

**LITEON<sup>®</sup>**



**2015**

**Lite-On CSR Report**

## ABOUT THIS REPORT

This is the tenth 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, 2015. 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.

This report mainly covers the eight business groups, namely Mobile Mechanics, Portable Image Device, Power System, Storage, Mechanical Competence, Connected Devices & System Solutions, Optoelectronic Product Solution, and New Business while also including Lite-On Green Technologies Inc., a fully on subsidiary offering turnkey EPC (Engineering, Procurement, and Construction) of solar energy systems and innovative solar energy application solutions. Unless elsewhere specified, information will be disclosed in the report. Mobile Mechanics terminated its operations in Indian due to restructuring. All financial figures in this report are presented in New Taiwan Dollars, and have been

verified by Deloitte & Touche, Taiwan. Figures relating to OHSAS 18001, ISO 14001, QC 080000, and ISO 14064-1 (greenhouse gas emission) standards have been verified by SGS Taiwan Ltd. Performance regarding environmental protection, health and safety are presented by 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 AA 1000 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 2016

Next issue: Expected to be published in June 2017

(Previous issue: July 2015)

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Feel free to contact us through the following channels if you have any questions or suggestions concerning this report:

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## 2015 LITE-ON CSR HIGHLIGHTS

### CSR Promotion

1. Selected as a member of "Dow Jones Sustainability Indices (DJSI)" for fifth consecutive year since 2011.
2. Included in the composition of MSCI Global Sustainability Indexes for two consecutive years since 2014.
3. Ranked as a Top 20 company in Asia in Channel NewsAsia Sustainability Ranking.
4. Won the "Corporate Citizen Award" of Commonwealth Magazine for the ninth year in a row (2007~2015).
5. Awarded Paragon Prize in Overall Effects Sector CSR Awards from Global Views Magazine.
6. Awarded the Golden Award in "Taiwan TOP 50 Corporate Sustainability Report Award" by Taiwan Institute for Sustainable Energy (TAISE) in the Electronics Sector.
7. Awarded "Social and Environment Accountability Award" from the customer Microsoft.

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM

**ROBECOSAM**  
**Sustainability Award**  
**Silver Class 2016**

**MSCI** 2015 Constituent  
MSCI Global  
Sustainability Indexes



## 2015 LITE-ON CSR HIGHLIGHTS

### Corporate Governance

1. The company was awarded grade A++ by the Securities and Futures Institute during its 12th Information Disclosure Evaluation, and also ranked top 20% public companies list of the first Corporate Governance Evaluation held by Taiwan Stock Exchange (TWSE).
2. Lite-On's IMG Guang Zhou Plant and AE Kaohsiung Plant received Product Liability Insurance AAA Certification from ACE Group; a total of 12 plants have passed AAA certification to date.

### Corporate Management

1. The company generated revenues totaling NTD216.93 billion in 2015, and net profits after-tax were NTD7.22 billion with EPS of NTD3.11 with a growth of 12% Y-o-Y.
2. For seven consecutive years between 2009 and 2015, the company was ranked first in the "Electronic Sector" by Commonwealth Magazine in its Top 1,000 Manufacturer Review. The company ranked 20<sup>th</sup> overall in 2015, and was the 38<sup>th</sup> "Most Profitable Business" in the manufacturing sector.

### Environmental Protection

1. The 3D printing mobile phone antenna developed by Lite-On uses environmental friendly dry process without electroplating, and the successful commercial production has totally eliminated the use of toxic heavy metals and water, meanwhile this newly developed technology has been patented in the European Union and the United States.



2. The intensity of water consumption was measured at 23.52 m<sup>3</sup>/NTD million in 2015, which was 1.59% lesser than the 23.90 m<sup>3</sup>/NTD million measured in 2014.
3. Named one of the Leading Companies in CDI for Second Consecutive Year.

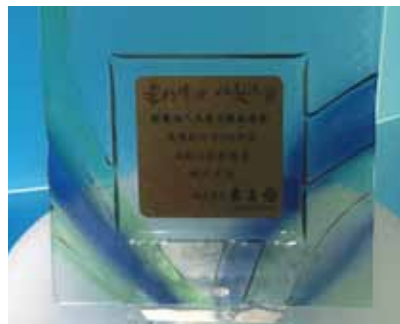




## 2015 LITE-ON CSR HIGHLIGHTS

### Giving Back to Society

1. The Lite-On Cultural Foundation's Community Assistance Team received 2015 Social Education Public Service Award from the Ministry of Education as well as from New Taipei City Government.
2. The Xinyi Community College received following awards from Taipei City Government:
  - 2015 Outstanding Teacher of Outstanding Course, "Art of Tea": Zhi-Xian Zeng
  - 2015 Outstanding Teacher of Outstanding Course, "Recreational Camp - Garden of Angels": Hui-Mei Jian
  - 2015 Lifelong Learning Excellence: Mei-Ling You, Student
  - 2015 Lifelong Teaching Excellence: Zhi-Xian Zeng and Jin-Tai Zhuo, Lecturers
  - Taipei Book Crossing Campaign - Creative Bookshelf Competition



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## Letter from the Chairman and Group CEO

Dear friends,

Although demand in the global IT and communications industries has declined over the last few years, in 2015 Lite-On implemented an operation strategy centered upon profitability, sound governance and improvement of shareholder returns, thereby demonstrating its determination and strength in achieving consistent profit growth. Lite-On lists IoT applications in cloud computing, LED lighting, automotive electronics, biomedicine, and industrial automation as its five key areas of transformation. In each area of application, operating units across business divisions are integrated and invested in with abundant resources, outstanding R&D capabilities, and collaborative teams that strive to explore new business opportunities. The One Lite-On advantage will be our point of departure as we launch a "New Beginning." Lite-On's global consolidated revenue amounted to NT\$216.929 billion in 2015. In particular, non-PC products accounted for more than 60% of the total revenue. After-tax profit was NT\$7.223 billion, and EPS was NT\$3.11, representing a 11% YOY increase.

Lite-On has won nine consecutive Corporate Citizen Awards from CommonWealth Magazine, four consecutive Taiwan Corporate Sustainability Awards, and eight Corporate Social Responsibility Awards from Global Views Magazine. Lite-On has also received international recognition, including being named one of the Top 20 Asian Companies in the Channel NewsAsia Sustainability Ranking, being chosen as a component of the "Dow Jones Sustainability Index (DJSI)" for the fifth consecutive year and a component of the MSCI Global Sustainability Indexes for the second year, and being listed on the Climate Disclosure Leadership Index (CDLI). Also, the company's high information transparency and quality of disclosure have earned it the highest rating of "A++" in TWSE's Information Disclosure Evaluation.



**Raymond Soong**  
Chairman of Lite-On Group



## Business transformations and upgrades in response to climate and environmental challenges

In 2015, Lite-On saw consistent growth in all of its core products. The company's efforts to transform its non-PC operations in recent years have started to exhibit tangible results. In particular, cloud computing, high-end camera modules, and LED lighting have not only showed stable growth in 2015, but have moreover become the engine driving growth and profitability in 2016. The Optoelectronics department benefited from rising demand in application markets such as LED lighting, consumer electronics, and mobile devices. Moreover, shipment of high-end camera modules increased and high-end smartphones continued to gain a larger market share. The revenue from power management products, fueled by rising demand for cloud-computing power management systems and mobile devices, reached an all-time high. Meanwhile, core businesses took advantage of higher shipment of high-end server casing and input devices (e.g. keyboard, mouse, and other peripherals), thereby gaining a larger market share. In addition to higher shipment of tablet peripherals, growth in all-in-one office machines have been driven by the success of new laser models. The total revenue for the IT product department as a whole continued to grow. Meanwhile, storage devices benefited from rising demand. The annual growth rate for revenue from gaming console related products was close to 10%.

As climate change worsens around the world, the frequency of extreme weather events such as droughts, floods, heat waves, and storms has increased significantly. 2015 was the hottest year on record. With respect to the Paris Agreement, major countries of the world promised and will be actively striving to achieve the targets of energy conservation and emission reduction. Lite-On is working on IoT applications in cloud computing, LED lighting, automotive electronics, biomedicine, and industrial automation as its response to climate change and the global campaign for energy saving and emission reduction. These are the same key areas for Lite-On's transformation that



**Warren Chen**  
CEO of Lite-On Group

are showing promising prospects of growth. Lite-On delivered a full list of achievements in 2015 as follows: Lite-On successfully launched data center grade power management systems that are designed to provide total solutions, including innovative, flexible power management, offsite backup, and remote surveillance for key infrastructures of cloud computing applications. Power consuming data centers will be able to use and manage power more effectively. Lite-On obtained European and U.S. certifications for specifications and technology for its proprietary electric car chargers. Both customer and installation numbers exhibit stable growth. With respect to LED lighting, Lite-On is not only a vehicle LED lighting provider of major auto manufacturers around the world, but has also actively invested in the development of LED integrated optical sensors. These sensors were successfully incorporated into new and exciting sensor applications, such as detection of heart rates, direction, ambient color, and gestures. As the development of self driving cars takes off, Lite-On's smart sensor modules will be implemented in a number of different driving scenarios.

In addition to developing new products in line with the energy saving and emission reduction trend, with respect to smart manufacturing, Lite-On, as a successful developer for 3D printing and scanning techniques, is the world's first supplier to mass produce mobile phone antennas manufactured via 3D printing. The antennas are used in smartphones made by large international companies. As the production process does not involve electro-plating and uses green, recyclable materials, environmental impact is significantly reduced, enabling the process to gain high customer acclaim and popularity. Meanwhile, Lite-On biomedicine has successfully broken into the global biomedicine market under its own brand skyla®. The company has developed automatic clinical

chemistry analyzers and glycohemoglobin analyzers. It has also announced in March 2016 that it will build its first overseas biotechnology R&D center in Singapore. The center will focus on research in the emergency and remote care markets. Lite-On's strength in product design and mass production will be combined to develop point-of-care products with competitive advantages. The company aims to provide more friendly and more flexible medical examination equipment in an increasingly variable environment.

### Lite-On Award encourages innovation and breaks down barriers between disciplines

Over the last 15 years, the Lite-On Award has become a stage that offers industrial design talent in the Chinese-speaking world an opportunity to utilize their creativity to the maximum. Amid ongoing trends in innovation and entrepreneurship, the 15th Annual Lite-On Award upheld the principle of innovation and encouraged innovations that broke down barriers between disciplines and connected with startup businesses. The themes of our corporate vision encompassed "Light, Power, Energy-saving" and "Intelligent Technology." The scale of the award was also expanded through the integration of resources from various sectors. In addition to the returning category of "Design Innovation", a new category, "Technology Innovation," was added for the first time to invite innovative designs not confined to any single discipline and to create a new stage for technological innovators on which they may showcase their team spirit, strengths, and abilities.

The 2015 award brought together makers that speed up the process of commercialization. The company also provided assistance to participating teams, enabling them to produce their prototypes with the help from FutureWard, the central workshop of makers, and the Centre of Woodwork Technology and Innovation (COWTAI). The company worked with Commonwealth Magazine at the beginning of the contest and provided free online learning and innovation courses for participants. The courses offered lessons from innovation to creation and from realization to venture assessment upon completion of the course projects. Resources from various sources are integrated to create a platform for diversity and open learning as well as shared learning and innovation. The category introduced for the first time, Technology Innovation, attracted 162 teams from all over Taiwan. The winning entries displayed high potential for commercialization. The design categories in total received more than 1,678 entries and teams from around the world.



## Social inclusion through education

In order to achieve the vision of social inclusion, Lite-On has identified four critical missions to guide its efforts: promotion of cultural variety, education and life-long learning, creative and professional talents, and sustainable products and environmental protection. 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. The Community Assistance team won the 2015 Social Education Public Service Award from the Ministry of Education and the 2015 Social Education Public Service Award from New Taipei City Government. In 2015, the foundation's services benefited a total of 16,634 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 36,211 people.

Lite-On's Taipei Xinyi Community College is the only community college in the country that is supported by a corporate-funded foundation. In 2015, the college offered 363 courses to more than 7,045 students, setting the highest record in 14 years. The 2015 Lite-On campaign "Historical Xinyi" has become part of the local community in the Xinyi District and a place for sharing culture and history. Cultural and historical data are being compiled into a contemporary anthology by the general public using relevant documents and historical records. Members of the Explore Xinyi Project of the Taipei Xinyi Community College have been gathering and searching through documents and making records in order to uncover new



stories of the city and reconnect people with the land upon which they live. Geographic tags are adopted as the preliminary approach to making a wide variety of knowledge easier to understand and to preserve.

### Transformation for sustainable competitiveness

The IT industries are quickly shifting from hardware manufacturing to big data, smart LED light, automobile electronics, biotech and healthcare, smart manufacturing and IoT. It has become necessary to integrate or replace existing industries. Similarly, the global economy is facing various forms of uncertainty. Lite-On, which has recently celebrated its 40th anniversary, is fully aware of the importance of identifying appropriate responses to challenges in the external environment while adhering to its commitment to corporate social responsibility.

For forty years, Lite-On has encountered many different challenges, but it has also been reaping the benefits of learning from the process of overcoming these challenges. We hope to turn the entrepreneurial spirit into part of our heritage and make Lite-On part of the positive influence in the society and a sustainable Taiwanese

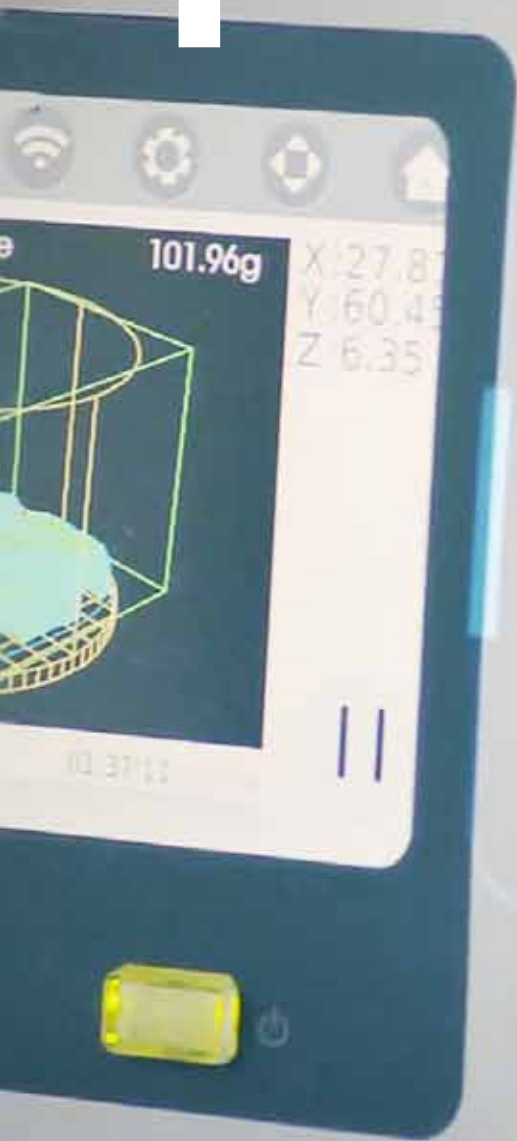


business. Looking forward, in addition to continuing to strengthen existing advantages in mass production and sound governance, Lite-On will enhance our R&D investments in new applications and develop sustainable growth capabilities in our various aspects of operation. The company aims to achieve transformation and upgrade and enable Lite-On to continue to undertake greater responsibilities and promises to the environment, the community and Lite-On's employees and shareholders. For all stakeholders who have trusted, supported or even taken part in Lite-On's sustainability philosophy over the years, whether as customers, suppliers, investors in the corporate value chain or industry partners, government units, NGOs, communities and schools, and as Lite-On employees, Lite-On would like to offer its most sincere gratitude and appreciation.

Chairman of Lite-On Group

Vice Chairman and 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 citizen 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.

<http://www.liteon.com/Page.aspx?id=1c929226-a50c-4043-873a-e2ba07536ea9>

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.





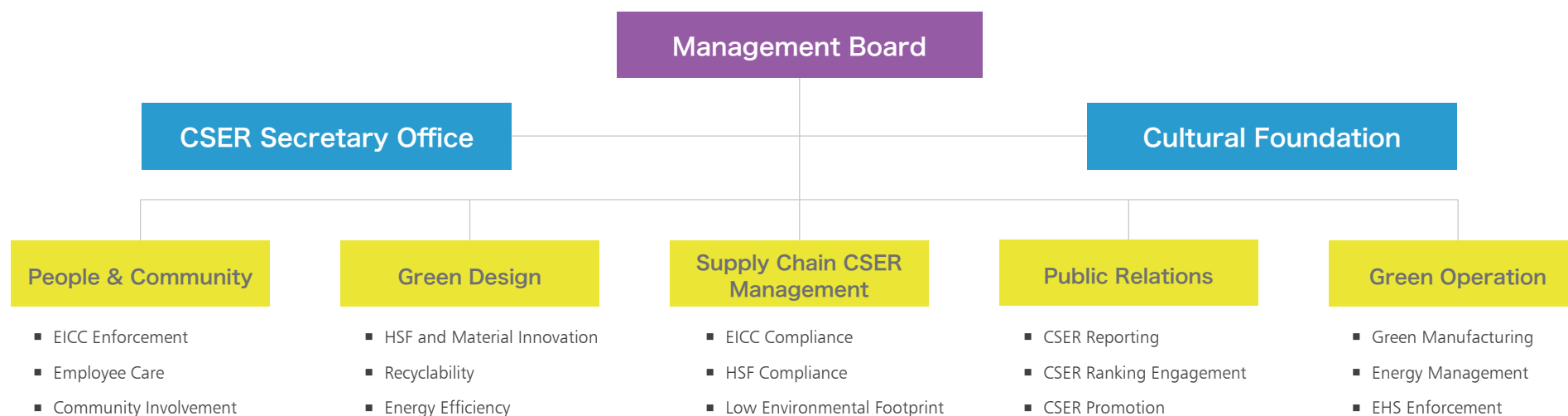
### 1.1.1 Lite-On CSER Committee

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; both Group Chairman and Group CEO are members of BOD (Board of Directors), and the discussions of important CSR issues such as corporate governance ranking, sustainable technologies and products strategy coping with climate change were included into BOD Meeting by Group CEO.

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.



## 1.2 Identification of Stakeholders

### 1.2.1 Analysis of Materiality

Being able to communicate effectively with stakeholders is the key to developing a sustainable business. It is important to be able to identify stakeholders who are critically connected to the company's operations among the many others. It is equally important to identify and prioritize issues the stakeholders concern. Lite-On worked with a number of scholars (Hsu et. al., 2013note) to develop the Materiality Analysis Process to identify sustainability issues that stakeholders are most concerned/interested about. Results of this analysis provided us with the foundation to structure our report in a way that facilitates effective communication with different stakeholders. This methodology is based on a study and involves five major steps. The process is conducted in a three-year cycle, accompanied by correlation tests that examine the survey results returned by stakeholders.



Note: Chia-Wei Hsu, 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. Upon thorough discussion by internal expert's team, the company aims to attain the seven communication goals below through CSR Report information disclosure.

- Improvement of Lite-On's energy conservation, CO2 reduction, and environmental protection efforts
- Improvement of Lite-On's risk management abilities
- 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 NGOs

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 Sustainability Reporting Guidelines 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 sustainability reports, and employee satisfaction.

