's Green Commitment	53	183
			3.2	Response to Climate Change and Global Warming	57	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	3.6	Restriction on the Use of Hazardous Substances	75	183
			3.5	Green Product Design	70	
	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.	183

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Specific Standard Disclosures Overview - Environmental

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions	External Assurance Page
Compliance	DMA		3.1 Lite-On's Green Commitment	53		183
			3.2 Response to Climate Change and Global Warming	57		
	G4-EN29	Significant fines and non-monetary sanctions in terms	3.1.2 Environmental Accounting	55		183
Transport	DMA		3.1 Lite-On's Green Commitment	53		183
	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	79		183
Overall	DMA		3.1 Lite-On's Green Commitment	53		183
	G4-EN31	Total environmental protection expenditures and investments by type	3.1.2 Environmental Accounting	55		183
Supplier Environmental Assessment	DMA		3.1 Lite-On's Green Commitment	53		183
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	3.11 Supply Chain Management	88		183
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	3.11 Supply Chain Management	88	Currently, the statistical data were partially completed, and it is planned to have complete disclosure gradually.	183
Environmental Grievance Mechanisms	DMA		3.1 Lite-On's Green Commitment	53		183
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Note: In 2014, there was no grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.			183

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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	93		183
	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	183
	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	110 117	183
	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 Mainland China and Thailand	183
Labor/ Management Relations	DMA	4.1	Employee Policy	93		183
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	4.4	Protection of Rights and Interests	110	183
Occupational Health and Safety	DMA	4.1	Employee Policy	93		183
	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	121	183
	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	121	183
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	4.6.3	Environment, Health and Safety	121	183
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	4.6.3	Environment, Health and Safety	121	183

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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	93	183
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	4.3	Employee Development and Training	103	183
	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	183
	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	183
Diversity and Equal Opportunity	DMA		4.1	Employee Policy	93	183
	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	94	183
Equal Remuneration for Women and Men	DMA		4.1	Employee Policy	93	183
	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	110	183
Supplier Assessment for Labor Practices	DMA		3.11	Supply Chain Management	88	183
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	3.11	Supply Chain Management	88	183
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	3.11	Supply Chain Management	88 The current statistics data are not complete, and planning to completely disclose in the future.	183
Labor Practices Grievance Mechanisms	DMA		4.1	Employee Policy	93	183
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	4.5	Employee Relations	114	183

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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	93		183
		3.11 Supply Chain Management	88		
	G4-HR1	<p>Note :</p> <p>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 2014.</p>			183
	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	
Non-discrimination	DMA	4.1 Employee Policy	93		183
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	4.5 Employee Relations	114	183

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Specific Standard Disclosures Overview - Social (Human Rights)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Freedom of Association and Collective Bargaining	DMA		4.1	Employee Policy	93		183
	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	EICC Committee	102		183
			3.11	Supply Chain Management	88		
Child Labor	DMA		4.1	Employee Policy	93		183
	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		183
			4.2.4	EICC Committee	102		
			3.11	Supply Chain Management	88		
Forced or Compulsory Labor	DMA		4.1	Employee Policy	93		183
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	4.2.4	EICC Committee	102		183
			3.11	Supply Chain Management	88		
Security Practices	DMA		4.1	Employee Policy	93		183
	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 gards are subcontracted, and demands all relevant training and management to meet EICC standards when sourcing, and Lite-On's security personnel are 100% training.				183

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Specific Standard Disclosures Overview - Social (Human Rights)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Indigenous Rights	DMA		4.1	Employee Policy	93		183
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Note : None				183
Assessment	DMA		4.1	Employee Policy	93		183
	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		183
Supplier Human Rights Assessment	DMA		3.11	Supply Chain Management	88		183
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	3.11	Supply Chain Management	88		183
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	3.11	Supply Chain Management	88		183
Human Rights Grievance Mechanisms	DMA		4.1	Employee Policy	93	The current statistics data are not complete, and planning to completely disclose in the future.	183
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	4.5	Employee Relations	114		183