## The 23 issues concerned by Lite-On's stakeholders

Item	Dimension	Major Factors to Consider	Description	Corresponding chapter	Page
1	Economic	Corporate governance (Governance, ethics and integrity, marketing presence)	Composition and function of the board of directors, audit practices, directors' and supervisors' shareholding positions etc	2.2 Corporate Governance	39
2	Economic	Financial performance (Economic benefits)	Revenue, expenses and profits	2.1.2 Business Performance and Outlook	34
3	Economic	Risk management (Investment, legal compliance)	Corporate risk management structure, analysis and control of risks etc	2.2.9 Corporate Risk Management	55
4	Economic	Communication with stakeholders (Grievance system for environmental issues, grievance system for labor issues, grievance system for human rights issues, and grievance system for social impact)	Methods by which the company communicates with stakeholders and the results	1.2 Identification of Stakeholders 2.2.8 Anti-corruption	15 50
5	Economic	Code of conduct (Ethics and integrity, grievance system for environmental issues, grievance system for labor issues, investment, grievance system for human rights issues, anti-corruption, anti-competitive behavior, legal compliance, grievance system for social impact issues, responsible purchasing (conflict minerals))	Establishment of a code of conduct (e.g. anti-corruption, confidentiality rules), policies and violation status etc.	2.2.8 Anti-corruption	50
6	Economic	Customer relations management (Customer health and safety, product and service labeling, marketing communication, customers' privacy, and legal compliance)	Customer satisfaction, problem-solving procedures, and quality management	3.10 Customer Service and Satisfaction	93



## The 23 issues concerned by Lite-On's stakeholders

Item	Dimension	Major Factors to Consider	Description	Corresponding chapter		Page
7	Economic	Innovation management (Research and innovation (products))	Innovation involving products, production processes, social engagement, and environmental protection	3.5	Green Product Design	79
				3.9	Green Factory	91
				3.10	Customer Service and Satisfaction	93
8	Economic	Supply chain management (Procurement practices, product or service supplier environmental assessment, labor practice assessment for suppliers, human rights assessment for suppliers, social impact assessment for suppliers, responsible purchasing (conflict minerals), and supplier training)	Policies, standards (e.g. green procurement, EICC), practices, and progress on supply chain management	3.11	Supply Chain Management	96
9	Environmental	Environmental policy/Management system (Raw materials, energy, water, legal compliance, overview)	Environmental protection policies, quantitative and qualitative information, auditing and tests etc	3.1	Lite-On's Green Commitment	61
10	Environmental	Carbon management (Energy, emission)	Carbon management policies, reduction of carbon emission intensity, R&D of low-carbon products etc	3.2	Responses to Climate Change and Global Warming	65
				3.3	Reducing Greenhouse Gases	68
11	Environmental	Green product management (Raw materials, energy, water, emission, product and service transportation, product and service labeling, and research and innovation (products))	Green product design, life cycle and impact assessment, declaration of environmental friendliness etc	3.5	Reducing Greenhouse Gases	79
12	Environmental	Hazardous substances (Products and services, emission, and legal compliance)	Management of hazardous substances used in products and production processes	3.6	Restriction on the Use of Hazardous Substances	83

## The 23 issues concerned by Lite-On's stakeholders

Item	Dimension	Major Factors to Consider	Description	Corresponding chapter		Page
13	Environmental	Water resource management (Water and legal compliance)	Water usage, suppliers' water resource management, water life cycle of products manufactured etc	3.4	Water Resource Management	77
				3.11	Supply Chain Management	96
14	Environmental	Environmental performance (Energy, water, emission, and legal compliance)	Statistics on energy consumption, greenhouse gases, air quality etc	3.3	Reducing Greenhouse Gases	68
				3.4	Water Resource Management	77
15	Social	Workforce indicators (Marketing presence, labor employment relations, employer-employee relations, diversity and equality in employment, and equal remuneration for different genders)	Workforce indicators, employee complaints and resolution, commitment to labor regulations etc	4.1	Employee Policy	102
				4.4	Protection of Interests	121
				4.5	Employee Relations	125
16	Social	Human resource development (Training and education, anti-corruption, and staff communication enhancement)	Human resource indicators, organized learning and development etc	4.3	Employee Development and Training	112
17	Social	Talent recruitment and retention (Marketing presence, labor employment relations)	Employee performance appraisal, remuneration and reward systems etc	4.4	Protection of Interests	121
18	Social	Corporate citizenship and philanthropy (Charity)	The company's strategies for charity and social engagement, type of charity events involved, resources committed etc	5.	Lite-On and Society	138
19	Social	Occupational safety and health (occupational health and safety)	Statistics on disabling injuries, frequency of occupational illness, death etc	4.6.3	Occupational Safety and Health	132

## The 23 issues concerned by Lite-On's stakeholders

Item	Dimension	Major Factors to Consider	Description	Corresponding chapter		Page
20	Social	Employer/employee relations (employer-employee relations)	Employer-employee communication, employee satisfaction surveys etc	4.5	Employee Relations	125
21	Social	Employee welfare (employer-employee relations, equal remuneration for different genders)	Employee health promotion activities and results	4.4	Protection of Interests	121
				4.6	LOHAS Lite-On	129
22	Social	Talent training and education (Investment, education and training)	Training programs, execution and results	4.3	Employee Development and Training	112
23	Social	Human rights (investment, prohibition against discrimination, freedom of association and collective bargaining, child labor, forced labor, security, indigenous rights, assessments, human rights assessment for suppliers, grievance system for human rights issues)	Gender and ethnic discrimination etc	4.2	Employee Overview	104

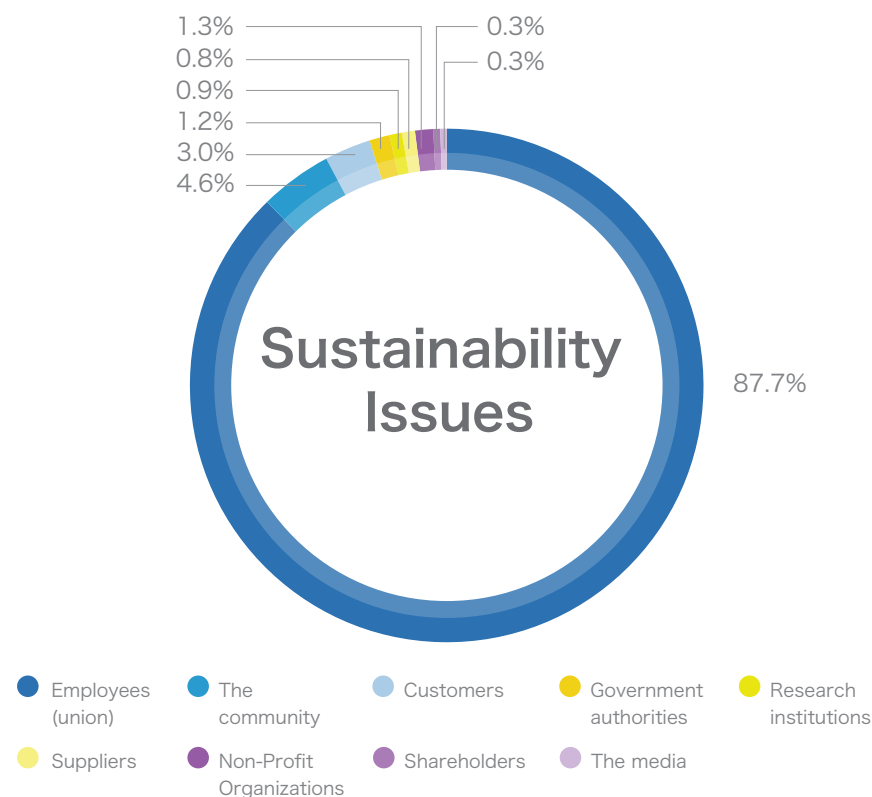
## Step 2: Identification of stakeholders

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



## Step 3: Compilation of sustainability issues

The 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 establish key tasks in the sustainability campaign and to provide a disclosure basis. The questionnaire was conducted from January 2016 through March 2016. Lite-On received 2,065 valid responses. The percentage of each stakeholder category to be engaged is shown below.





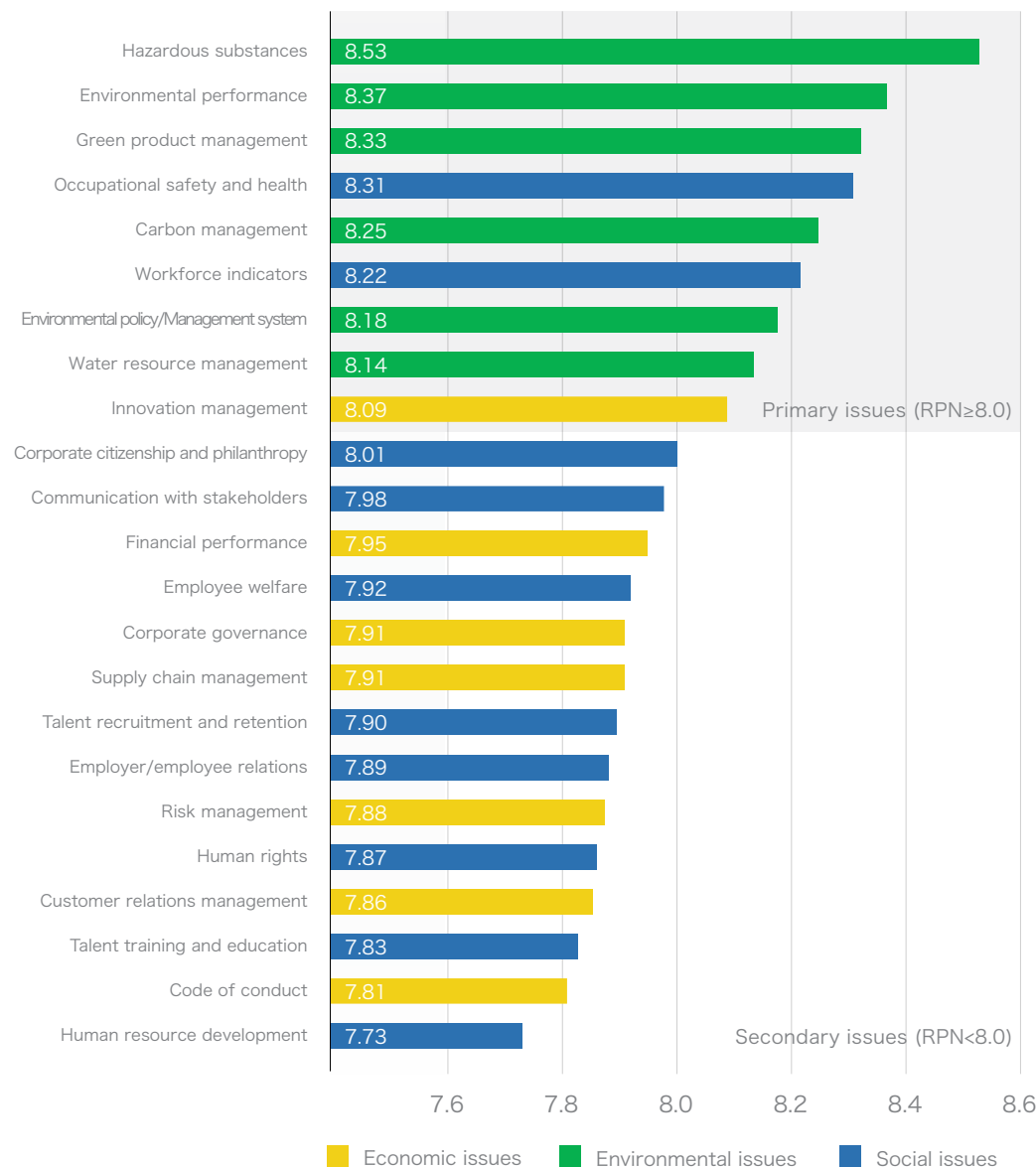
## Step 4: Analysis of the materiality of each issue

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."

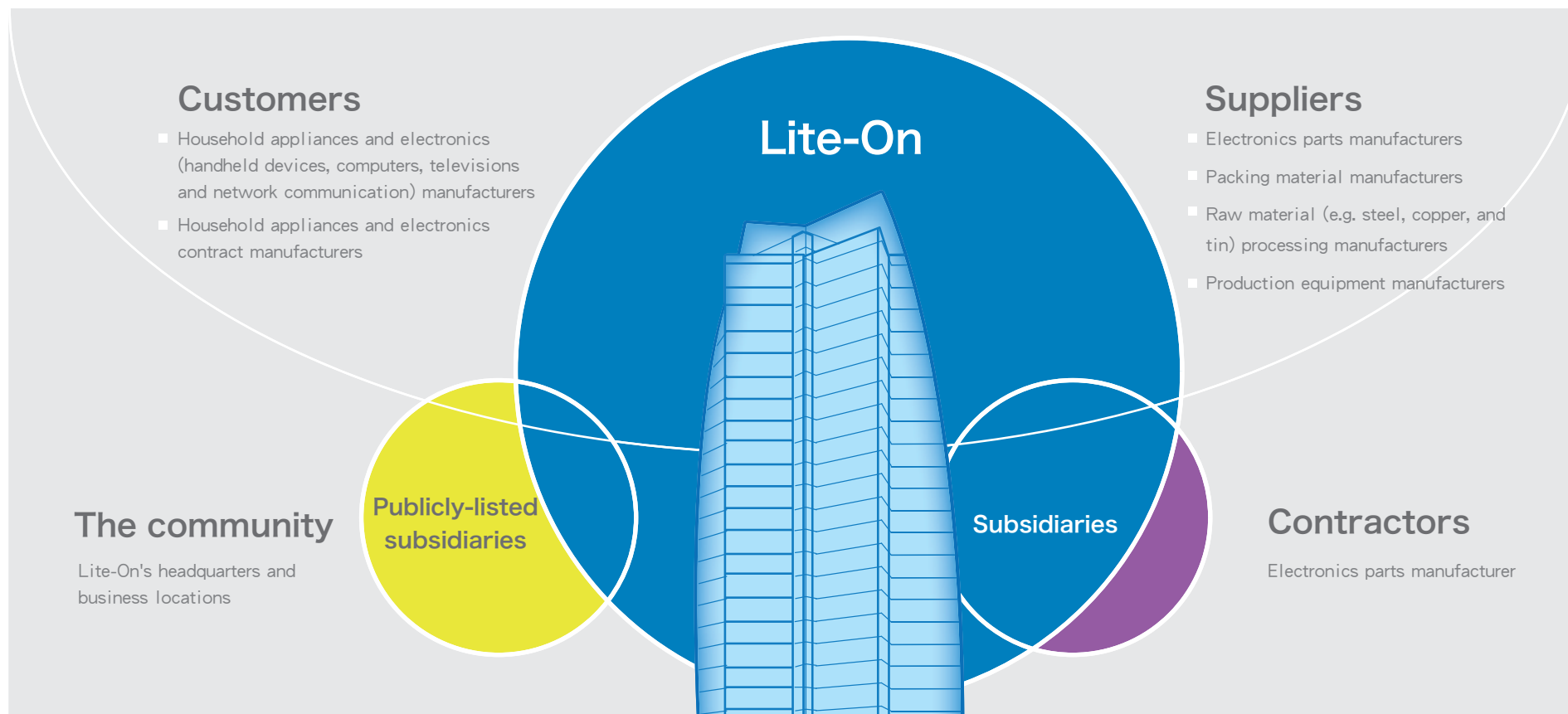
## Step 5: Review and conclusion

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 each criterion is scored and weighed; 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, herein listed in order of importance: "Hazardous substances," "Environmental performance," "Green product management," "Occupational safety and health," "Carbon management," "Workforce indicators," "Environmental Policy/Management System," "Water resource management," "Innovation Management," and "Corporate citizenship and philanthropy." These are the key topics in Lite-On's communication with its stakeholders, and areas where the company will focus on improvement.



## 1.2.2 Lite-On's Value Chain with Report Scope and Boundaries



■ Within the organization ■ Outside of the organization

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.

Concerns and Issues			Parties concerned				
			Within the organization	Outside of the organization			
				Suppliers (raw materials)	Contractors (manufacturers)	Customers	The community
Hazardous substances	Products and services, emission, and compliance	Environmental concerns	●	●	●		
Environmental performance	Energy, water, emission and	Environmental concerns	●				
	Legal and regulatory compliance		●	●	●		
Green product management	Raw materials, energy, water, emission, product and service transportation, product and service labeling, and research and innovation (products)	Environmental concerns	●				
Occupational safety and health	Occupational health and safety	Social concerns	●	●	●		
Carbon management	Energy, emission	Environmental concerns	●				
Workforce indicators	Marketing presence, labor employment relations, employer-employee relations, diversity and equality in employment, and equal remuneration for different genders	Social concerns	●				
Environmental Policy/ Management System	Raw materials, energy, water, and overview	Environmental concerns	●				
	Legal and regulatory compliance		●	●	●		
Water resource management	Water, emission, compliance	Environmental concerns	●	●	●		
Innovation Management	(Research and innovation (products))	Financial concerns	●				

Concerns and Issues			Parties concerned				
			Within the organization	Outside of the organization			
				Suppliers (raw materials)	Contractors (manufacturers)	Customers	The community
Corporate citizenship and charity works	Public policies, charity	Social concerns	●				
Communication with stakeholders	Grievance system for environmental issues, grievance system for labor issues, grievance system for human rights issues, and grievance system for social impact	Financial concerns	●				
Financial performance	Economic benefits	Financial concerns	●				
Employee welfare	Employee welfare	Social concerns	●				
Corporate Governance	Governance, ethics and integrity, marketing presence	Financial concerns	●				
Supply chain management	Procurement, product or service supplier environmental assessment, labor practice assessment for suppliers, human rights assessment for suppliers, social impact assessment for suppliers, responsible purchasing (conflict minerals), and supplier training	Financial concerns	●	●	●		
Talent recruitment and retention	Talent recruitment and retention (marketing presence, labor employment relations)	Social concerns	●				
Employer/employee relations	Employer/employee relations	Social concerns	●				



Concerns and Issues			Parties concerned				
			Within the organization	Outside of the organization			
				Suppliers (raw materials)	Contractors (manufacturers)	Customers	The community
Risk management	Investment, compliance	Financial concerns	●				
Human rights	Investment	Social concerns	●				
	Prohibition against discrimination, freedom of association and collective bargaining, child labor, forced labor, security, indigenous rights, assessments, human rights assessment for suppliers, and grievance system for human rights issues		●	●	●		
Customer relations management	Customer health and safety, product and service labeling, marketing communication, customers' privacy, and compliance	Financial concerns	●				
Talent training and education	(Investment, education and training)	Social concerns	●				
Code of Conduct	Ethics and integrity, grievance system for environmental issues, grievance system for labor issues, investment, grievance system for human rights issues, anti-corruption, public policies, anti-competitive behavior, compliance, grievance system for social impact, responsible purchasing (conflict minerals)	Financial concerns	●	●	●		
Human resource development	Training and education, anti-corruption, and staff communication enhancement	Social concerns	●				

● Concerns that are material and disclosed
  Concerns that are material

### 1.2.3 Methods of Communication with Stakeholders

Audience	Issues and patterns of communication	Report		Communication channels	Communication frequency
		Chapter	Page		
Investors (shareholders)	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.	2.2	Corporate Governance	39	- Monthly business reports
		2.1	Company Overview	32	- Annual general meetings
		2.1.2	Business Performance and Outlook	34	- Quarterly investor conferences
					- Outsider mailbox
	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.				- Shareholder meetings: once a year
	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.				- Investor conferences: four times a year
					- 2015 Investor forums: 7 sessions

Audience	Issues and patterns of communication	Report		Communication channels	Communication frequency
		Chapter	Page		
Customers	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.	2.2	Corporate Governance	39	- Quarterly business review meetings
		4.2	Employee Profile	104	
	2. Annual satisfaction assessments and surveys are conducted according to customer requirements.	3.3	Reducing Greenhouse Gases	68	- Supplier meetings - Special-purpose meetings / teleconferences
		3.5	Green Product Design	79	
	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.	3.6	Restriction on the Use of Hazardous Substances	83	- Site visits - Ad-hoc meetings on urgent issues
		3.7	Main Raw Materials	84	
	4. Confidentiality measures have been implemented as requested by customers.	3.9	Green Factory	91	- Customer audits - The EICC-ON platform
		3.10	Customer Service and Satisfaction	93	
		3.11	Supply Chain Management	96	
Suppliers	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.	3.6	Restriction on the Use of Hazardous Substances	83	- Supplier training conferences - Supplier audits - Project meetings - Operational review meetings
		3.11	Supply Chain Management	96	
	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.				Yearly
	3. We hold vendor training activities on topics such as CSR, EICC requirements, and greenhouse gas reduction.				

Audience	Issues and patterns of communication	Report		Page	Communication channels	Communication frequency
		Chapter				
Employees (union)	<p>1. Union organizations that safeguard employee welfare have been formulated at all plant sites in Taiwan and China. Industry union committee meetings are held on a non-periodic basis.</p> <p>2. Lite-On has implemented employer-employee meetings in accordance with local laws and regulations to ensure employees' rights are fully protected by law.</p> <p>3. Regular meetings between business units are held to facilitate discussions and serve as a communication channel between employer and employees.</p> <p>4. Lite-On employees are able to promptly reflect relevant concerns through the channels provided within the company.</p>	4.5	Employee Relations	125	<ul style="list-style-type: none"> <li>- Union meetings</li> <li>- Employer-employee meetings</li> <li>- Business unit communication meetings</li> <li>- Hotlines and mailboxes</li> </ul>	<ul style="list-style-type: none"> <li>- Ad hoc (as needed)</li> <li>- Ad hoc (as needed)</li> <li>- Once a quarter</li> <li>- Ongoing</li> </ul>
Government authorities	<p>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.</p> <p>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.</p>	2.1.3	Membership in Groups and Associations	36	- Public policy hearings and discussions	CSER web page: Updated annually
		2.2	Corporate Governance	39	- Questionnaires and interviews	
		3.2	Responses to Climate Change and Global Warming	65	- Projects and proposals - Policy consultation meetings	



Audience	Issues and patterns of communication	Report		Communication channels	Communication frequency	
		Chapter	Page			
The media	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 ensuring the media obtain company right information.  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.	2.1	Company Overview	32	- Press conferences	- 2015 Press conferences:
		2.1.2	Business Performance and Outlook	34	- Press releases	10 times
		3.5	Green Product Designs	79	- Outsider mailbox	- 2015 News releases:
		3.9	Green Factory	91		34 releases
The community	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.  With regards to courses organized, the instructor will distribute feedback forms at the end of each session to understand degree of volunteer satisfaction. Communications with schools are established either through volunteers or directly via online platforms and telephone.  2. Xinyi Community College:  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.	5.1	Social Inclusion Policy	139	1. Community assistance	- Three times every half-year
		5.2.1	Community Assistance	142	- Foundation email	
		5.2.2	Promoting lifelong learning for adults: Building Taipei Xinyi Community College	145	- letterbox	- As needed
					- Social media webpage	
					- Course feedback form	
		5.3	Lite-On Volunteers	151		- Once every half-year
					2. Xinyi Community College	
					- Course satisfaction surveys	- Once every half-year
					- Instructors' meetings	- Once every half-year
					- Volunteers' meetings	- Once every quarter

Audience	Issues and patterns of communication	Report		Communication channels	Communication frequency	
		Chapter	Page			
Research institutions	The company actively engages research institutions in productive interaction. The means through which it communicates with academia includes: 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.	5.1	Social Inclusion Policy	139	- Industry-academia collaboration - Project meetings - Questionnaires and interviews	CSER forums are held with the academia and research institutions on an irregular basis
		3.5	Green Product Designs	79		
		5.4	Supporting internship	153		
		5.5	2015 Lite-On Award	154		
Non-Profit Organizations	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.	2.1.3	Membership in Groups and Associations	36	- Membership associations - Event participation	Union meetings: quarterly



# 2 Development of Corporate Operations





## 2.1 Company Overview

Company name	Lite-On Technology Corporation
Date of Establishment	1975
Headquarters	Taipei, Taiwan
2015 revenue	NTD216.93 billion (global consolidated)
2015 EPS	NT\$3.11
2015 total employees	54,382
Stock code	2301

Founded in 1975, Lite-On embraces 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, cloud computing 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 focusing 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.

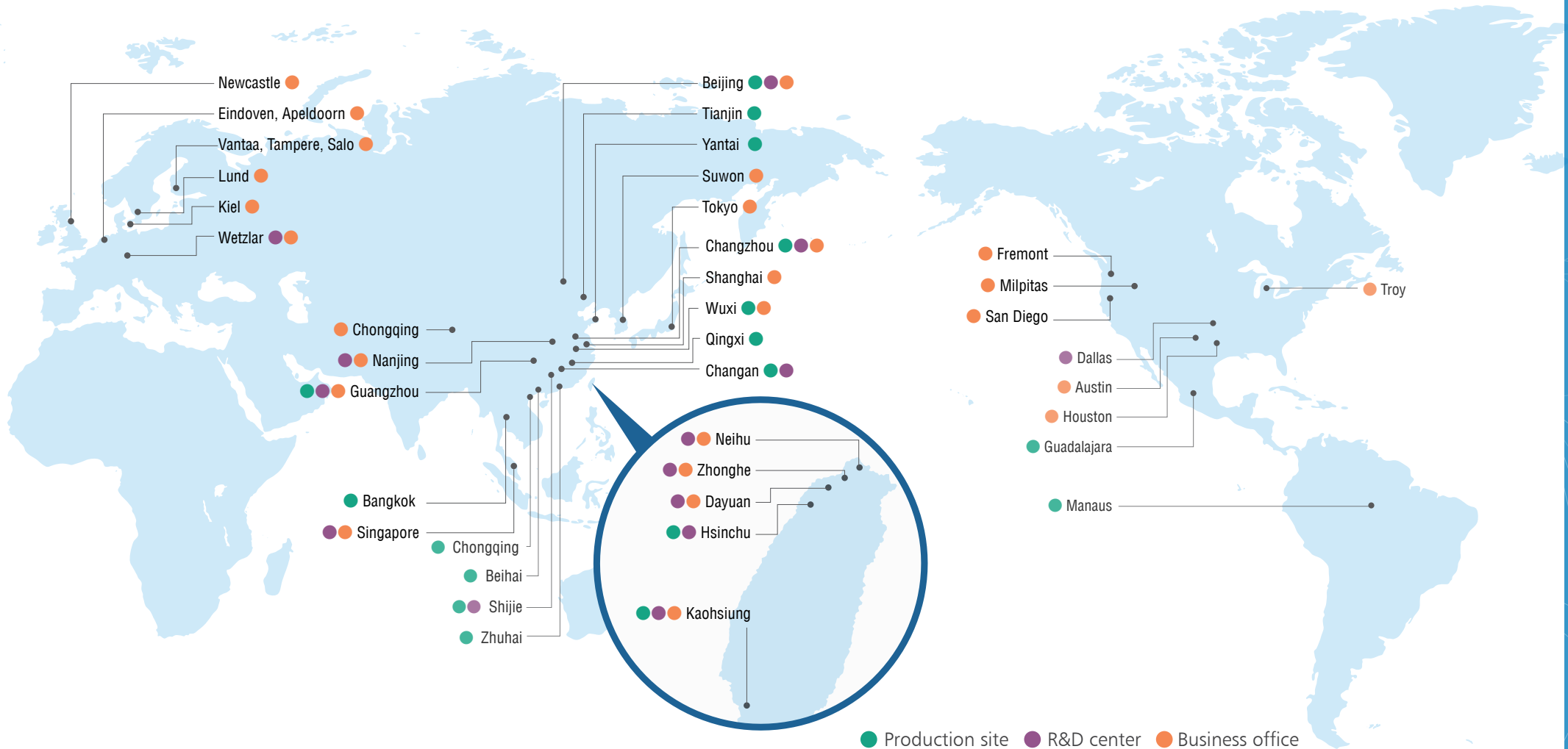
In recent years, Lite-On has been shifting its production focus from IT and communication towards IOT (Internet of Things) applications such as cloud computing, LED lighting, automotive, biotech, and industrial automation. Its current business focuses are aligned with the world's most prominent trends 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

For information of Lite-On's products and development, please refer to following company webpage:

<http://www.liteon.com/page.aspx?id=c0c0b83c-5179-4c10-baf1-9181d82947f5>



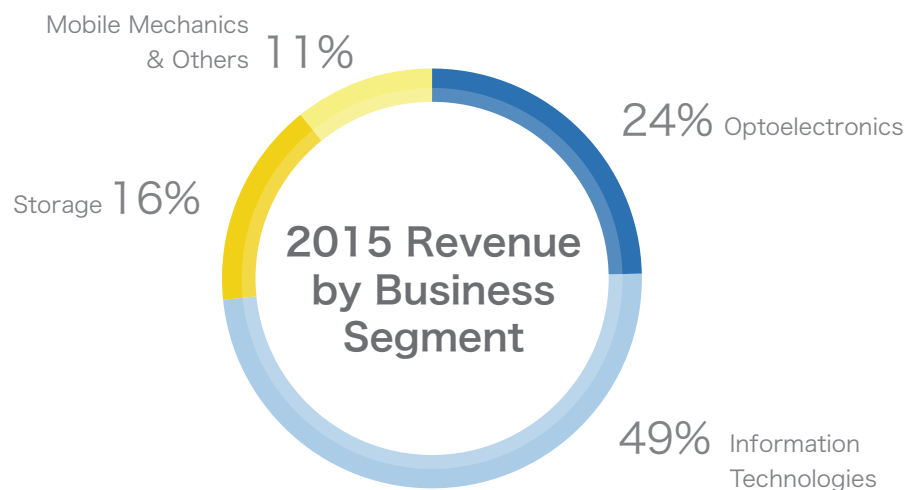
## 2.1.1 Lite-On's Major Operations Centers Worldwide 2015



● Production site ● R&D center ● Business office

## 2.1.2 Business Performance and Outlook

In 2015, thanks to market growths from Power Management Systems for cloud computing, Opto-electronics for LED lighting, Gaming and Mobile applications, Lite-On's annual consolidated sales were NT\$216.9 billion, and the gross margin and operating margin were 13.0% and 4.0%, increased by 0.8%Y-o-Y and 0.9% Y-o-Y respectively. The net profits were 7.22 billion with EPS of NT\$3.11, up 12% Y-o-Y.



Lite-On's core businesses showed stable development in 2015, and revenue of non-traditional PC related products contributed over 60% share of Lite-On's overall revenue, of which Opto-electronics accounted a 24% share of total sales, resulting from increased demand of LED components and vehicle lighting,

consumer electronics and mobile applications, as well as ongoing market share gains driven by delivery growths of high-end camera modules for smartphones. The Information Technologies business segment accounted for 49% of total revenue, of which Power Systems' annual revenue hit a record high in 2015, 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 delivery growths in HIS (Human Input Solutions - PC Keyboards and Peripherals) as well as increased shipments in Multi-Function Peripheral laser models, resulting in a yearly growth of 2% in IT segment.

Storage business accounted for 16% of revenue. Thanks to increased demand, game console application products achieved a revenue growth of approximately 10% Y-o-Y.



Unit: million NTD

	2015	2014
<b>Net Sales</b>	216,929	230,632
<b>Gross profit</b>	28,141	28,248
Gross profit margin	13.0%	12.2%
<b>Operating profit</b>	8,653	7,126
Operating profit margin	4.0%	3.1%
Non-operating income/(expenses)	1,354	622
<b>Profit before tax</b>	10,007	7,748
Profit before tax margin	4.6%	3.4%
<b>Income tax expenses</b>	2,694	2,071
Income tax rate	26.9%	26.7%
<b>Net profit after-tax</b>	7,223	6,461
<b>After-tax earnings per share</b>	3.11	2.78

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 2015 annual report published on the company's website [www.liteon.com](http://www.liteon.com)
3. Refer to page 3 of Lite-On's 2015 Consolidated Financial Statements for information on liabilities and shareholders' equity
4. Refer to page 3 of Lite-On's 2015 Consolidated Financial Statements information on retained earnings.
5. The numbers of 2014 are different from the ones in 2014 CSR report due to calculation base adjustment to be as same as 2015 financial report.

In 2016, Lite-On is committed to focusing on profitability optimization through the continuous enhancement on resources integration and operational efficiency in cloud computing, LED components & lighting, and mobile device related products as the profitable growth drivers, while aggressively expanding into the five major IOT (Internet of Things) applications, such as cloud computing, LED lighting, automotive electronics, biomedical, as well as industrial automation.

### 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.

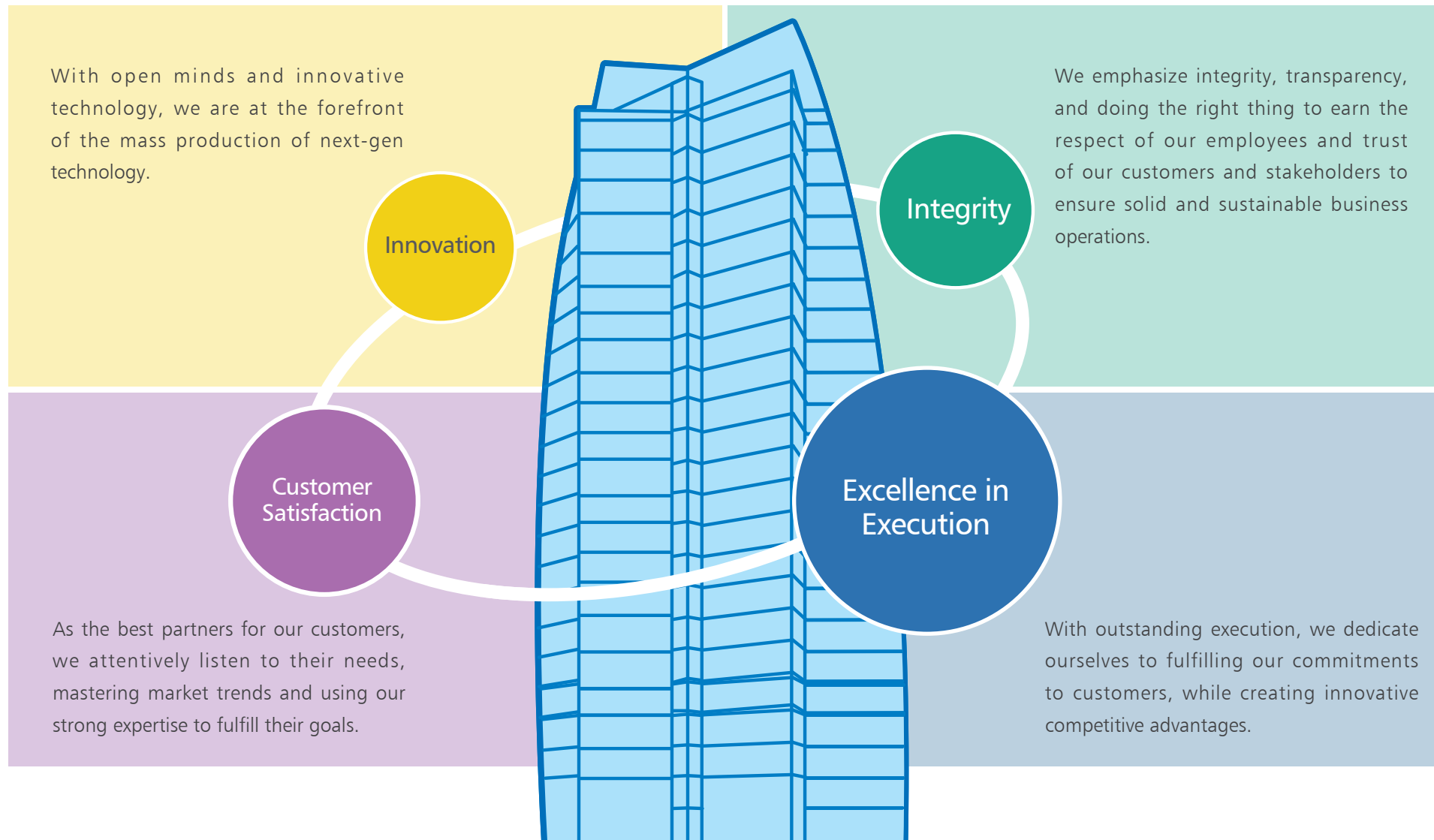
Name of Association / Organization	Member	Positions
Digital Living Network Alliance (DLNA) HIGH-DEFINITION MULTIMEDIA INTERFACE	V	
Institute of Information Industry	V	
ISA(International Solid State Lighting Alliance )	V	
Photonics Industry and Technology Development Association	V	
IPC Association Connecting Electronics Industries	V	
Zhaga Consortium	V	
Taiwan Semiconductor Industry Association	V	
Chinese International Economic Cooperation Association	V	
Business Council for Sustainable Development of Taiwan (BCSD-Taiwan)	V	Permanent member
Taipei Computer Association	V	Executive Director
Taipei Neihu Technology Park Development Association	V	Director
Taiwan Corporate Sustainability Forum	V	
Taiwan Electrical and Electronic Manufacturers' Association	V	Director

Name of Association / Organization	Member	Positions
The International Commission on Illumination	V	
Taiwan Optoelectronic Semiconductor Industry Association, TOSIA	V	
Taiwan Thermal Management Association	V	
Taiwan Medical and Biotech Industry Association	V	
Taiwan Lighting Fixture Export Association	V	
Taiwan information Storage Association	V	Director
China Solid State Lighting Alliance	V	
Anti-Static Equipment Branch of China Electronic Instrument Industry Association	V	
Electronics & Communications Association of Guangzhou (Development District)	V	
Jiangsu Association for Quality	V	



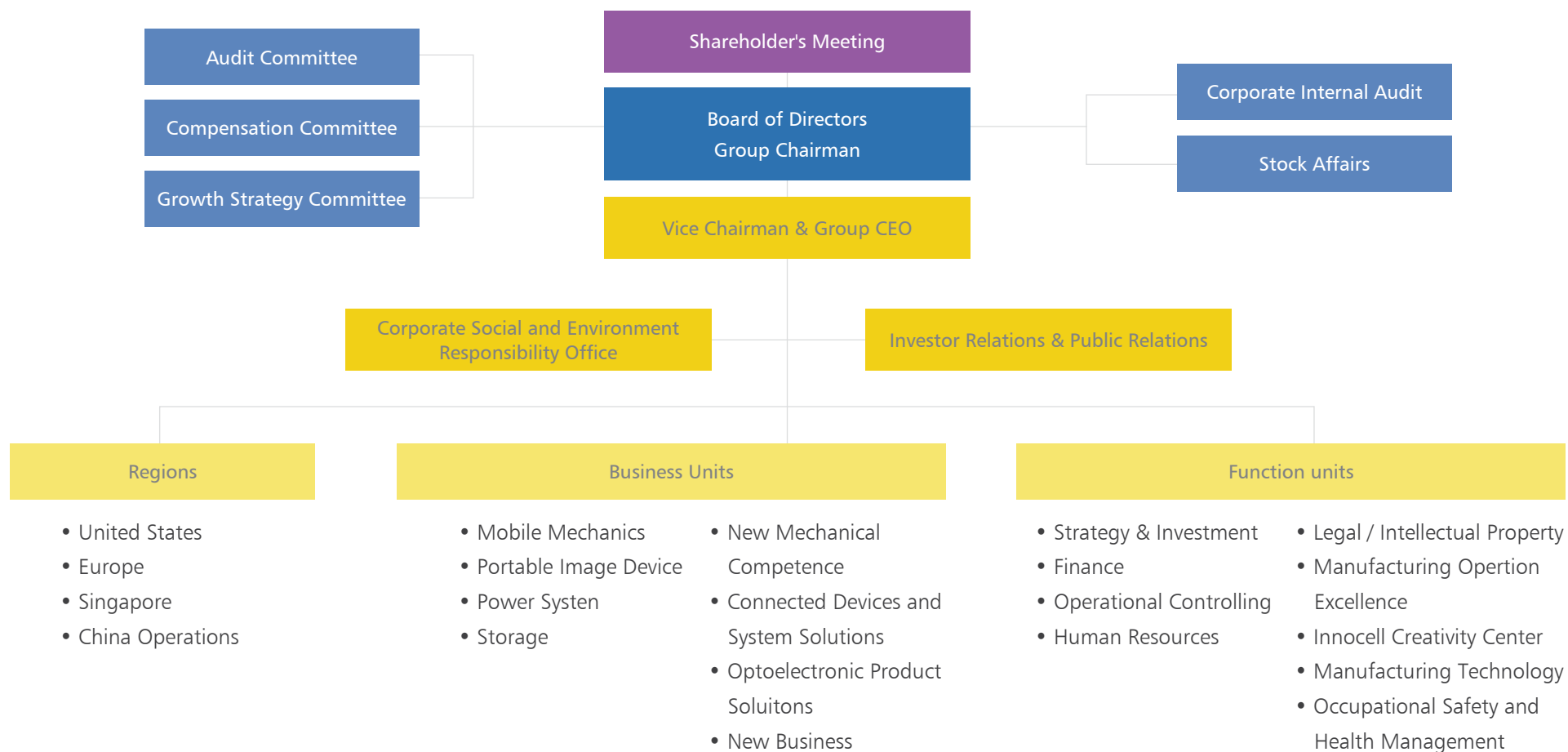
### 2.1.4 Lite-On Corporate Values

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.



## Responsibilities and Functions

Departments	Responsibilities and Functions
Corporate Internal Audit	To facilitate the board of directors and the management to check and evaluate the effectiveness of internal controls; to provide timely recommendations for improvement to help the company achieve internal control targets; to ensure the continuity of implementation; and to provide a basis for review and modification of the internal controls system.
Stock Affairs	To process shareholders' applications to open accounts, transfer accounts, and make inquiries and information changes; and to prepare details of the shareholders meeting, dividend distribution, capital increase by stock and shareholder.
Investor Relations/Public Relations	To connect the company with investors, the media, and the general public and to effectively convey the company's business philosophy, latest news, and information on its CSR practice to external parties. To keep investors updated on material information regarding the company's finances and operations and to reinforce a positive corporate image.
Strategy and Investment	<p>The strategic investment department assists the CEO and the business unit heads.</p> <ul style="list-style-type: none"> <li>- To evaluate strategies for new businesses and to gather market information and analyze competitors and other key information in order to provide a basis for decision making.</li> <li>- To exercise due diligence when evaluating external investments and to perform preliminary inspection for mergers and acquisitions as well as subsequent execution and post-investment management.</li> <li>- To regularly review the group's strategies and the progress on related projects.</li> </ul>
Finance	To provide professional finance services and enhance profit growth for the divisions, to establish rigorous risk controls, to increase transparency of the company's operations in good faith, and to effectively execute the finance plans in order to protect the shareholders' rights.
Operational Controlling	To oversee the analysis and management of the company's overall business performance, to combine areas of specialization across departments serving similar functions, and to integrate resources in different business units in order to support and enhance business performance of individual business units and achieve annual targets.
Human Resources	As part of the company's strategic development, strategies for the organization and human resources are planned and executed to facilitate continuing improvement and training for the company's human assets and to ensure sustainable development. Performance management and training policies and regulations are established to enhance the organization's performance and core competencies. Labor health and safety policies are designed to provide employee human resource services and to create a better employer-employee relationship.

Departments	Responsibilities and Functions
Legal/Intellectual Property	<ul style="list-style-type: none"> <li>- To be responsible for handling contracts, disputes, litigation, mergers and acquisitions, and intellectual property rights related legal affairs and to manage legal risks. To provide compliance guidelines and risk management measures to facilitate business decisions and to direct and coordinate external attorneys, when necessary, in order to ensure the company's compliance and increase the company's operating income from legal affairs.</li> <li>- To be responsible for application and maintenance of patents, trademarks and other intellectual property rights and to make plans for and utilization of the company's intellectual property rights. To increase the value of the company's intangible assets through strategic management of intellectual property rights.</li> </ul>
Manufacturing Operation Excellence	To coordinate and integrate effective utilization of the company's resources, to facilitate improvement of quality, yield and efficiency, to optimize operating costs, and to enhance the company's core competencies.
Innocell Creativity Center	To combine industrial designs, user interface designs, and human resources for mobile app R&D within the group in order to create an innovation oriented design team that will assist the business units to develop innovative products at a faster rate. The center has won more than 40 international industrial design awards since its creation. The center will continue to promote and strengthen the company's core competencies in innovation and design.
Manufacturing Technology	To be responsible for improving production technology, developing new production processes, and facilitating automation in the plants in order to achieve differentiation between the company's core manufacturing competencies and those of its competitors.
Occupational Safety and Health Management	<ul style="list-style-type: none"> <li>- To promote government policies and perform CSR related tasks.</li> <li>- To formulate, plan, oversee, and promote health and safety related matters and to supervise implementation in the departments.</li> <li>- To promote health and safety training and on-the-job training and to raise awareness of occupational health and safety in the workplace.</li> <li>- To perform health and safety inspections and assessments in order to ensure workplace safety for all employees and achieve the goal of zero accident and a safe workplace.</li> </ul>
Corporate Social Responsibility Committee	To be responsible for determining annual CSR goals in economic, environmental, and social engagement aspects, as well as supervising accomplishment of the set goals and directing Lite-On towards realizing its visions.
Business Groups	The main business activities for the business units are performing the company's operations, such as product development, design, manufacturing, sales, and planning for the future.
Regions	To be responsible for exploring opportunities in overseas markets and provide a complete line of services and technical support.

### Lite-On's corporate governance milestones:

1. In 2007, the company introduced the role of independent director to replace supervisors, and established its first Audit Committee. In 2008 and 2010, a Compensation Committee and a Growth Strategic 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](http://www.liteon.com))
3. The company will continue to pursue sound corporate governance and the transparency, timeliness, and fairness of financial information disclosure. In 2015, Lite-On was rated A++ by the Securities and Futures Institute during its Information Disclosure Evaluation. Meanwhile, In 2016, Lite-On was rated top 5% in Corporate Governance Evaluation arranged by Taiwan Stock Exchange (TWSE).
4. In 2015, Lite-On's IMG site at Guangzhou and AE site at Kaohsiung both obtained Product Liability Insurance AAA Certification from ACE Group, the world's most creditworthy certifier. So far, twelve of the company's plant sites have obtained Product Liability Insurance AAA Certification, and Lite-On has set a goal for all plant sites to obtain AAA certification.

Lite-On's Board of Directors, Audit Committee, Compensation Committee and Growth Strategic Committee perform their duties in accordance with the "Board of Directors Meeting Rules," "Audit Committee Organizational Rules," "Compensation Committee Organizational Rules," and "Growth Strategic Committee Organizational Rules."



### 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](http://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](http://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	
	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.	Male
	C.H. Chen, Representative of Yuan Pao Development & Investment Co., Ltd.	
	David Lee, Representative of Yuan Pao Development & Investment Co., Ltd.	
Independent Directors	Kuo-Feng Wu, Harvey Chang, Edward Yao-Wu Yang	

According to Lite-On's "Board of Directors Meeting Rules," board meetings are held at least once every quarter. A total of eight board meetings were held in 2015.