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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	120		183
			2.2.8	Anti-corruption	45		
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2.2.8	Anti-corruption	45		183
			4.2.4	EICC Committee	102		
	G4-SO4	Communication and training on anti-corruption policies and procedures	2.2.8	Anti-corruption	45		183
	G4-SO5	Confirmed incidents of corruption and actions taken	2.2.8	Anti-corruption	45		183
Public Policy	DMA		5.1	Social Engagement Policy	120		183
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Note : There were no political contributions done in Lite-On				183
	DMA		4.1	Employee Policy	93		183
Anti-competitive Behavior	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.				183

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Specific Standard Disclosures Overview - Social (Society)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Compliance	DMA		4.1	Employee Policy	93		183
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Note : In 2014 we did not suffer any fines due to violation of laws or regulations.				183
Supplier Assessment for Impacts on Society	DMA		3.11	Supply Chain Management	88		183
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	3.11	Supply Chain Management	88		183
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	3.11	Supply Chain Management	88	The current statistics data are not complete, and planning to completely disclose in the future.	183
Grievance Mechanisms for Impacts on Society	DMA		4.1	Employee Policy	93		183
			5.1	Social Inclusion Policy	130		
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Note : In 2014, there were no grievances about impacts on society filed or addressed.				183

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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 3.10 Customer Service and Satisfaction	53 83		183
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	3.5 Green Product Design Note: All of Lite-On products are successfully passed the assessment of health and safety before delivery.	70		183
	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: In 2014, we did not violate any product or service health or safety laws or regulations.			183
	DMA		3.1 Lite-On's Green Commitment 3.10 Customer Service and Satisfaction	53 83		183
Product and Service Labeling	G4-PR3	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	3.5 Green Product Design Note: All Lite-On products are labeled with required information conforming to the relevant regulations.	70		183
	G4-PR4	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: There is no incidences of non-compliance with regulations and voluntary codes concerning product and service information and labeling in 2014.			183
	G4-PR5		3.10 Customer Service and Satisfaction	83		183
	DMA		3.1 Lite-On's Green Commitment 3.10 Customer Service and Satisfaction	53 83		183

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Specific Standard Disclosures Overview - (Social) Product Responsibility

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions	External Assurance Page
Marketing Communications	DMA		3.10	Customer Service and Satisfaction	83		183
	G4-PR6	Sale of banned or disputed products				Not applicable for there are no banned or disputed products produced in Lite-On	183
	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 2014.				183
Customer Privacy	DMA		3.10	Customer Service and Satisfaction	83		183
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	3.10 Note:	Customer Service and Satisfaction None	83		183
Compliance	DMA		3.10	Customer Service and Satisfaction	83		183
	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 2014, Lite-On did not suffer any fines due to violation of laws or regulations.				183

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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	88		183
	LOT-EN1	Supplier screening and green procurement	3.11.5	Policy for Conflict Metals (Metals)	90		183
			3.11.6	Control of Volatile Organic Compounds (VOCs) and Water Resources in the Supply Chain	90		
Research & Development (Products)	DMA		3.1	Lite-On's Green Commitment	53		183
	LOT-EN2	Energy efficiency improvement	3.5	Green Product Design	70		183
			3.9.2	Green Procedures	82		
	LOT-EN3	Material resources saving	3.5	Green Product Design	70		183
LOT-EN4	Reduction use of hazardous substance	3.5	Green Product Design	70		183	
Supplier Training	DMA		3.1 3.11	Lite-On's Green Commitment Supply Chain Management	53 88		183
	LOT-LA1	Improvement of supply chain management quality	3.11	Supply Chain Management	88		183
Communication Skill Improvement of Cadres	DMA		4.1	Employee Policy	93		183
	LOT-LA2	Introduction of external resources for Employee Assistance Programs	4.7	Multi-Stakeholders Collaboration Initiatives	125		183
Charity Care	DMA		5.1	Social Inclusion Policy	130		183
	LOT-SO1	Promotion of multicultural humanities and youth education care	5.2.1	Community Volunteers – "Shining a Light on Disadvantaged Children"	132		183
			5.3	Lite-On Volunteers	149		
	LOT-SO2	Creating learning environments for lifelong learning and disadvantage groups	5.2.1	Community Volunteers – "Shining a Light on Disadvantaged Children"	132		183
			5.2.2	Taipei Xinyi Community College	140		
	LOT-SO3	The promotion of environmental education and implementation of environmental protection	5.2.2	Taipei Xinyi Community College	140		183
	LOT-SO4	Fostering innovation and design talent	5.4	Lite-On Award: Nurturing Innovative and Sustainable Technologies	154		183
LOT-SO5	Development of Innovative Products on Social Equality	5.5	Innovative Products on Social Equality and Charity—skyla® HB1 Clinical Chemistry Analyzer	158		183	