### 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 Audit Officer reported to the Audit Committee on the establishment and amendment to the internal control system.
2. The Chief Audit Officer reported to the Audit Committee on the conduct of internal audits and the findings.
3. The Chief Audit Officer reported to the Audit Committee on the annual audit plan and the implementation of the plan.

4. The Chief Audit Officer reported to the Audit Committee on the findings of each audit and the tracking of corrective actions and preventive actions.
5. The Chief Audit Officer provided information on the addition or amendment of laws governing securities and exchange to the Audit Committee.
6. The Chief Audit Officer presented to the Audit Committee the report on the conduct of special audits prescribed by the committee and the findings.
7. Before year start, the certified public accountants reported to the Audit Committee the valuation of independent, annual service contents and compensation.
8. The certified public accountants reported to the Audit Committee on the planning, implementation, and result of each period of the year.
9. The certified public accountants reported to the Audit Committee on the quarterly and the annual external audits.
10. The certified public accountants reported to the Audit Committee on newly established statement of financial accounting standards and related laws on securities and exchange any time as needed.
11. The certified public accountants reported to the Audit Committee in time when special issue occurs (no special issue occurred in 2015).

According to Lite-On's "Audit Committee Organizational Rules," the Audit Committee meets at least once every quarter. A total of eight Audit Committee meetings were held in 2015.

### 2.2.3 Compensation Committee

**Chairperson:** Independent Director Harvey Chang

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

The Compensation Committee was established in 2009 to strengthen corporate governance and align the company with international practices. The Compensation Committee has been authorized by the board of directors to supervise, review and decide the company's compensation policies. It was the first Compensation Committee in Taiwan to be granted powers second only to those of the board of directors among publicly-listed companies at that time, something which soon became norm for all local companies.

Duties of the Compensation Committee extend beyond employees' incentives and bonuses, to cover performance appraisals and remuneration of directors and executive managers as well. Lite-On's Compensation 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 Compensation Committee reviews the company's remuneration policies and plans on a regular basis to ensure that they sufficient to attract, motivate and retain talent. The committee reviews the performance and remuneration of directors, the CEO and managers, and evaluates employee bonuses on a yearly basis. To ensure that its compensation packages reasonable and competitive as a whole, the company regularly invites professional consultants to conduct overall comparison and analysis of the company's compensation packages and market rates. The results are duly submitted to the Compensation Committee.

Remuneration of directors, Lite-On's highest level of governing body, is distributed according to the duties and independence of the directors and the duties associated with serving concurrently as the committee chairman. Furthermore, the total amount paid to the directors is linked to business performance by a percentage and subject to a maximum. The amount will be reviewed by the Compensation Committee, and may not be implemented without the board's approval.

According to Lite-On's "Compensation Committee Organizational Rules," the Compensation Committee convenes at least once every six months. A total of two Compensation Committee meetings were held in 2015.

Region	Ratio of highest compensation to the median (**) (time(s))	Ratio of salary increase for highest compensation to the median (time(s))
Taiwan (*)	22	1.1
Brazil	15	0.9
China	8	1.02
Thailand	4	1

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

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

Note China Statistics are derived from major plants based in Dongguan/Guangzhou/Changzhou/Beihai/Tianjin.

## 2.2.4 Growth Strategic Committee

Chairperson: Independent Director Edward Yao-Wu Yang

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

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

The scope of responsibility of Lite-On's Growth Strategic 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 Strategic Committee meetings were held in 2015.

## 2.2.5 List of Major Shareholders

April 26, 2016

Name of major shareholder	No. of shares held	Shareholding percentage
1. Ta-Rong Investment Co., Ltd.	82,490,995	3.53%
2. Raymond Soong	78,908,736	3.38%
3. Fubon Life Insurance Co., Ltd.	67,808,623	2.90%
4. Nan Shan Life Insurance Company Ltd.	67,199,519	2.88%
5. Capital Securities Nominee Limited	64,862,783	2.78%
6. Ta-Sung Investment Co., Ltd.	46,854,554	2.01%
7. Ming-Hsing Investment Co., Ltd.	45,179,843	1.93%
8. Citibank Taiwan as trustee of for Investment Account of GIC Pte Ltd. (Singapore)	39,804,898	1.70%
9. Yuan Pao Development & Investment Co., Ltd	39,277,570	1.68%
10. GMO Emerging Markets Fund	36,281,836	1.55%
11. Government funds and shareholders		
- Labor Insurance Fund	33,439,332	1.37%
- Service Pension Fund Supervisory Board	35,801,605	1.55%
- New Labor Pension Fund	31,064,703	1.35%
- Department of Government Employees Insurance, Bank of Taiwan	3,951,347	0.17%
- National Annuity Fund	16,410,591	0.71%
- Chunghwa Post Co., Ltd	5,919,119	0.26%
Total shares held by government funds and shareholders	595,256,054	5.41%



## 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 after-tax profit at final accounting shall be used to compensate cumulative losses (including adjusted undistributed earnings) while 10% of after-tax profit shall be allocated as statutory reserve according to the law, except when the cumulative statutory reserve has reached the company's paid-in capital. The balance shall then be used to allocate or reverse the special reserve according to the law or regulatory requirements. The board of directors will prepare an earnings distribution proposal for any remaining balance, combined with the undistributed earnings at the beginning of the period (including adjusted undistributed earnings). The proposal will be submitted for the approval of the shareholders meeting before dividends and bonuses can be distributed.

The dividends distributed by the company in the last five years have not been below 70% of the after-tax profit in the respective year, which is a relatively high distribution ratio. In particular, cash dividends have not been below 95% of the dividends to shareholders in the respective years. Details of dividend distribution are published on the company's website under the Investor Relations section.

### Current year dividend distribution proposal to the shareholders meeting

The distribution of 2015 earnings has been passed during the board of directors meeting held on March 25, 2016. Shareholders will be paid NT\$2,190 cash and issued 5 shares for every thousand shares they hold on the baseline date. A total of 11,675 new shares will be issued at a par value of NT\$10. Distributions that amount to less than one full share may be grouped and allocated at the shareholders' discretion. Such allocation shall be registered with the company's shareholder service office within five days since the ex rights date. Fractions of a share that are allocated but not registered or cannot be grouped into full shares by the deadline shall be paid in cash at the par value, rounded to the nearest NT dollar. The Chairman will engage a designated party to subscribe to the total number of stock dividends that have been paid in cash instead. A proposal will be submitted to the shareholders meeting to authorize the board of directors to make changes, by law, to the distribution ratio due to changes in the number of outstanding shares as a result of the company buying back its own shares or transferring, converting or canceling its treasury shares or employees exercising options.

## 2.2.7 Remuneration of Employees and Directors

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation

According to the company's newly amended Articles of Incorporation, any profit in the current year (where the profit refers to earnings before tax and remuneration of employees and directors) shall be allocated as compensation as follows. An amount shall be allocated to pay down any outstanding cumulative losses (including adjusted undistributed earnings). Any remaining balance shall be allocated to compensation as follows:

- A. Remuneration of employees: No lower than 1%.
- B. Remuneration of directors: No higher than 1.5%.

Where remuneration of employees is distributed in stock or cash, the recipients may also include employees of various subsidiaries. The board of directors is authorized to determine the terms and methods by which dividends are distributed. Remuneration of directors above may be distributed in cash only.

The procedures in the two preceding paragraph will have to be approved by the board of directors and reported to the shareholders meeting.

The aforementioned amended Articles of Incorporation is pending approval by this year's shareholders meeting.

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period
  - (1) Basis for estimating the amount of remuneration of employees and directors in current year Estimates are made at a certain percentage in the range specified in the Articles of Incorporation.
  - (2) Basis for calculating the number of shares to be distributed as employee remuneration: The calculation is based on the closing price on the preceding business day according to the board of directors. Distributions of employee

shares that amount to less than one full share will be made in cash.

- (3) 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. Remuneration proposals passed by the board of directors

- (1) The remuneration proposal for employees and directors of the company in 2015 was approved by the board of directors on March 25, 2016. The amount of employee cash remuneration was NT\$858,514,000, the amount of employee share remuneration was NT\$163,526,000, and the amount of director remuneration was NT\$61,395,000. The amount of remuneration of employees directors approved by the board of directors had no material difference from the figures estimated in the 2015 financial statements.
- (2) The amount of employee remuneration paid in stock was NT\$163,526,000, which was 2% of the current year after-tax profits, NT\$7,222,899,000, or 16% of the total amount of employee remuneration, NT\$1,022,040,000, on the separate financial statements.

4. Distribution of remuneration of employees and directors in previous year

The actual amount of employee remuneration paid in cash in 2014 was NT\$768,033,000 and the director remuneration NT\$54,924,000. Employee remuneration paid in stock totaling NT\$146,292,000 was also distributed in 4,333,000 shares based on a closing price of NT\$35.9 per share one day before the shareholders meeting and after taking into account the effect of cash and stock dividends. The amount of remuneration of employees and directors paid had no material difference from the figures estimated in the 2014 financial statements.

## 2.2.8 Anti-corruption

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

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

### 1. Gifts and hospitality:

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

## 2. Principles governing business-related payments:

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

2.1 Payments to suppliers: payments 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 cannot 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.

A. 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, training results in Taiwan and in China in 2015 are shown in the table below.

Location	Total training participation - male	Total training participation - female	Total training participation	Percentage of total
Taiwan	2,808	1,170	3,978	92.6%
China	34,266	15,535	49,802	99.4%

Note:

1. The total number of participation is 4,296 in Taiwan and 50,079 in China.
2. The e-learning system is not characterized by gender, the data hereby shown is derived through comparison with gender information from the HR system.



- B. 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. The focus of training was on China in 2015. The results are shown in the table below.

Location	Total training participation - male	Total training participation - female	Total training participation	Total training hours	Percentage of total
China	35,347	18,023	53,371	58,990	106.6%

Note: The 50,079 counts of participation in China represents the total number of persons, including employees who resigned after training. As a result, the percentage is greater than 100%.

- C. 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.

One report was received in 2015. The company promptly initiated the grievance resolution procedure. Upon investigation, it was found that said incident did not occur.

- D. 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 below 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.

<http://www.liteon.com/page.aspx?id=8fb9c570-db98-4597-b3be-12a8147f1823>

### 2.2.8.1 Explanations on Antitrust Involvement of Lite-On IT (Merged Corporation of Lite-On Technology)

The original subjects of the following antitrust investigation and litigation were Lite-On IT Corporation and its subsidiaries Philips & Lite-On Digital Solutions Corporation and Philips & Lite-On Digital Solutions USA, Inc. Upon the merging of Lite-On Technology Corporation and Lite-On IT Corporation on June 30, 2014, Lite-On IT Corporation was extinguished, whereas Lite-On Technology, as the surviving corporation, assumed all responsibilities regarding Lite-On IT's litigations. Lite-On Technology therefore provides the following explanations:

The European Commission issued statements of objections to optical disc drive companies in 2012 Q3 and investigated suspected violations against antitrust laws. Lite-On's attorneys have appropriately handled relevant matters and cooperated with the Commission's investigation. The European Commission concluded investigations on October 21, 2015 and announced its decisions, under which Lite-On received full immunity from all fines.

With regard to the ongoing litigation, the company has commissioned attorneys to handle matters appropriately and to estimate relevant costs according to case developments as the litigation progresses. This antitrust case will not result in significant impacts on Lite-On's business operations.

The company has established its own antitrust compliance guidelines and continues to conduct relevant internal training, including mandatory new-employee courses and employee training for those whose work involve antitrust practices. In this way, we will publicize antitrust policies to all employees and remind our colleagues to observe and avoid breaching relevant laws and regulations. When necessary, we will cooperate with relevant inspection

procedures and demonstrate the company's determination to comply with antitrust laws.

For more details, please refer to Lite-On Technology's website:

<http://www.liteon.com/Page.aspx?id=9391a00f-876e-4174-80ba-efea54d0c76e>



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 etc.. 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,

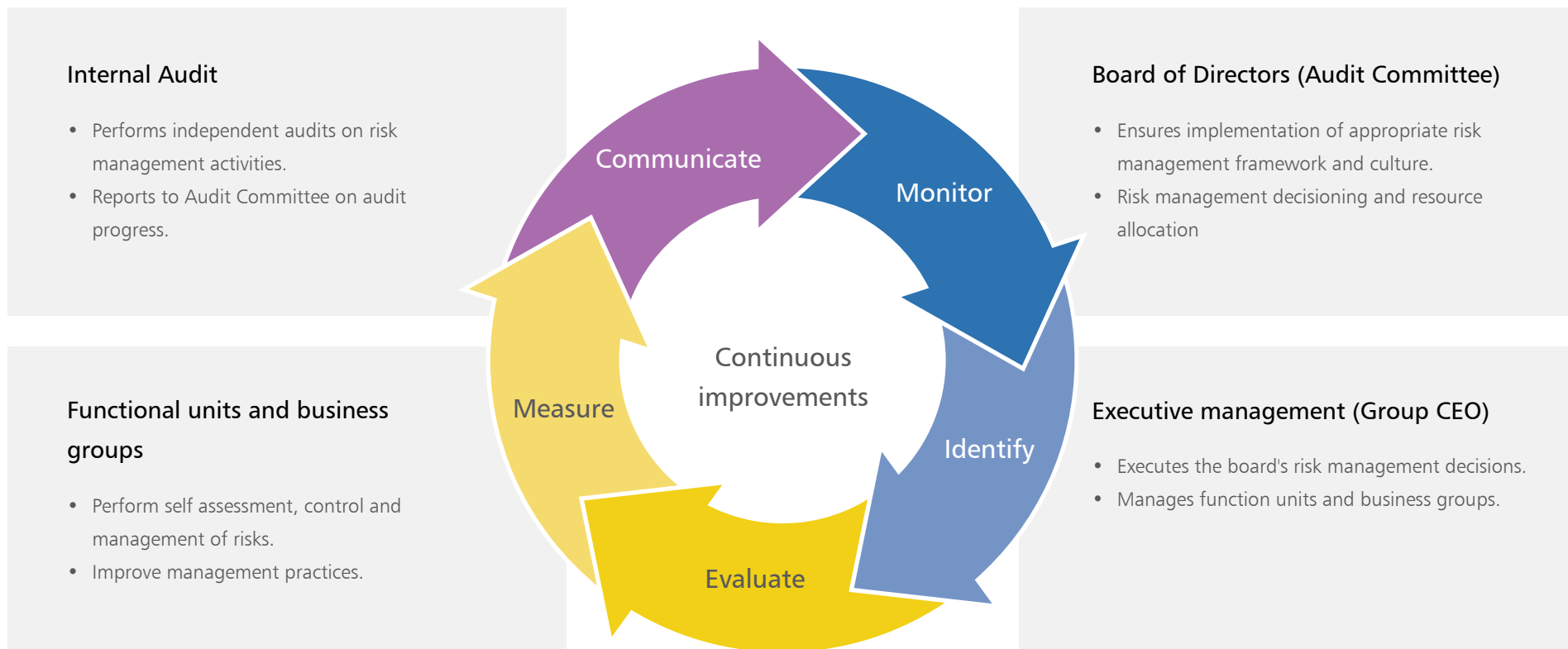
leakage of commercial confidentialities, unreliable financial forecasts, frequent adjustment of financial forecasts, failure to prepare quarterly/annual financial statements on time, failure to disclose required information, correction of errors etc. By setting key performance indicators (KPI) within 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"> <li>• Operations (neglect of safety rules/loss of personal property)</li> <li>• Health and safety (lighting)</li> </ul>	<ul style="list-style-type: none"> <li>• Environment (chemicals)</li> <li>• Human resources (orders/child labor/working hour)</li> <li>• Finance (Electricity bills)</li> <li>• Business strategy (shareholder relations)</li> </ul>	<ul style="list-style-type: none"> <li>• Market risk (customers' needs and satisfaction)</li> </ul>
	Medium	<ul style="list-style-type: none"> <li>• Operations (use of water/mistakes)</li> <li>• Human resources (hazardous jobs)</li> <li>• Environment (noise)</li> <li>• Finance (carbon tax)</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and health (high furnace temperature)</li> <li>• Human resources (working hours/grievance channels)</li> <li>• Business (budget spending)</li> <li>• Operations (products and services)</li> </ul>	<ul style="list-style-type: none"> <li>• Politics (political development)</li> <li>• Health and safety (chemical corrosion)</li> <li>• Business (business performance)</li> <li>• Finance (liquidity)</li> <li>• Compliance (legal and reputation risks)</li> <li>• Strategies (business model/organization)</li> </ul>
	Low	<ul style="list-style-type: none"> <li>• Compliance (local environmental protection laws)</li> <li>• Human resources (protection of whistle-blowers)</li> </ul>	<ul style="list-style-type: none"> <li>• Business (pension)</li> <li>• Human resources (bribery)</li> <li>• Safety and health (substance exposure/fatigue/burns)</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and health (safety of gas tanks)</li> <li>• Environmental safety (poisonous gas and fire)</li> <li>• Human resources (limitation of freedom)</li> <li>• Finance (derivatives)</li> </ul>
		Low	Medium	High
		Impact		



## 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

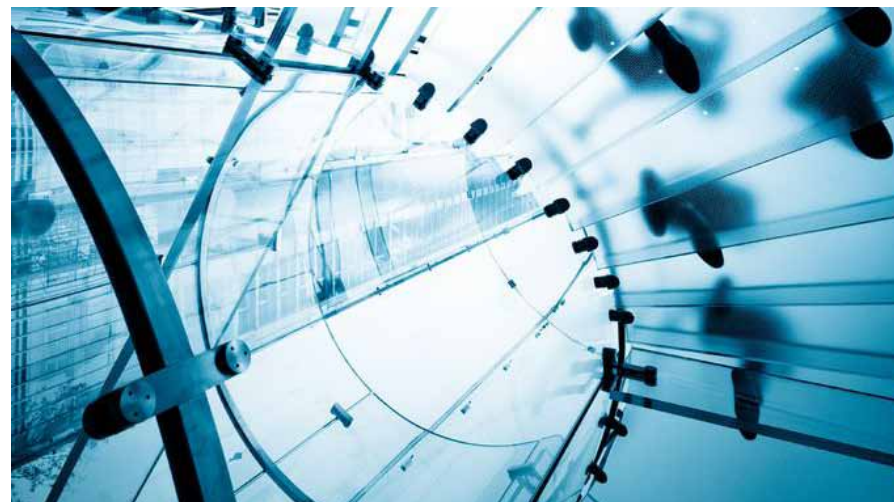
The Risk Management Department arranges regular training and seminars featuring the use of case studies to help employees learn from past mistakes, and hence raise their awareness towards safety and risk management.

### • 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-parties 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.

A hand is holding a white electric vehicle (EV) charging cable. The background is a blurred outdoor setting with green grass and a white fence. Overlaid on the image is a network of white lines connecting various blue circular icons. These icons include a water drop with a circular arrow, a printer, a car with a charging plug, a lightning bolt, a heart rate line, a smartphone, and a share symbol. The overall theme is sustainable technology and connectivity.

# 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 polluting, more energy-efficient, more easily recycled, and friendlier to the environment from development, manufacturing, use, to the disposal stage. The disclosure of environmental and energy conservation information is based on actual operations and together accounts for 95% of the total revenue (including plants and offices).

#### 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 2014 (the base year) and will continue until 2017, by which time the company aims to reduce GHG emission per unit of revenue by 6%.

#### 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 2014 as the base year, Lite-On aims to reduce power consumption per revenue by 6% in 2017.

#### 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 2014 (the base year) and aims to reduce water consumption per revenue by 6% by 2017.

#### 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. Taking the technologies and products developed in 2015 as base, 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 laptop computers and mobile phones 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 2015 is shown in the following table. It totals NTD 1,651.9 million for the reporting year with operating costs representing the highest percentage at 78.23%.

Environmental Expenditure in 2015

Expenditure	Amount (million NTD)	Percentage (%)
(1) Operating costs	1,292.3	78.23%
(2) Upstream-downstream costs	55.6	3.37%
(3) Management costs	119.5	7.23%
(4) R&D costs	114.9	6.96%
(5) Social activity costs	7.0	0.42%
(6) Loss and compensation costs	11.0	0.67%
(7) Taxes, levies, energy surcharges and other expenses	51.5	3.12%
Total	1,651.9	100.00%

※Violation regarding wastewater discharge at Lite-On's Zhuhai Plant :

Lite-On Mobile Technology Co. Ltd. ("Lite-On Mobile") merged into Lite-On in 2014. Its Zhuhai Plant in China was found to have violated regulations regarding wastewater discharge in March 2015. The circumstances and related corrective or preventive measures are described as follows: It was found that the ammonia wastewater discharge exceeded the limit in January 2015 during the trial run of the additional water treatment facilities for production process changes, and was fined RMB560,000 by the local environmental authority. 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. The violation was rectified with the water quality monitors such as automatic dosing systems, air compressors, spectrophotometer, and the wastewater treatment facilities have passed functional evaluation in March 2015. Moreover, for prevention, an external professional monitoring unit has been entrusted to conduct wastewater quality testing monthly, and the online monitoring system has been set up for wastewater surveillance.



## 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&amp;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

## 5. Losses and Settlements

- Derivative costs incurred for solutions, settlements, punishments and lawsuits of environmental problems

## 6. Regulatory Fees and Energy Taxes

- Costs incurred for water pollution and air pollution etc.
- Costs incurred for stationary pollution source certification
- Costs incurred on taxes related to energy and greenhouse gas

## 3.2 Responses to 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 as well. 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 and reduce the effects that climate change has on business. Lite-On is affected by the climate change mainly in two ways: the need to comply with more stringent laws and the impact of such change on the overall environment. It is necessary for Lite-On to understand the risks and implications of government policies before being able to implement responsive measures:

### Legal Risk Management

The Environmental Protection Administration announced the Greenhouse Gas Reduction and Management Act, identifying six greenhouse gases, namely CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF<sub>6</sub>, as air pollutants effective on June 15, 2015, and earlier "Regulations on Reporting of Greenhouse Gas Emissions" was announced on December 20 and 25 in the same year. The new regulations outline the frequency and deadlines by which greenhouse gas emissions need to be reported, inspected and verified, as well as the government's examination principles, authority and penalties in this matter. The new regulations also require companies to "announce stationary sources of air pollution," according to which Lite-On has reported 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 landuse and surface, land subsidence, coastal floods, air degradation and water quality.

### Impacts and Challenges

- **Disasters**  
Disasters brought 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 bigger 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 of the low flow of the rivers. This causes pollution to become more concentrated, degrading the water quality. River's capacity to self-purify has degraded. 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 CO<sub>2</sub> 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 will 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 localize the disease. 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.

### Science Driven Carbon Reduction Targets

1. According to the Fifth Assessment Report released by the Intergovernmental Panel on Climate Change (IPCC) this year, given the same pattern of economic activities, the world's carbon budget will be exhausted by the

end of 2045, and the global average temperature will increase by 3.7 to 4.8 degrees Celsius in 2100 as a result. The global average temperature has already risen by 0.8 degrees Celsius so far and extreme weather events are already threatening human life, and the weather conditions in the future will be twice as severe as they are today. IPCC also warns that humans must start taking action to reduce greenhouse emissions immediately to prevent global average temperature from rising by more than 2 degrees Celsius.

2. We at Lite-On support the "Mind the Science, Mind the Gap" initiative, and have developed a methodology for setting reduction targets to help Lite-On select the most appropriate approach within the scope of its capacity and establish credible, scientifically sound reduction targets. A target setting manual is currently under development and is expected to be published by the end of 2016. Starting in 2017, the project will engage the Carbon Disclosure Project (CDP), the World Resources Institute (WRI), and the World Wildlife Foundation (WWF) on target setting related issues. The project will also start tracking actual results.

### Lite-On's Low Carbon Strategy After Paris Climate Change Conference

We at Lite-On is acutely aware of the impact of the Paris Agreement on corporate operations. It is necessary for the company to identify potential opportunities and threats and develop effective sustainable response strategies in order to take advantage of prevailing trends in sustainability and make the company more competitive. In addition, Lite-On will comply with the demands of the We Mean Business campaign forged at the Paris Climate Change Conference, which include: (1) strengthening carbon reduction commitments every five years; (2) enacting meaningful carbon pricing; and (3) enhancing transparency and accountability to promote effective low carbon competition.

### 3.3 Reducing Greenhouse Gases

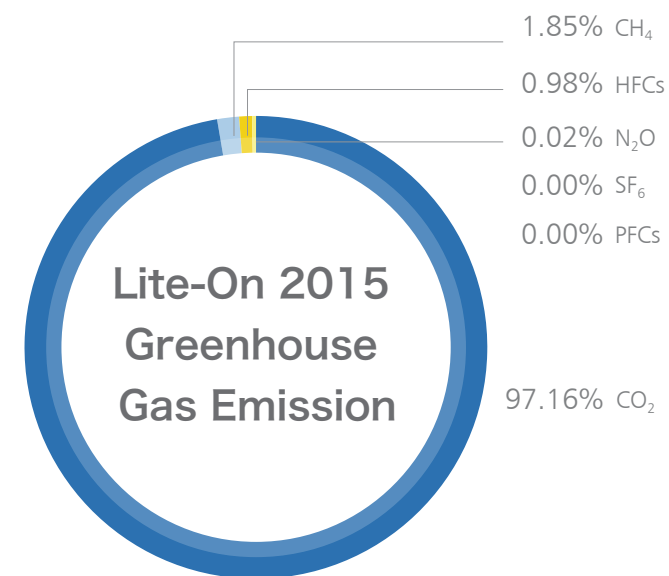
Lite-On has developed a system for the inventory and documenting of greenhouse gases based on ISO requirements. In addition, the company has also developed an internal document system supported by verification procedures to provide a foundation for its future reduction efforts, and its vision of a low-carbon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

#### 3.3.1 Greenhouse Gas Inventory

Lite-On has adopted ISO 14064-1 standards in its performance of annual greenhouse gas inventory since 2007 and, each year, prepares greenhouse gas reports containing summaries of greenhouse gas emissions for the previous year. Lite-On posted a total annual volume of greenhouse gas emission of 381,877 tons in 2015, and earned the ISO14064-1 (Greenhouse Gas) Verification Statement from SGS Taiwan in May 2016.

Greenhouse gas emission (unit: tons)

CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	Total	Scope 1	Scope 2
							Direct emission	Indirect emission
371,025	7,047	60	3,745	0.00	0.00	381,877	17206	364671
97.16%	1.85%	0.02%	0.98%	0.0%	0.0%	100.0%	4.5%	95.5%



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 17,206 tons CO<sub>2</sub>e/year, which accounted for approximately 4.5% of total emissions.

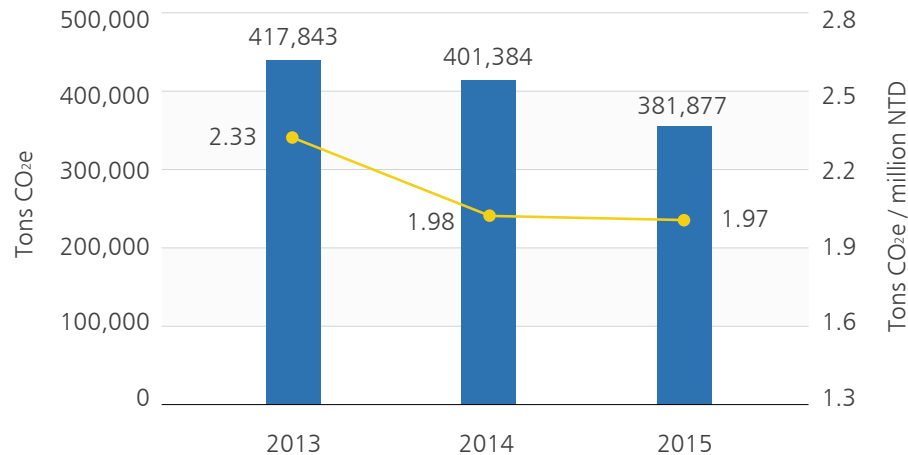
Note 2: Indirect emission of greenhouse gases (Scope 2) includes: purchased electricity and steam. Indirect emissions totaled 364,671 tons CO<sub>2</sub>e/year, which accounted for approximately 95.5% of total emissions.

Note 3: For other sources of indirect greenhouse gas emissions (Scope 3) in 2015, identified items include fuel and energy-related activities, overseas business travels, waste generated in operations, and employee commuting. The indirect emissions totaled 37,262 tons CO<sub>2</sub>e/year after verified by the 3rd party.

In 2015, the total greenhouse gas emission is 381,877 tons CO<sub>2</sub>e, which was 19,507 tons CO<sub>2</sub>e lower (or 4.9% lower) than the 401,384 tons CO<sub>2</sub>e emitted in 2014. In terms of emission intensity, the company averaged 1.97 tons CO<sub>2</sub>e/million NTD in 2015, 0.6% lower than 1.98 tons CO<sub>2</sub>e/million NTD in 2014.



### 2013-2015 Greenhouse gas emission and intensity



Note: 1. The discrepancy between the greenhouse gas volume of 2014 and the data in the 2014 report is attributable to organizational boundaries in the greenhouse gas inventory, which have been adjusted to be consistent with those in 2015 report.

2. Density calculations are in accordance with the revenue including in organizational boundaries.

#### 3.3.1.2 Obtaining International Renewable Energy Certificates

Lite-On is the first domestic enterprise in Taiwan to obtain an international renewable energy certificate from the International REC Standard (I-REC), signaling the beginning of the high technology industry's shift toward green businesses. The 6,684 units of I-REC purchased in 2016 have been recognized by CDP according to the GHG Protocol Scope 2 Guidance. These units are also listed in the CDP questionnaire in 2016. Lite-On intends to apply these units to deduct Scope 2 emission and enhance the competitiveness of the company. By obtaining I-REC, Lite-On expects to reduce the company's greenhouse emission, provide a paradigm for other members of Taiwan's electronics industry, and establish a model of strategy implementation.



## 2013-2015 Greenhouse Gas Emission:

	2013	2014	2015			
Greenhouse gas emission (Scope 1), Tons of CO <sub>2</sub> e	16,100	15,925	17,206			
Greenhouse gas emission (Scope 2), Tons of CO <sub>2</sub> e	401,743	385,459	364,671			
Greenhouse gas emission (Scope 3), Tons of CO <sub>2</sub> e	Overseas business trips : 1,895	Overseas business trips : 1,892	Fuels and energy-related activities : 403 overseas business trips : 2,165 Waste : 11,922 Employee Commuting : 22,721			
Greenhouse gas emission intensity, Tons of CO <sub>2</sub> e /million NTD	2.33	1.98	1.97			
Volume of Scope 1 and Scope 2 emissions - by gas type	CO <sub>2</sub> : 408,779 CH <sub>4</sub> : 8,277	N <sub>2</sub> O: 66 HFCs: 721	CO <sub>2</sub> : 392,139 CH <sub>4</sub> : 7,740	N <sub>2</sub> O: 61 HFCs: 1,471	CO <sub>2</sub> : 371,025 CH <sub>4</sub> : 7,047	N <sub>2</sub> O: 60 HFCs: 3,745
Percentage of Scope 1 and Scope 2 emissions - by gas type	CO <sub>2</sub> : 97.83% CH <sub>4</sub> : 1.98%	N <sub>2</sub> O: 0.02% HFCs: 0.17%	CO <sub>2</sub> : 97.69% CH <sub>4</sub> : 1.93%	N <sub>2</sub> O: 0.02% HFCs: 0.37%	CO <sub>2</sub> : 97.43% CH <sub>4</sub> : 1.70%	N <sub>2</sub> O: 0.01% HFCs: 0.86%
Biomass emissions (Scope 1), Tons of CO <sub>2</sub> e	1,120	745	532			
Whether exceeds the significance threshold (3%)	No	No	No			
Significant changes beyond the significance threshold	No	No	No			
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:

1. The discrepancy between the greenhouse gas volume of 2014 and the data in the 2014 report is attributable to organizational boundaries in the greenhouse gas inventory, which have been adjusted to be consistent with those in 2015 report.
2. Density calculations are in accordance with the revenue including in organizational boundaries.

### 3.3.2 Energy Conservation Measures

#### Lite-On holds employee training classes and promotes its strength in resource conservation

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

- Air conditioning temperatures should be set at 27-28° C
- Turn off lights when leaving a room and conserve water
- Turn off and unplug your computer when you leave work
- Bring your own handkerchief, chopsticks and tea cup
- Don't wear a tie
- Some elevators may not be used during off-peak hours
- Standardize routine approval processes, implement shared document templates for internal use and adopt the electronic version of the workplace bulletin

#### Lite-On's energy-saving measures at offices and plants

Lite-On continually upgrades its office and plant equipment to achieve higher energy efficiency. Below is a list of the many energy-saving measures and solutions that the company implemented in 2015 in all plant locations. They saved 13,223,058 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 2015
Changan, Dongguan	1	Switch to LED lighting	145,928
	2	Install energy saving mechanisms in the power system	360,000
	3	Continue to push for the Energy Recycle System (energy efficiency enhancement for two ERS systems	1,408,000
	4	(replacing low efficiency Series Y machines with high efficiency Series YE3)	262,080
G-Com, Dongguan	1	Hydraulic fans at cooling tower	279,840
	2	Switch to energy-saving LED lighting	153,036
	3	Compressor heat recycling aging room	141,264
	4	Replace 3 air source heat pumps in Building A with a solar system	88,694
	5	Replace the rusty solar ducting system for efficient use of solar power	119,524

Site	Item	Energy-saving solutions	Kilowatt hours saved in 2015
G-Tech, Dongguan	1	Replaced 20 stamping presses (200T capacity) and power generators for inverter types, saving 40% in electricity	248,400
	2	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)	9,000
	3	Managed distribution of air conditioning, saving 55KW on night shifts	8,250
	4	The plant, at the group's request, replaced 1550 T5 lamps with LED lighting	72,540
	5	10 stamping presses (200T capacity) were changed to inverter types to reduce motor power and save energy by 40%	40,200
	6	140 stamping presses had pipes replaced by pressure pipes with magnetic valves, which would close after shutdown to prevent leaks. One 22KW air compressor is expected to be cut from the lineup.	92,400

Site	Item	Energy-saving solutions	Kilowatt hours saved in 2015
Silitech, Guangzhou	1	T840W lamps were replaced by LED 13W lights	296,507
	2	Residual heat from compressors was recycled to heat pure water.	230,660
	3	Factory lighting was adjusted	215,875
	4	Inverter upgrade - improved energy consumption of the chiller unit	247,600
	5	Inverter upgrade - improved energy consumption of the cooling tower	86,400
	6	Inverter upgrade - improved energy consumption of the chilled water pump	510,600
	7	Switched from chilled water cooling to tower cooling for the air compressor	1,091,520
	8	Changed humidifier from thermal to spray type	1,838,500
	9	Use of heat pump for the heating of Chip On Board (COB) units	440,050

Site	Item	Energy-saving solutions	Kilowatt hours saved in 2015
Power Guangzhou	1	T8 lamps were replaced by LED lighting	62,636
	2	Maintenance on stamping machinery to minimize leakage	235,652
	3	Maintenance on plastic forming machinery to minimize leakage	201,376
	4	Maintenance on paint machinery to minimize leakage	38,552
	5	Maintenance on assembly machinery to minimize leakage	192,802
Shijie, Dongguan	1	Removal of fresh water pump at the dormitory	128,480
	2	Replacement of fan motors with energy saving models	109,800
	3	Replaced T8-28W tubes in the living area with LED T8-20W tubes	13,732
	4	Replacement of 20 factory air conditioning units with energy saving models	460,800
	5	Replacement of all high energy consumption machines throughout the plant	278,892
	6	Replacement of transformers	15,120

Site	Item	Energy-saving solutions	Kilowatt hours saved in 2015
Changzhou	1	Saving energy by recycling heat from air compressors	551,046
	2	Energy saving in air compressors	1,298,784
	3	Addition of heat retaining mechanisms and improvement of midsection vents for Mding	139,736
	4	Load transfer for transformers	258,993
	5	Merger of SL&GL1 units	583,264
	6	Adjustment of ventilator frequency	197,254
	7	Adjustment of lobby lighting in office areas	980
	8	Adjustment of fans in the cooling tower	18,832
	9	Adjustment of factory lamps	49,459
<b>Total</b>			<b>13,223,058</b>

### 3.3.3 Direct and Indirect Energy Consumption

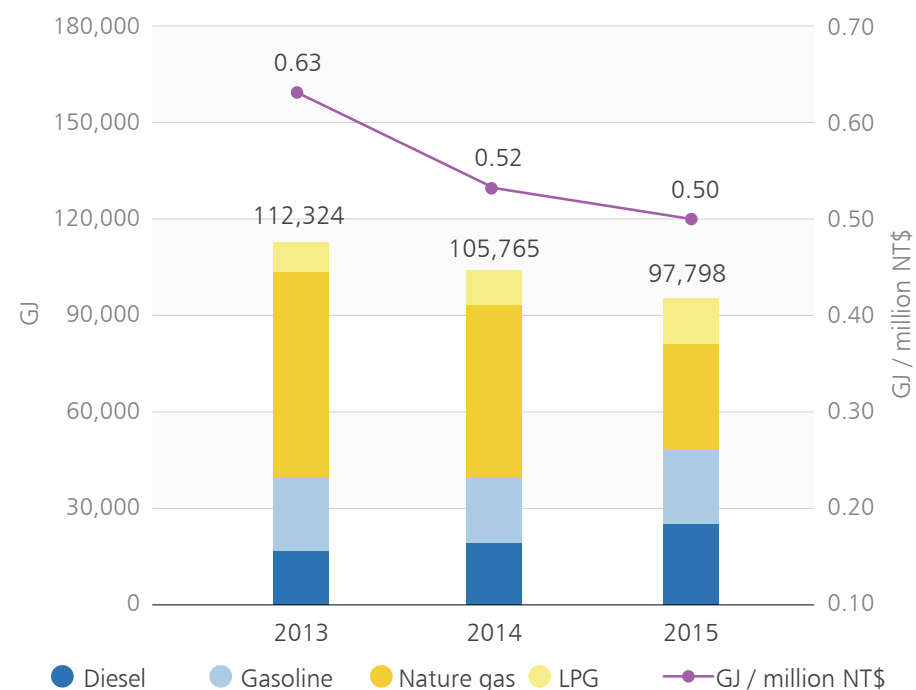
#### Direct Energy

In 2015, Lite-On consumed 97,799 GJ of fossil fuel, equivalent to an intensity level of 0.50 GJ/NTD million, 3.4% lower than the 0.52 GJ/NTD million in 2014.

Below are details on the use of fossil fuel:

- 732.5 kiloliters of diesel was used in 2015, and 30% higher than 561 kiloliters used in 2014, mainly due to city power supply disruptions, Zhuhai plant had to buy diesel to generate power on their own to maintain operations.
- 661.2 kiloliters of gasoline was used in 2015, and 6.2% lesser than 2014.
- 908.4 cubic meters of natural gas was used in 2015, and 34% lower than 2014.
- 276.9 tons of LPG was used in 2015, and 23% higher than 2014.
- 57.2 tons of Methyl Alcohol was used in 2015, and 42% higher than 2014 mainly due to production expansion in Tianjin Plant.

#### 2013-2015 Fossil fuel consumption



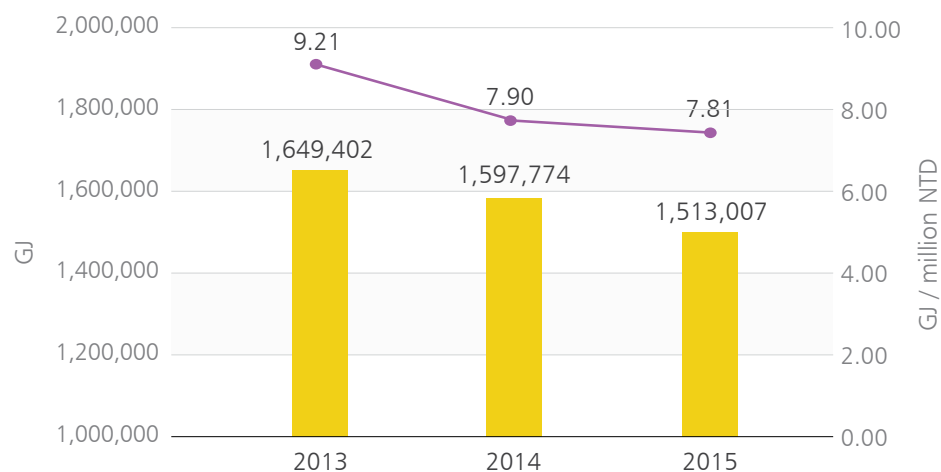
- Note: 1. The discrepancy between fossil fuel consumption of 2014 and the data in the 2014 report is attributable to organizational boundaries in the greenhouse gas inventory, which have been adjusted to be consistent with those in 2015 report.
2. Density calculations are in accordance with the revenue including in organizational boundaries.



## Indirect Energy

In 2015, Lite-On's indirect energy consumption (purchased electricity) totaled 420.280 MWh (megawatt-hours) or 1,513,007 GJ, which was 5.3% lesser than 2014. In terms of consumption intensity, Lite-On averaged 7.81 GJ/NTD million in 2015, which was 1.1% reduction compared to 2014.

2013-2015 Electricity consumption and intensity



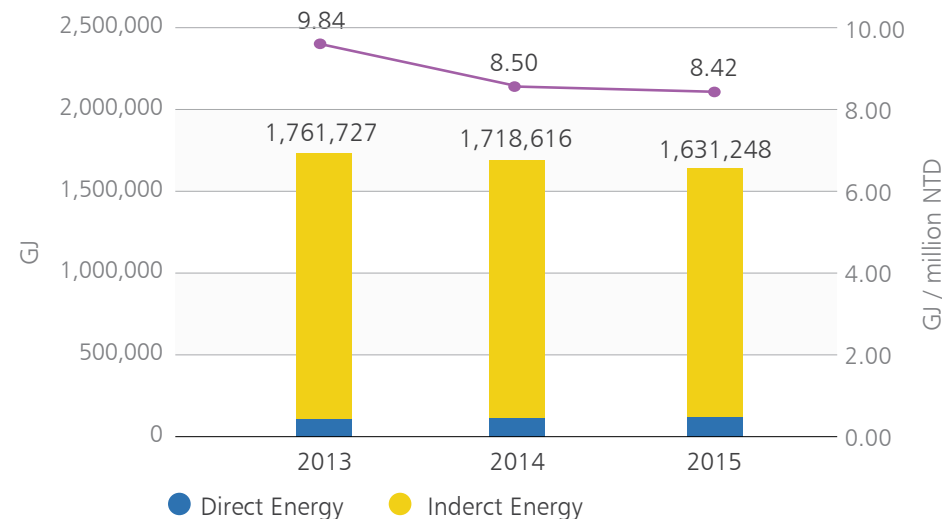
Note: 1. The discrepancy between electricity consumption of 2014 and the data in the 2014 report is attributable to organizational boundaries in the greenhouse gas inventory, which have been adjusted to be consistent with those in 2015 report.

2. Density calculations are in accordance with the revenue including in organizational boundaries.

## Total Energy Consumption

In 2015, Lite-On totally consumed 1,631,248 GJ of energy, and 11.6% or 87,368JG lesser than 2014 while posting intensity of 8.42 GJ/NTD million, 8.1% lower than 2014.

2013-2015 Total energy consumption intensity



Note: 1. The discrepancy between energy consumption of 2014 and the data in the 2014 report is attributable to organizational boundaries in the greenhouse gas inventory, which have been adjusted to be consistent with those in 2015.

2. Density calculations are in accordance with the revenue including in organizational boundaries.

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

Each plant 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 the ongoing global 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. Mainly being an assembly plant, Lite-On does not consume significant volume of water in its production. The biggest water consumption comes from basic factory facilities (e.g. air conditioners, compressors, etc.) and employees' daily use; each accounts for approximately half of the total usage. Lite-On's water source is entirely from the municipal water supply system, without taking from rivers, lakes or underground. It has no significant impact on local water resources or on water accessibility of the local community.