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		1.2.2 Methods of Communication with Stakeholders	18	
		2.2 Corporate Governance	38	
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		2.2.2 Audit Committee	40	
		2.2.3 Remuneration Committee	41	
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	Human rights risk situation	4.2.4 Electronic Industry Code of Conduct (EICC) Committee	102	
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	Avoidance of complicity	1.1 Corporate Commitment and CSR Vision	11	
	Resolving grievances	1.2.2 Methods of Communication with Stakeholders	18	
		2.2.8 Anti-corruption	45	
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	Civil and political rights	4.6 LOHAS at Lite-On	117	
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	Economic, social and cultural rights	4.4 Protection of Rights and Interests	110	
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	Fundamental principles and rights at work	4.4 Protection of Rights and Interests	110	
	Employment and employment relationships	4.4 Protection of Rights and Interests	110	
	Conditions of work and social protection	4.6 LOHAS at Lite-On	117	
Labor Practices	Social dialogue	1.2 Identification of Stakeholders	13	
		1.2.2 Methods of Communication with Stakeholders	18	
		4.1 Employee Policy	93	
	Health and safety at work	4.6.3 Environment, Health and Safety	121	
		4.7 Multi-Stakeholders Collaboration Initiatives	125	
	Human development and training in the workplace	4.3 Employee Development and Training	103	

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		3.3.4	Air Pollution Control	67	
		3.7.4	Waste Management and Recovery	78	
	Sustainable resource use	3.5	Green Product Design	70	
		3.8	Green Logistics	79	
		3.9	Green Factories	81	
	Climate change mitigation and adaptation	3.2	Response to Climate Change & Global Warming	57	
		3.3	Reducing Greenhouse Gases	60	
	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.
	Anti-corruption	2.2.8	Anti-corruption	45	
Fair Operating Practices	Responsible political involvement	4.6	LOHAS at Lite-On	117	Lite-On do not involve in any political activities
	Fair competition	3.10.5	Regulatory Compliance	87	
	Promoting social responsibility in the value chain	3.11	Supply Chain Management	88	
	Respect for property rights	3.10.5	Regulatory Compliance	87	
	Fair marketing, factual and unbiased information and fair contractual practices	3.10.5	Regulatory Compliance	87	
Consumer Issues	Protecting consumers' Health and safety	3.6	Restriction on the Use of Hazardous Substances	75	
		3.5	Green Product Design	70	
	Sustainable consumption	3.11	Supply Chain Management	88	
	Consumer service, support, and complaint and dispute resolution	3.10	Customer Service and Satisfaction	83	
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	Access to essential services	3.10.1	Customer Service	83	
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		5.3	Lite-On Volunteers	149	
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		4.7	Multi-Stakeholders Collaboration Initiatives	125	
	Employment creation and skills development	4.2.1	Employee Structure and Distribution	94	
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		2.2.7	Employee Bonus and Directors' Remuneration	44	
		4.4	Protection of Rights and Interests	110	
	Health	5.3	Lite-On Volunteers	149	
		4.6	LOHAS at Lite-On	117	
	Social investment	5.1	Social Inclusion Policy	130	
		5.2	The Lite-On Cultural Foundation	131	

Third Party Attestation Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN LITE-ON TECHNOLOGY CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2014

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 2014. 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 2014 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 2014.

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 high 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 2014 verified is accurate, reliable and provides a fair and balanced representation of Lite-On sustainability activities in 01/01/2014 to 12/31/2014.

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 sixth to be assured by an independent assurance team and the second to be evaluated 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 2, High 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 2014, 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 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 the role of the highest governance body in evaluating environmental and social performance 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
5 June, 2015
WWW.SGS.COM



AA1000
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