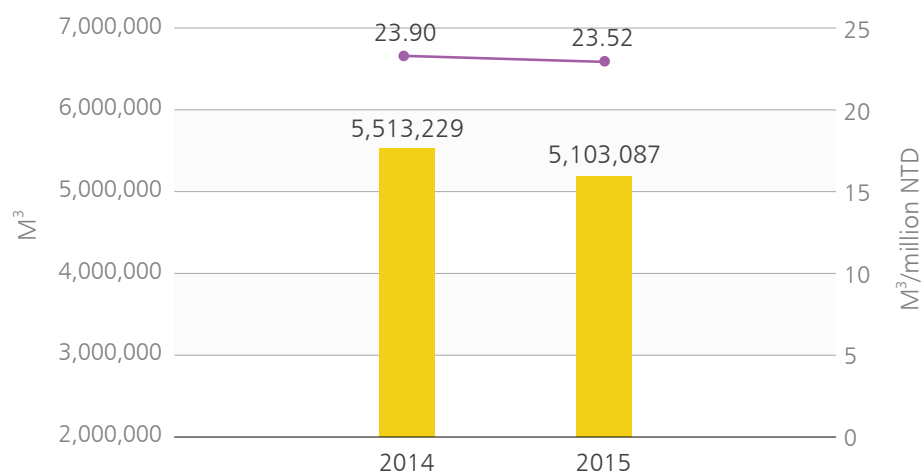
To conserve water resource, Lite-On has established specific targets for water consumption. The most recent period began in 2014 (the base year) and aims to reduce water usage per unit revenue by 6% by 2017, along with the introduction of new water-saving facilities and management practices at each of Lite-On's production plants and business units. In addition to making improvements to existing facilities, the water efficiency was also raised by the change of employees' water consuming behaviors. 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 2015, Lite-On consumed 5,103,087M<sup>3</sup> of water at an intensity level of 23.52M<sup>3</sup>/NTD million, which was 1.59% less than the 23.90M<sup>3</sup>/NTD million recorded in 2014.

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 by the company or discharged into water treatment plants as required by law, before releasing into receiving water body. All of the effluent lives up to the quality requirements from the governing authorities, and poses no significant impact on the natural environment. According to statistics from each plant,

#### 2014-2015 Water consumption and intensity



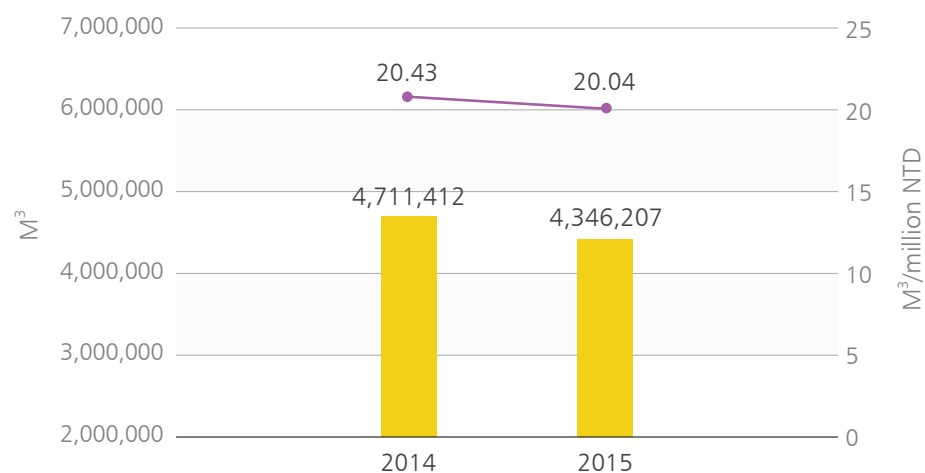
Note: 1. The discrepancy between water consumption data in 2014 and data in the 2014 report is due to the involvement of water consumption at Huizhou Plant. Huizhou Plant manufactures component parts for Lite-On's in-house product assembly.

2. The calculation of the intensity of water consumption is based on the global consolidated revenue.

more than 95% of water was used for employees' life-sustaining needs and for plant equipment. Overall consumption intensity averaged 23.52M<sup>3</sup>/million NTD, which, by contrast, was far less than the amount of electronic product industries' in other manufacturing processes. The amount of water recycled totaled 10,633 tons; most of which was recycled from cleaner production units by the advanced treatment.

In 2015, Lite-On discharged 4,346,207M<sup>3</sup> of wastewater at an intensity level of 20.04M<sup>3</sup>/million NTD, which was 1.92% less than the 20.43M<sup>3</sup>/million NTD recorded in 2014.

#### 2014-2015 Wastewater discharge and intensity



Note: 1. For no particular water use in manufacturing process, the amount of water use is determined by the use of domestic water, which is calculated by 90% of the tap water.

2. The discrepancy between waste water data in 2014 and data in the 2014 report is due to the involvement of waste water discharged in Huizhou Plant. Huizhou Plant manufactures component parts for Lite-On's in-house product assembly.

3. The calculation of the intensity of water consumption is based on the global consolidated revenue.

## 3.5 Green Product Design

All business groups of the Lite-On Group are committed to designing products in accordance with its green policies that encompass resource conservation, higher energy efficiency, carbon reduction, reduction of environmental toxicity, and recyclability of materials and resources. 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 2015

Product Type	Focus of green design	Economic and environmental benefits
3D Printing Antenna	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Saving resources (reduced materials and weight)</li> <li>• Waste reduction</li> <li>• Reduces water consumption</li> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	<ol style="list-style-type: none"> <li>1. Lite-On develops environmentally friendly 3D printing in-house. The unit price of its mobile phone antenna is 10% higher than LDS (laser direct structuring) mobile phone antenna produced by outsourcing service providers. Meanwhile, the profit on 3D printed mobile phone antennas is 30% higher than the profit on LDS mobile phone antennas.</li> <li>2. Lite-On has obtained patents in the European Union and the United States.</li> <li>3. Conventional galvanization is replaced by the dry process. The environmental benefits are calculated at a shipment volume of 10 million. This includes 60,000 tons of water reduction, 84 tons of copper reduction and 20 tons of nickel reduction, as well as 229 tons of greenhouse gas emissions reduction.</li> </ol>
Laptop Built-in USB Camera module	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	<ol style="list-style-type: none"> <li>1. More than 99% of built-in USB camera modules developed in 2015 featured 3.3V USB power input. (95.61% of built-in USB camera modules developed in 2014 featured 3.3V USB power input, which was less power consuming than 5V power input.)</li> <li>2. Power consumption between the old and the new design: <ul style="list-style-type: none"> <li>- IMX119~75.8mA(max) vs. IMX188~56mA(max)</li> <li>- OV9726~95mA(max) vs. OV9772~76mA(max)</li> <li>- OV9726~95mA(max) vs. OV9728~60mA(max)</li> <li>- OV9728~60mA(max) vs. OV9734~45.6mA(max)</li> <li>- OV2724~78mA(max)vs. OV2740~70.5mA(max)@30FPS</li> <li>- OV2724~78mA(max)vs. IMX208~62mA(max)@30FPS</li> </ul> </li> <li>3. The new design features backend USB controller (SN9C2730/2735, RTS5842/43, and SPCA2083/2093) that is more power efficient.</li> <li>4. The new design introduces the use of halogen-free and RoHS-compliant materials and reduces pollution to the environment.</li> </ol>

Product Type	Focus of green design	Economic and environmental benefits
Laptop power adapter >49W to <250W	<ul style="list-style-type: none"> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	With respect to standby power consumption by standby power switches, the EUP Lot 6 Tier 1 specifies standby power consumption to be less than 0.25W at 0W power output. The average standby power consumption of Lite-On's power switches can be lower than the existing regulatory standard by 0.13W, which translates to a saving of 0.75kWh a year on each product for the consumers. Based on a shipping volume of 36.1 million devices this year, the annual saving is 27.4 million kWh in power consumption, which reduces carbon emission and the impact on the environment.
Power charger and adapter for mobile phones and tablets	<ul style="list-style-type: none"> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	The average standby power consumption of Lite-On's power adapters for mobile phones and tablets is lower than the existing regulatory standard. The standby power consumption per device is below the existing regulatory limit by 40mW. It translates to a saving of 0.33kWh a year on each product for the consumers. Based on Lite-On's shipping volume of 66 million devices this year, the annual saving is 22.1 million kWh in power consumption, effectively reducing carbon emission and environmental impact.
Optical disc drives (ODD)	<ul style="list-style-type: none"> <li>• Saving resources (e.g. reduced materials and weight)</li> <li>• Reduces carbon emissions</li> </ul>	By changing slimming package designs, the company has been able to increase container load by 33% with optimized packaging methods and fewer transport runs, thereby reducing the carbon footprint per product.
Solid state drive (SSD)	<ul style="list-style-type: none"> <li>• Saving resources (e.g. reduced materials and weight)</li> <li>• Waste reduction</li> <li>• Reduces carbon emissions</li> </ul>	The material thickness of the 2.5" SSD cover design was reduced by 37.5% from 0.8mm to 0.5mm. The total weight of the SSD drive was reduced by 23.3%, which would save 9.3 tons of aluminum a year.



Product Type	Focus of green design	Economic and environmental benefits
Scanners, all-in-one office machines, ATMs and other imaging products.	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Saving resources (e.g. reduced materials and weight)</li> <li>• Waste reduction</li> <li>• Using recyclable or biodegradable materials</li> <li>• Reusable</li> <li>• Easy to recycle</li> <li>• Design for disassembly</li> <li>• Easy to assemble</li> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	<p>Based on the two new products of the last generation, "Jetsons" and "Perry," "ABC" is the scanning module and control module of a multi-function printer. Results of green product designs include the following:</p> <ol style="list-style-type: none"> <li>1. The number of parts is reduced by 56% (55 pcs to 24 pcs).</li> <li>2. The weight of parts is reduced by 12% (751g to 661g).</li> <li>3. The time of assembly is reduced by 58% (73 sec to 31 sec).</li> <li>4. Use of double coated tape is eliminated for design for disassembly and recycling.</li> <li>5. The amount of PP in packing materials is reduced by 9.9% and EPE by 85%.</li> </ol>
High efficiency LED components	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Saving resources (e.g. reduced materials and weight)</li> <li>• Extended useful life of products</li> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	<ol style="list-style-type: none"> <li>1. The finished wafer level packaging technology produces dimensions as small as 1.3*1.3mm, which is a 35% decrease in area compared to the previous dimensions, 1.6*1.6mm. Meanwhile, a design without PCB is adopted to reduce use of ceramic PCB materials. The flip-chip technology makes finished products highly reliable, making it ideal for flashlights, backlight modules, and vehicle lighting.</li> <li>2. High efficiency white LED components went into mass production. Unlike the low and medium efficiency LED components in 2014, the power increased from 0.2W to 1W, significantly reducing the number of LED light bulbs and saving materials. The efficiency is as high as 180 lm/W. The products have been used in street lamps to replace traditional mercury lamps, thereby saving power and extending the life of products.</li> <li>3. 1W high efficiency UVA LED components went into mass production and would not cause mercury pollution. The products can be activated quickly and have a long life. They have replaced the traditional UV mercury lamps and been used in nail curing machines and industrial curing machines.</li> </ol>

Product Type	Focus of green design	Economic and environmental benefits
Glycated hemoglobin analyzers (skyla Hi Analyzer) (HI-P01)	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Saving resources (e.g. reduced materials and weight)</li> <li>• Waste reduction</li> <li>• Using recyclable or biodegradable materials</li> <li>• Easy to recycle</li> <li>• Extended useful life of products</li> </ul>	<ol style="list-style-type: none"> <li>1. The apparatus has been significantly downsized (to 148 x 188 x 270 mm), by as much as 40% as compared to the first generation (300x 223 x 285 mm). The total weight has also been reduced by 31%.</li> <li>2. All parts used are compliant with EU RoHS and REACH standards.</li> <li>3. The device has LED built-in as the light source, which offers high energy efficiency and larger endurance without the need to change bulbs regularly as traditional analyzers.</li> </ol>
Inverters Servo motors	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Easy to recycle</li> </ul>	<ol style="list-style-type: none"> <li>1. Reduced use of toxic chemicals; adding four plasticizers under RoHS to the list of controlled substances.</li> <li>2. Design for recyclability: <ul style="list-style-type: none"> <li>- Plastic materials are labeled for plastic parts &gt;25g in compliance with ISO 11469 or ISO 1043.</li> <li>- Coating that cannot be disjointed or recycled will not be used for plastic casing &gt;25g.</li> </ul> </li> </ol>
Server/ Desktop PC casing	<ul style="list-style-type: none"> <li>• Reduced use of toxic substances</li> <li>• Saving resources (e.g. reduced materials and weight)</li> <li>• Using recyclable or biodegradable materials</li> <li>• Reusable</li> <li>• Easy to recycle</li> <li>• Design for disassembly</li> <li>• Easy to assemble</li> <li>• Conserves energy</li> <li>• Reduces carbon emissions</li> </ul>	<ol style="list-style-type: none"> <li>1. All materials used are compliant with EU RoHS and REACH standards.</li> <li>2. The spray painting process is improved to reduce use of spray paint and tape and save on material costs.</li> <li>3. A 5-in-1 heat-curing process is implemented to reduce the machine hours from 96.1 minutes to 62 minutes. The heat-curing process requires just one coat of paint instead of five, thereby saving labor costs. The process also saves 120kg (60%) paint powder and 1037800 spc (50%) of tape.</li> <li>4. Waste materials produced from the stamping process were reused for mold design, saving steel materials by approximately 3,316 Kg.</li> <li>5. Halogen-free materials that can be recycled or reused are used.</li> </ol>

### 3.6 Restriction on the Use of Hazardous Substances

In order to ensure that we use 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 polluting products as possible, and minimize any harmful impact they may have on the environment or the human being throughout the life cycle



Lite-On has a GMS (Green Management System) and a HSF Committee in place, and GMS has incorporated 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 them 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 (Energy-related Products), 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 incapable 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 updates 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 EU WEEE (Waste Electrical and Electronic Equipment) Directive, which requires at least 80% of materials to be recovered.

Below is raw materials purchased in 2015:

### 3.7.1 Metallic Materials

Use of metallic materials in 2015

**Steel:** mainly comprising external casing, screws, power adapters, and fan blades. A total of 70,791 tons were purchased in 2015, which was 29% lower than the previous year.

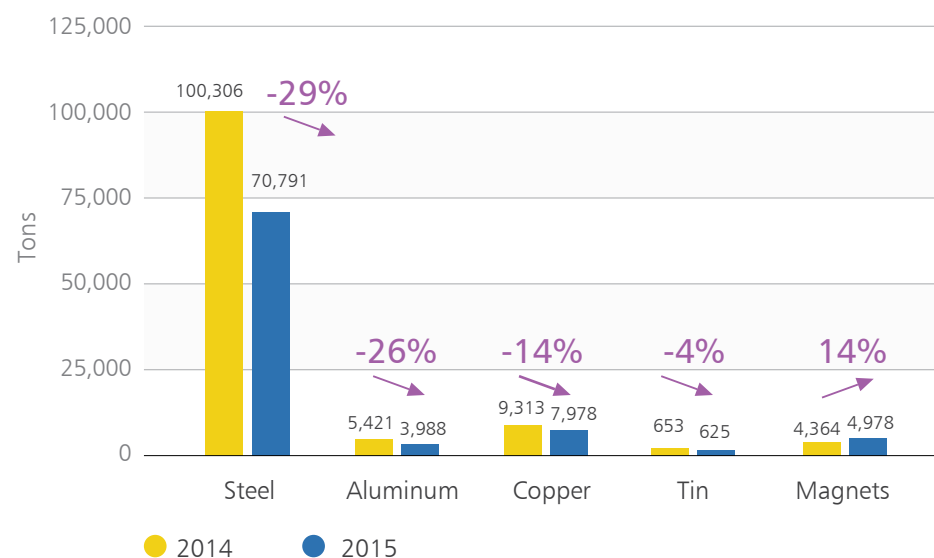
**Aluminum:** mainly comprising heat sinks. A total of 3,988 tons were purchased in 2015, which was 26% lower than the previous year.

**Copper:** mainly comprising wires, printed circuit boards and cables. A total of 7,978 tons were purchased in 2015, which was 14% lower 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 625 tons were purchased in 2015, which was 4% lower than the previous year.

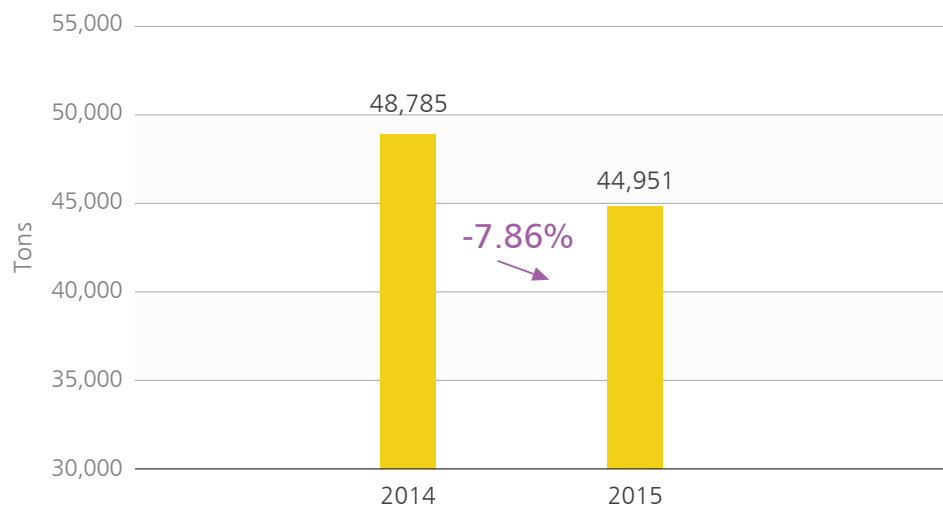
**Magnet:** mainly used in power adapters. A total of 4,978 tons were purchased in 2015, which was 14% more than the previous year, mainly due to shipment growths in Power System Business Group.

Volume of Metallic Materials Used in Core Business



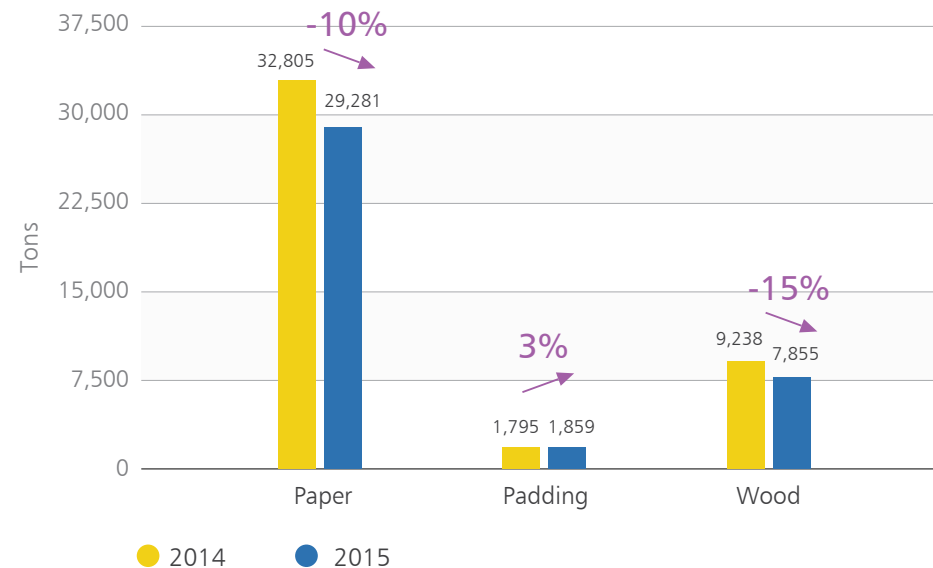
### 3.7.2 Non-metallic Materials

**Plastic:** used in all product lines including external casing, insulation, socket, etc. A total of 44,951 tons were purchased in 2015, which was 7.86% less than the previous year.



### 3.7.3 Packaging and Shipping Materials

For "local shipments," Lite-On uses reusable packaging materials as much as possible. The company used 29,281 tons of paper (writing paper/cardboards/boxes) in 2015, which was 10% lower than the previous year. The amount of padding (foam and bubble wrap) used totaled 1,859 tons, which was 3% higher than the previous year, mainly due to overseas delivery increased in Power System Business Group and Enclosure Business Unit. Furthermore, 7,855 tons of wood were used in 2015, representing a 15% decrease over the previous year.



### 3.7.4 Waste Management and Recovery

Lite-On complies with the basic requirements by 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

Lite-On's waste reduction management mainly focuses on source management, and these sources are categorized as employee activity waste and manufacturing waste. Employee waste management is carried out through education and training along with 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 wastes.

#### Centralized Storage Management

The centralized waste disposal is intended to optimize classification and increase safety. The various operation 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 make a better use of resources and achieve the ultimate objective of zero waste.

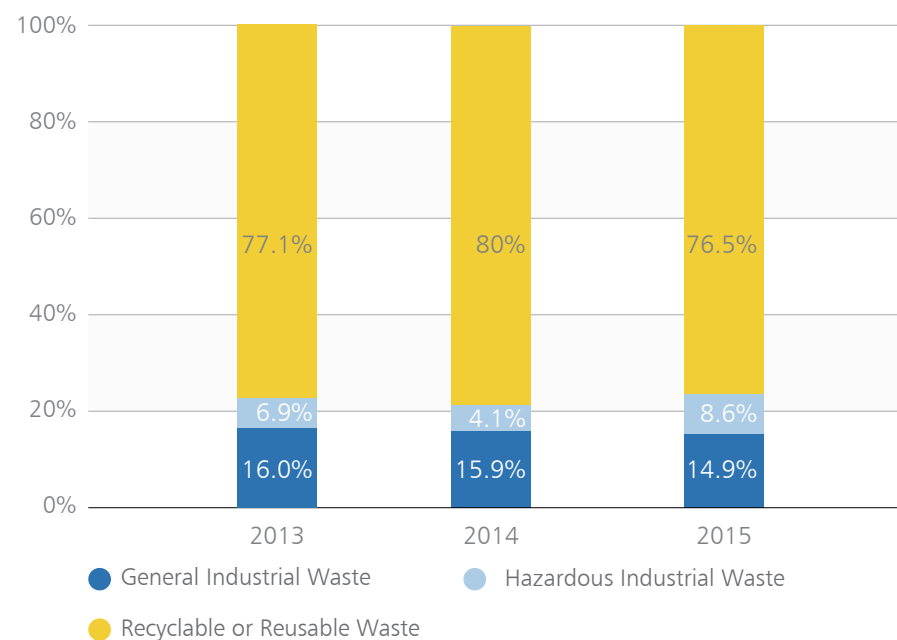
#### Effective Treatment and Traceability

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 is 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, in which the proportion of hazardous industrial waste increased, resulted from processing wastewater of the CNC (Computer Numerical Control) equipment multiplied for production expansion in Mobile Mechanics Business Group.

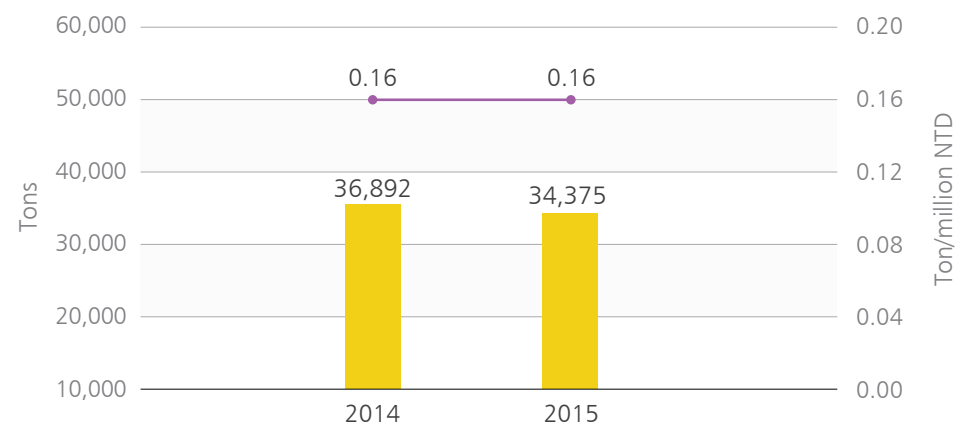


Note: The discrepancy between share of waste type data in 2014 and data in the 2014 report is due to the involvement of waste disposal at Huizhou Plant. Huizhou Plant manufactures component parts for Lite-On's in-house product assembly.



The three types of waste aggregated to a sum of 34,375 tons in 2015, which was equivalent to waste generation intensity 0.16 tons/million NTD maintain the same level as in 2014.

Waste type	Tons	%
General industrial waste	5,110	14.9%
Hazardous industrial waste	2,972	8.6%
Recyclable or Reusable Waste	26,293	76.5%
Total waste	34,375	100.0%



Note: 1. The discrepancy between waste disposal data in 2014 and data in the 2014 report is due to waste disposal adjustment for the addition of Huizhou Plant. Huizhou Plant manufactures component parts for Lite-On's in-house product assembly. The production value was previously too small to be included until recent years. The company performed a substantive assessment and decided to incorporate waste disposal at Huizhou Plant into the overall tally.

2. The calculation of the intensity of waste is based on the global consolidated revenue.

## 3.8 Green Logistics

Product transportation and employees' business travel are important aspects of our business. With regards to product transportation, Lite-On has continually improved product packaging to improve load efficiency, 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.

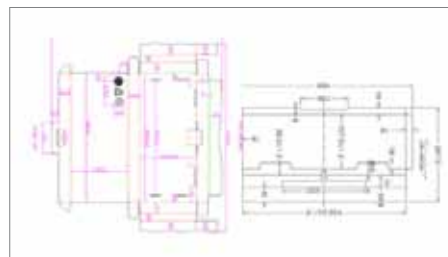
Below are the practices adopted by Lite-On and their results:

### 3.8.1 Improving Product Shipment Efficiency

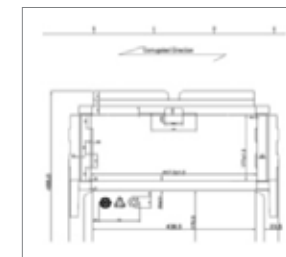
To increase products per shipment, Lite-On continues to improve package design in order to utilize container space more effectively and reduce the number of land, sea and air shipments taken to ship the same quantity of goods, and thus cut down on energy consumption. Cutting down on the usage of packaging materials also serves to reduce carbon emissions.

The following is an example of Lite-On implementing package design improvement for desktop keyboard SK8821 by removing the gift box lining and redesigning the gift box for a smaller volume in 2015. The new gift box optimization design increased exterior volume for a larger capacity. The pallets were also adjusted to accommodate the new exterior. The improvement increased the capacity by 40% to 50%. It also reduced the amount of packaging cardboard used.

#### 1. The gift box design was improved to reduce materials and volume.



Original design



New design

#### 2. The appearance was redesigned for smaller exterior dimensions and a larger capacity.

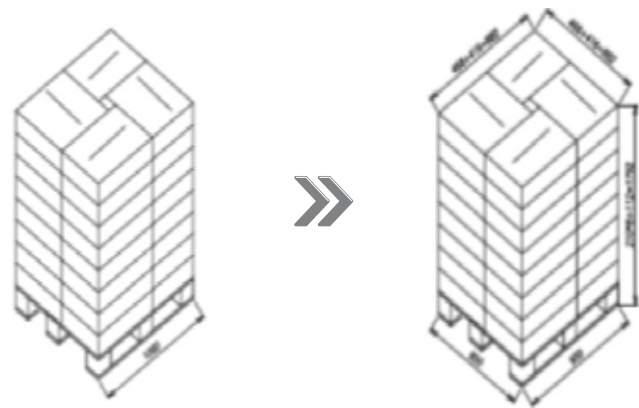


Before 10pcs/box



After 14pcs/box

3. The pallet volume was made smaller for a larger load according to the new exterior specifications, making shipments more efficient.



Improvement of shipment efficiency:

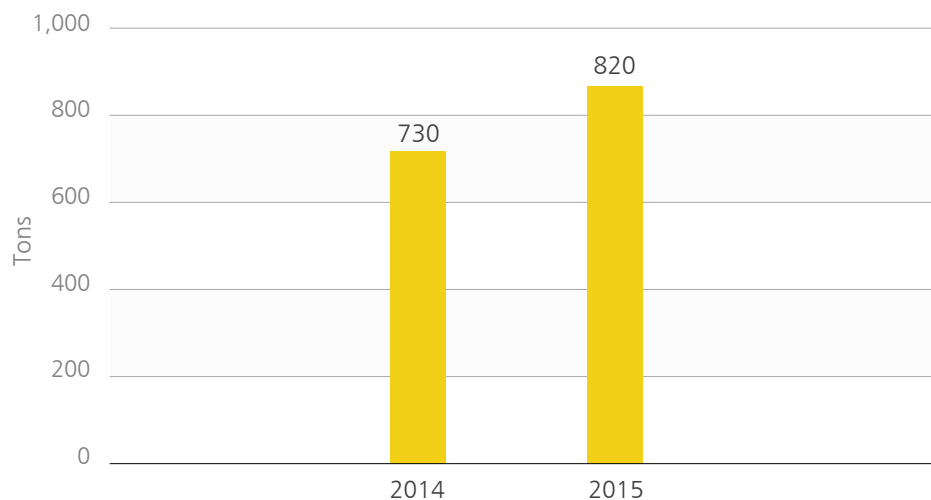
	Load (pcs)		Improvement
	Before	After	
40' container	7,040	10,752	53%
12 ton truck	4,480	6,272	40%
10 ton truck	3,840	5,376	40%
8 ton truck	3,200	4,480	40%
5 ton truck	2,560	3,584	40%
3 ton truck	960	1,344	40%



### 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. Compared to 2015, Lite-On used 90 tons more freight in 2016 due to rush orders.

Air freight volume



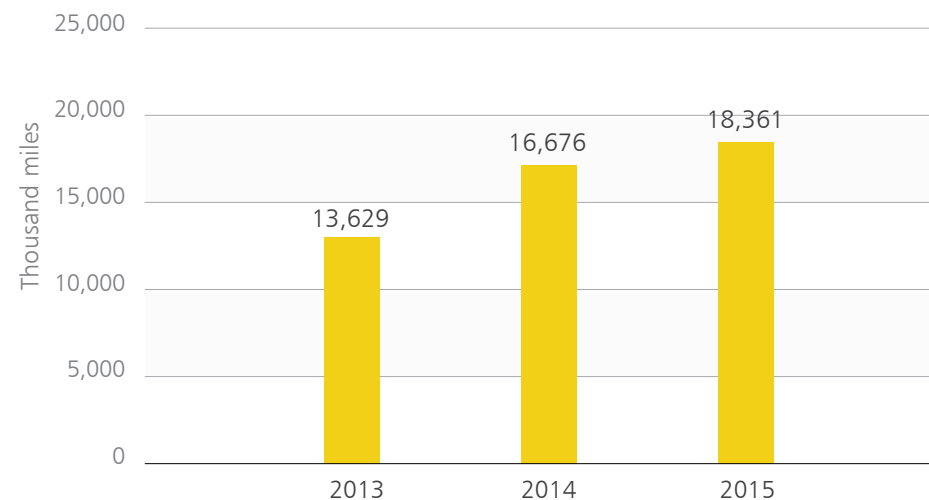
### 3.8.3 Employees' Business Trips

In 2015, Lite-On's employees in Taiwan traveled a total of 18,361,000 miles; this was 1,865,000 miles or 10.2% more than 2014.

Reasons for increased travel mileage:

1. In response to the installation of new production lines at Changzhou Plant, the input device segment sent a Taiwanese support team to provide onsite support to ensure proper transfer of technology. Therefore, the Taiwanese support team had to travel more frequently.
2. To optimize overseas production lines, the industrial automation segment in Taipei had to double their travel to work at various overseas manufacturing facilities.
3. Due to a higher demand for the power supply segment to provide onsite technical support as business grows.
4. Due to the addition of manufacturing facilities in Vietnam and Mexico in 2015.

Employees' Business Travel





## 3.9 Green Factory

### 3.9.1 Green Building

Lite-On's production sites are mainly located in China, and the one most recently established is in Wujin District, Changzhou City, Jiangsu Province. Built in 2008, the Wujin plant features advanced energy-saving, ecological design and the use of recyclable building materials to minimize impact on the environment. It has been designed adapted to the characteristics of the local environment and climate for optimum energy efficiency. Some of these innovations include a special window design that reduces heat from sunlight and keeps indoor temperatures low without losing luminance, thus minimizing air conditioner workload during summer. On the rooftop, buoyancy-driven ventilation towers have been placed to guide heat upwards and dissipate it outwards. In winter, cool air is 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. The plants' outer walls are constructed with hollow bricks. With their insulating effect, the buildings 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 reducing effect.

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, secure soil, and improve the air quality, but provides a healthy, comfortable environment, and thus achieve the right balance among business, lifestyle, and nature.

Therefore, now when new production plants in design, the concept of green building is always the principle for the company. The production/office complex that began construction in 2013 in Zhonghe, New Taipei, for example, has been designed strictly in accordance with green building requirements. Some of the key designs include: the use of metallic sun visors on windows to block glare of the sun; the use of LOW-E curtain walls and sun visors to reduce heat from outer walls and air conditioner workload; the use of light, durable, low-carbon and renewable building materials; and the use of organic solvent-free and formaldehyde free interior building materials for better air quality. 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, which will further be recycled and filtered to be reused for watering. The use of permeable concrete block paving over the soil and sidewalk helps to retain water on the base. The air conditioning system deploys VFD (Variable-Frequency Drive) ice-water machines in combination with a VAV (Variable Air Volume) control system and computer controlled start-stop to save energy. The building was opened in May 2015, and received a Green Building Label in January 2016. In the meantime, Lite-On is also setting aside budgets to refurbish old plants and make them more energy efficient and environmentally friendly.



Buoyancy-driven ventilation towers

Compressor heat recycling

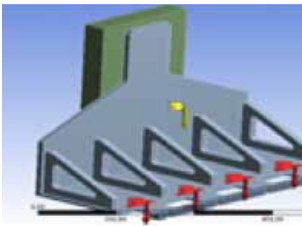
Central ventilator

Rooftop solar power

### 3.9.2 Green Manufacturing Procedures

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 the production site performance of Lite-On's various business units is monitored and rated. The top-performing projects of each business unit are published onto the Best Practice (BP) platform where they may serve as models and references for improvements to be implemented by other business units.

Mobile Mechanics' results of green procedures serve as an example: 3DP environmentally friendly printing technology refers to the use of high precision 3D printing technology to apply nano silver paste to 3D curves to create circuits, which will be conductive when sintered and form a mobile phone antenna. The technology makes it possible to print a mobile phone antenna on the surface of any plastic, metal or glass casing, thereby replacing the existing LDS technology that involves electro-plating with heavy pollution. Compared to that for LDS antennas, the production process for 3D printed mobile phone antennas offers savings of 70% in electricity and 100% in water. It is also a nearly pollution-free process in terms of waste air, wastewater, and waste discharge.



3D printer



Inkjet system



Innovative formula



## 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 customers' needs.

All Lite-On's business units 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 customers' issues and feedback.

Apart from persistent strengthening of product design services, the company also formulates comprehensive design SOPs for individual products, and strictly implements these SOPs to ensure that customers' specifications and opinions are incorporated into the design process.

In order to satisfy customers' needs for prompt delivery, the company handles purchasing, planning, logistics, and cash flow processes online, on basis of which 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 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 units 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, cost, 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 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 "lesson learned" and customer feedback reports.

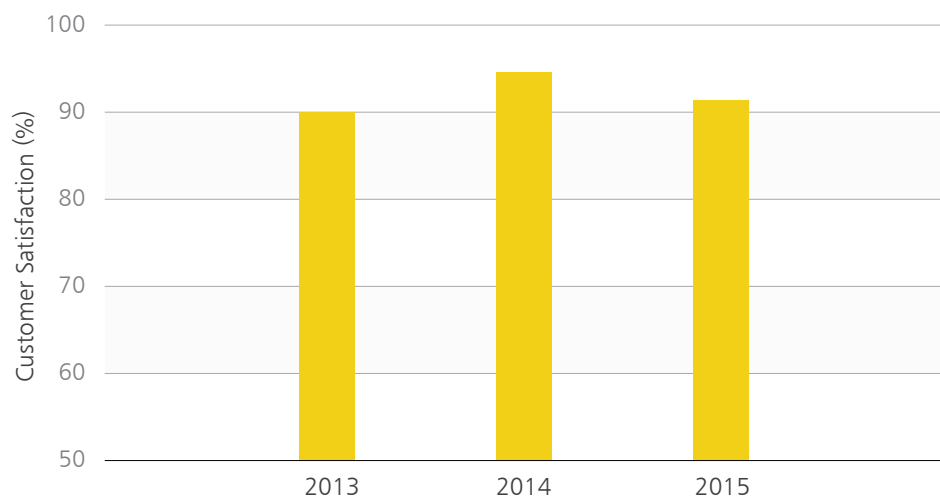
Customers can perform regular or occasional audits at Lite-On plants based on mutual agreement; these audits provide another important basis for improvement of customer satisfaction levels.

Below are the results of a customer satisfaction survey conducted by Lite-On's Power System Business Group on 6 main customers in 2015:

		Satisfaction survey items						Overall satisfaction
		Green product	Quality	Resolution of major defects	Timely delivery	Technical capabilities	Responsiveness	
Average satisfaction	Score (out of 5)	5.0	4.4	4.5	4.6	4.3	4.4	4.6
	Satisfaction (%)	100	87	90	92	87	87	91
Satisfaction >4.5	Count	6	1	3	4	3	1	4
	Percentage %	100.0%	16.7%	50.0%	66.7%	50.0%	16.7%	66.7%
Satisfaction <4.5~≥4.0	Count	0	5	3	2	3	5	2
	Percentage %	0.0%	83.3%	50.0%	33.3%	50.0%	83.3%	33.3%
Satisfaction <4.0	Count	0	0	0	0	0	0	0
	Percentage %	0%	0%	0%	0%	0%	0%	0%

Note: main customers are defined as customer groups that collectively account for 70% of revenues of the power system business group

The 2015 customer satisfaction survey concluded an overall satisfaction rate of 91%. Out of a maximum of 5, the company averaged a satisfaction score of 4.6. Among which, 4 customers (66.7%) 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.



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

### 3.10.3 Customer Privacy

While Lite-On strives to improve customer services, the company simultaneously emphasizes respect for customer confidentiality and intellectual property rights. To protect client's information, confidentiality agreements are signed with customers, and all employees maintain customer confidentiality when performing their duties. In 2015, there were no instances in which the company damaged customers' rights and interests by violating confidentiality or losing customer data.

### 3.10.4 Regulatory Compliance

Lite-On follows 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

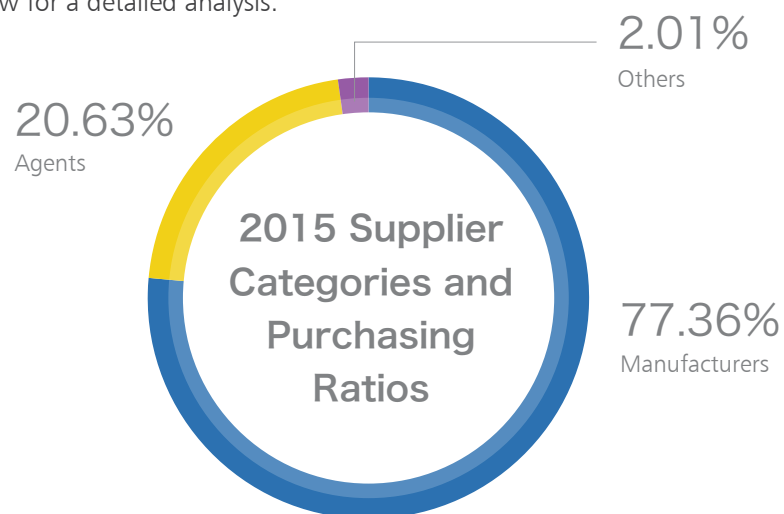
In this era of globalization, a company needs to base its purchasing decisions not only on production, service and operational concerns, but also on CSR (Corporate Social Responsibility) and reputation risk as well. Lite-On's supply chain management focuses beyond quality control to cover issues such 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 (Electronic Industry Code of Conduct) that demands its suppliers fulfill social responsibilities. Lite-On also has formulated the supplier EICC audit guidelines in place to assess suppliers on business ethics, workers' rights, environmental protection, health and safety, and management.

In 2015, Lite-On newly added 252 companies to its suppliers list; 100% of which were recognized by the field EICC Audits and complied with Lite-On's standards regarding environmental protection, workers' welfare, human rights, and social impact. 120 suppliers were removed from the qualified list due to no transaction as well as suppliers renamed.

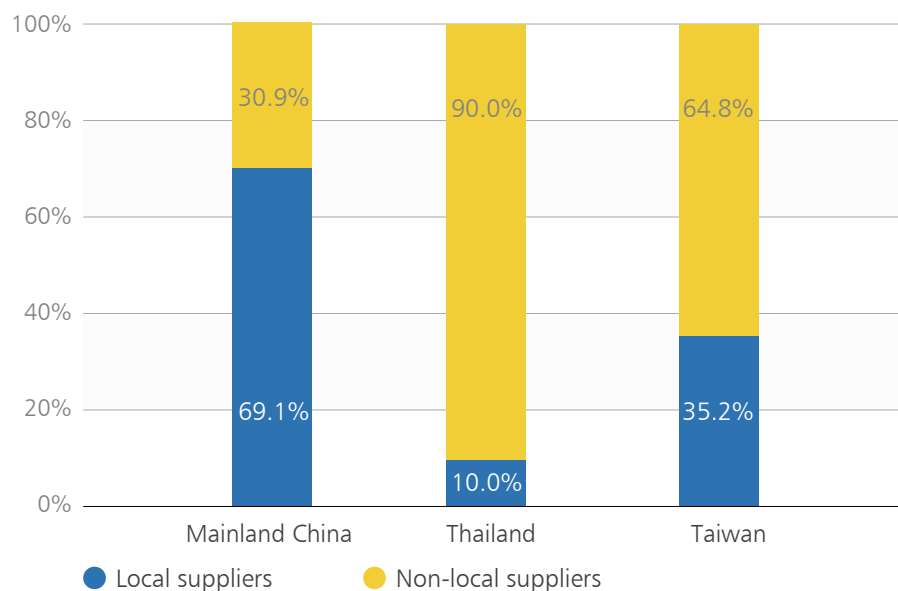
### 3.11.1 Supply Chain and Local Procurement

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 2,200 certified suppliers at level one offering an extensive variety of goods. Suppliers are mainly categorized by their relevance to Lite-On's products' materials, and are distinguished between direct and indirect suppliers. Direct suppliers have accounted for the majority of purchases made in the past, totaling 95.1% in 2015. Direct suppliers are further classified into three types: manufacturers, agents, and subcontractors.

In 2015, 77.3% 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 83.6%. Agents of worldwide large suppliers for critical parts and components also accounted for a significant portion at 20.63%, whereas suppliers of indirect materials and services (including transportation and professional services) accounted for 2.01%. 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 China, local suppliers accounted for 69.1% of the total supplier counts; in Thailand, local suppliers accounted for 10.0%, and in Taiwan, 35.2% 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, delivery time, 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 restriction information 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"

10 seminars and workshops on "The Practice of Corporate Social Responsibility for Suppliers" were held in 2015 to address Lite-On's CSR commitments. Executive management of suppliers was requested to sign the "Executive Certification of Compliance" that binds them to comply with EICC.

### 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 2015, these critical suppliers represented 34% of the total supplier count contributing 68.52% of purchases made by Lite-On. Inspired by the fact that 65% of critical suppliers in China and 2.4% in Thailand 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 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 require 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): 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.

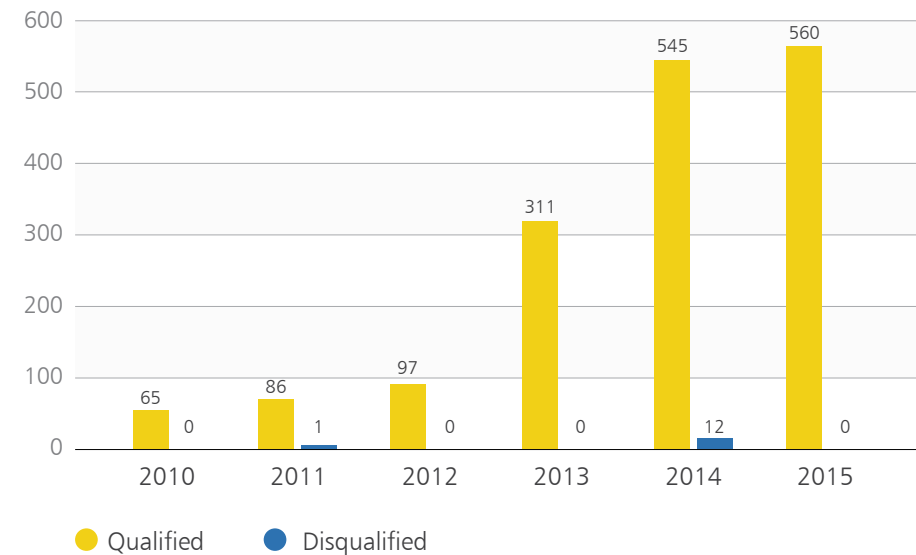
### 3.11.6 Control of Volatile Organic Compounds (VOCs) and Water Resources in the Supply Chain

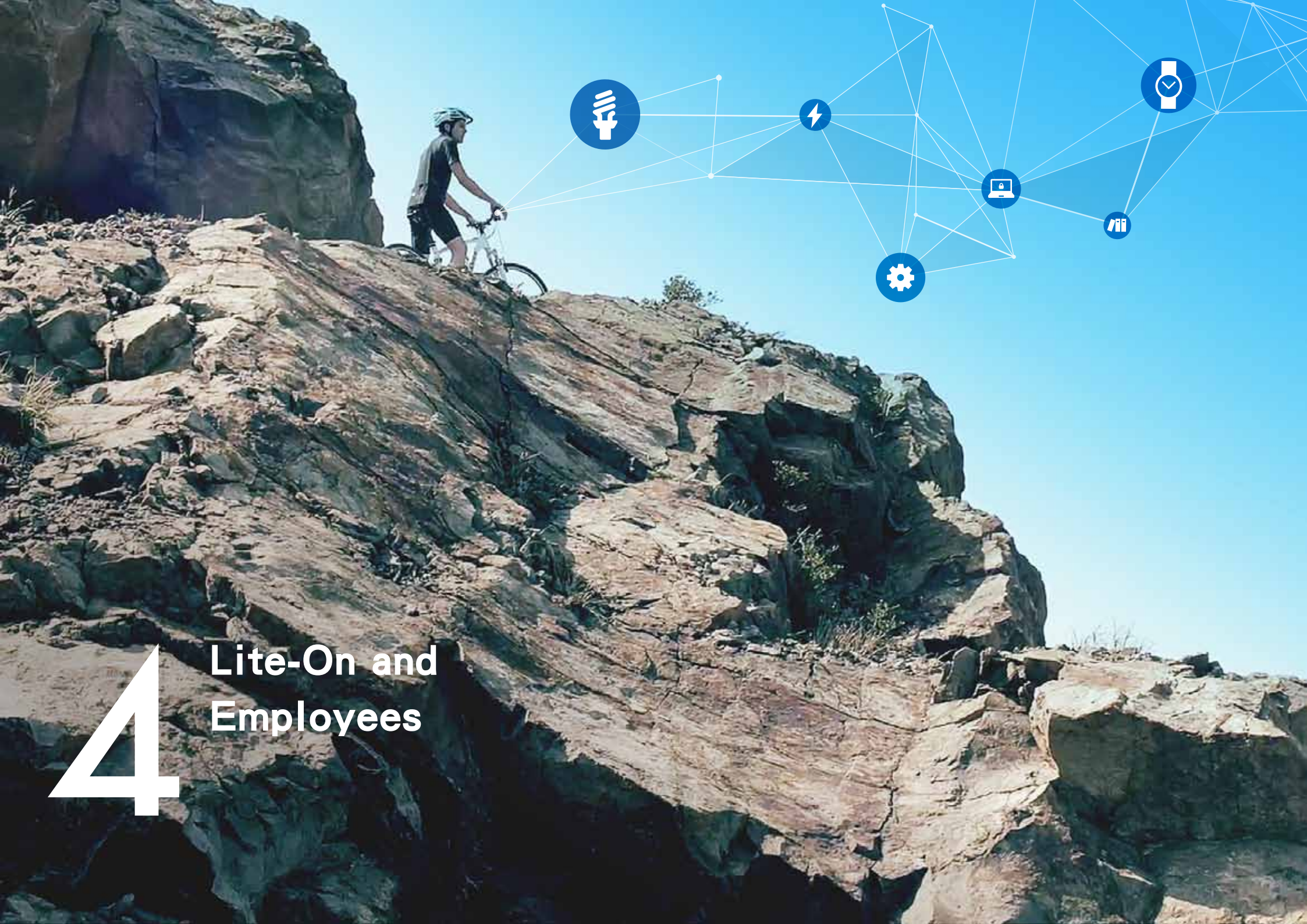
VOCs pose a long-lasting threat to the environment and to the human body. As a result, Lite-On has demanded all its suppliers install processing facilities in compliance with local government regulations, and encourages them to take the initiative in adopting new technologies that help reduce VOC emissions.

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 China and Bangkok have been identified as likely to be prone to water shortages from 2015 onwards, 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 560 suppliers in 2015, and there was no supplier found with significant or potential negative impacts on human rights and labor practices while the most common issue found was overtime. After the audit was completed, Lite-On required suppliers to take corrective actions within a given time. Suppliers' conduct was rated either qualified or disqualified; no suppliers were disqualified in 2015 for CSR issues. See the following figure for audit results in previous years.





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 committed to complying with labor laws and international labor standards in all locations of operation, including 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 an environment of "Passion, Excellence, Innovation, and Growth." 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 tasks, and that their goals are aligned to the company's to achieve greater success as well as a rewarding career.

### Passion

In order to help each employee maintain a healthy work-life balance, Lite-On organizes regular seminars on mental health and family life, as well as company-wide events (e.g. incentive trips, sports competitions, singing competitions, Christmas dinners, year-end gatherings, etc.). Furthermore, in 2015, Lite-On organized a choir competition with the theme song "We Are in Liteon", which was written by its employees. The event reflected Lite-On 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 email 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 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

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

### Growth

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

### 4.2.1 Employee Structure and Distribution

A donut chart illustrating the global distribution of Lite-On employees. The chart is divided into five segments: Mainland China (87.9%, yellow), Taiwan (7.1%, blue), Others (0.5%, light blue), Thailand (4.2%, orange), and Brazil (0.3%, green). The text 'Lite-On Employees Worldwide' is centered within the donut.

Region	Percentage
Mainland China	87.9%
Taiwan	7.1%
Others	0.5%
Thailand	4.2%
Brazil	0.3%

	Taiwan	Mainland China	Thailand	Brazil	Others	Total
Male	9.6%	88.3%	1.4%	0.2%	0.4%	54.9%
Female	6.3%	85.3%	7.4%	0.5%	0.5%	45.1%



## Employee composition by contract type

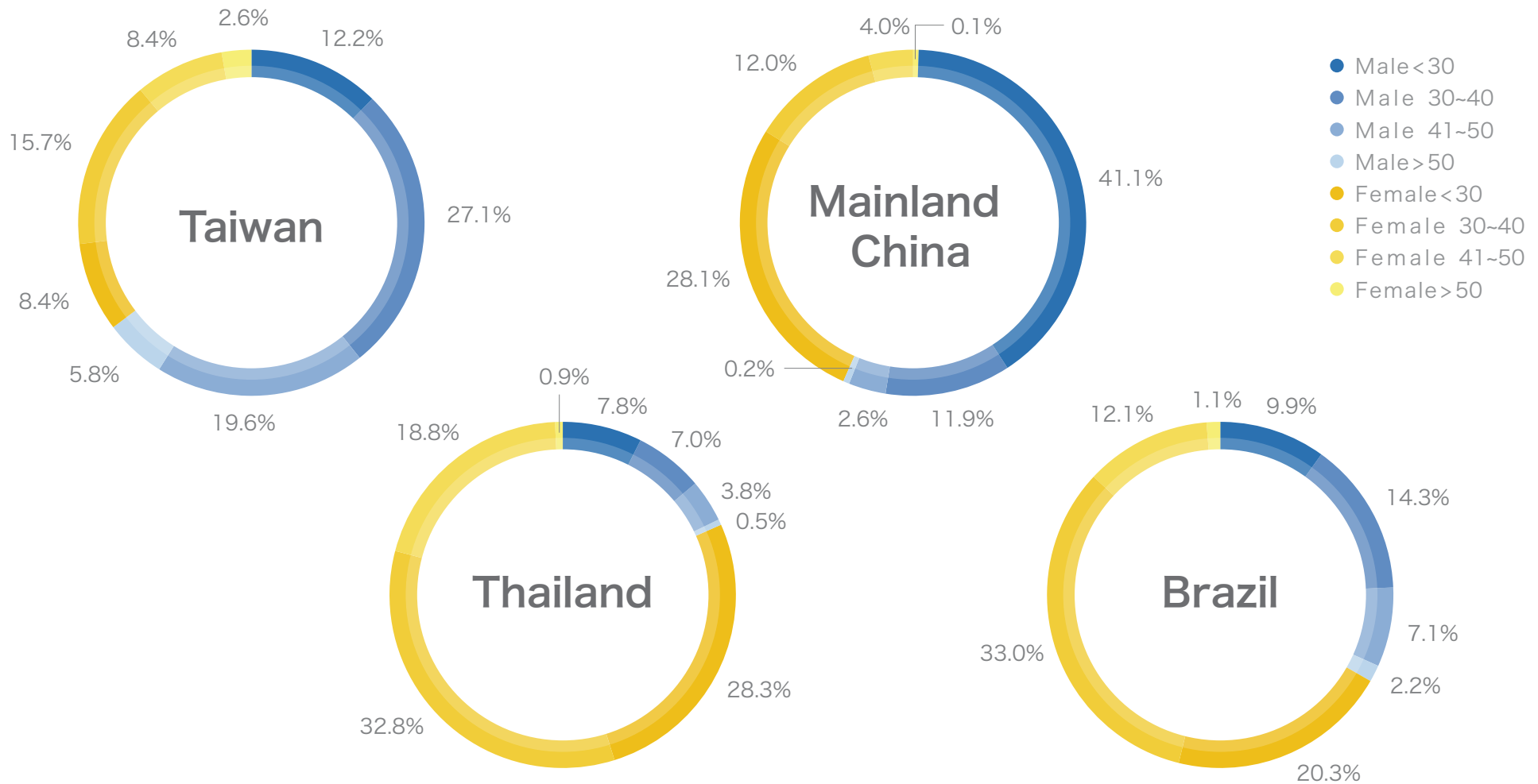
Region	Male					Female					Total
	Permanent	Foreign	Disabled	Interns	Total	Permanent	Foreign	Disabled	Interns	Total	
Taiwan	2,830	12	27	0	2,869	1,361	169	17	0	1,547	4,416
Mainland China	25,327	58	176	793	26,354	20,367	7	80	469	20,923	47,277
Thailand	429	0	0	0	429	1,816	0	0	0	1,816	2,245
Brazil	60	0	1	0	61	120	0	1	0	121	182
Others	131	0	0	0	131	129	2	0	0	131	262
Worldwide Total	28,777	70	204	793	29,844	23,793	178	98	469	24,538	54,382

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 41.7% of total employees, and 99.2% were locals. In China, employees graded deputy manager and above accounted for 1.4% of total employees, and 93.9% were locals. In Thailand, employees graded deputy manager and above accounted for 2.3% of total employees, and were 100% local. In Brazil, employees graded deputy manager and above accounted for 8.2% of total employees, and were 100% local.

	Taiwan	Mainland China	Thailand	Brazil	Others
Deputy Managers and above	41.7%	1.4%	2.3%	8.2%	48.5%
Percentage of Deputy Managers and above	99.2%	93.9%	100.0%	100.0%	59.8%

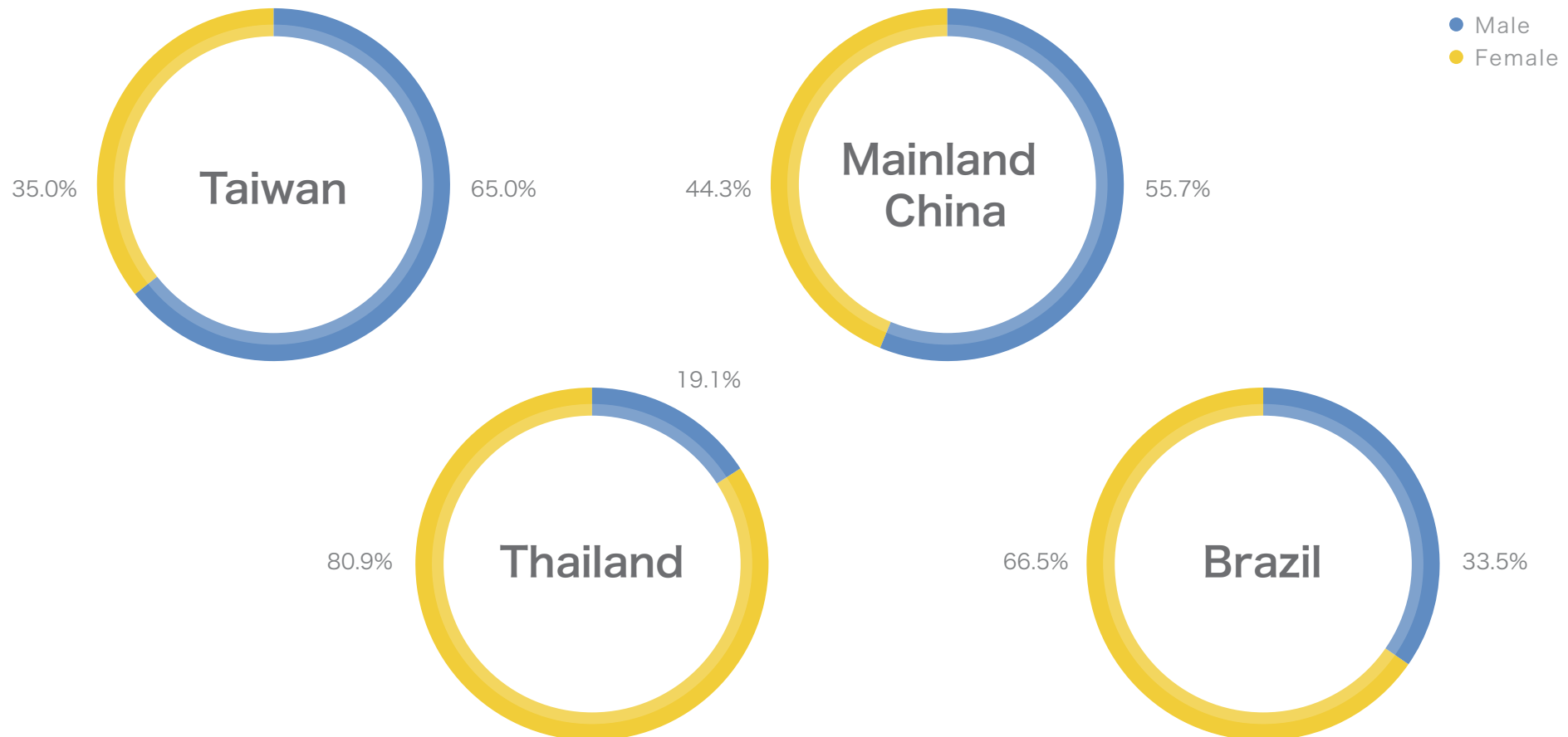
## Employee Structure

by Location, Gender and Age



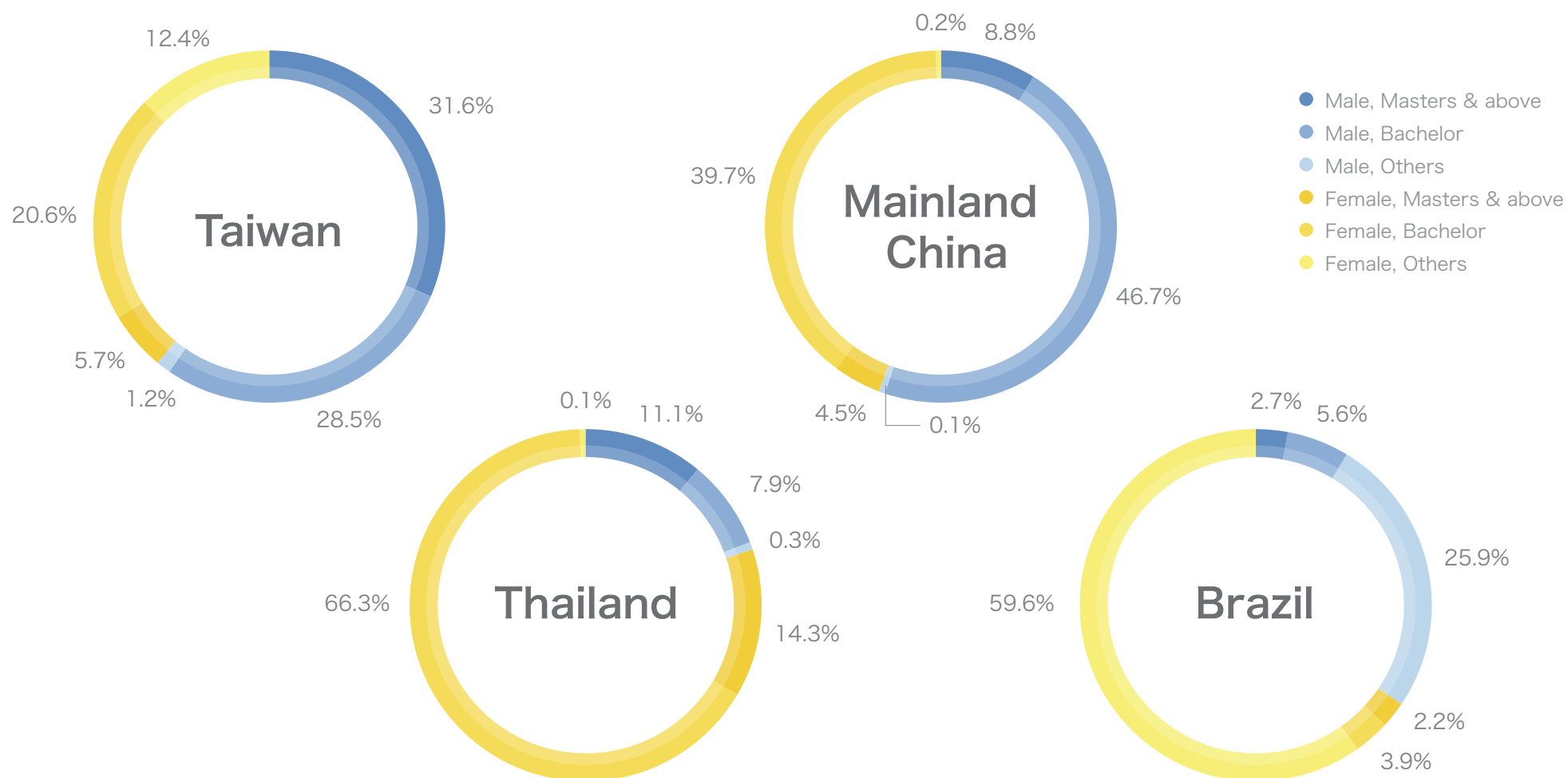
## Employee Structure

Gender distribution by region



## Employee Structure

by Location, Gender and Education



## Employee grade distribution

	Gender	2015		2014		2013	
Executive management	Male	43	97.7%	57	95.0%	49	94%
	Female	1	2.3%	3	5.0%	3	6%
	Total	44	100.0%	60	100.0%	52	100%
Senior manager	Male	212	90.6%	350	86.6%	245	91%
	Female	22	9.4%	54	13.4%	25	9%
	Total	234	100.0%	404	100.0%	270	100%
Mid-level manager	Male	3,393	75.2%	4,011	73.3%	3,375	76%
	Female	1,121	24.8%	1,461	26.7%	1,081	24%
	Total	4,514	100.0%	5,472	100.0%	4,456	100%
	Gender	2015		2014		2013	
General employees (indirect labor; IDL)	Male	9,435	67.0%	9,968	66.4%	9,983	66%
	Female	4,655	33.0%	5,050	33.6%	5,034	34%
	Total	14,090	100.0%	15,018	100.0%	15,017	100%
General employees (direct labor)	Male	20,409	50.7%	24,916	52.5%	25,836	52%
	Female	19,883	49.3%	22,561	47.5%	23,638	48%
	Total	40,292	100.0%	47,477	100.0%	49,474	100%
All employees	Male	29,844	54.9%	34,884	55.8%	35,819	56%
	Female	24,538	45.1%	27,611	44.2%	28,672	44%
	Total	54,382	100.0%	62,495	100.0%	64,491	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.

### 1. Employee turnover rate

The monthly average turnover rate below is calculated as: (monthly average number of departed employees in 2015)/(sum of month-end employee count from Jan to Dec/12)\*100%.

### 2015 Monthly Average Turnover Rate (Including Voluntary and Involuntary Departures) - by Age

Region	Direct labor (DL)					Indirect labor (IDL)				
	<30	30-40	41-50	>50	Total	<30	30-40	41-50	>50	Total
Taiwan	2.2%	1.9%	2.0%	0.3%	2.0%	2.9%	1.9%	1.2%	1.3%	1.8%
Mainland China	18.3%	9.4%	4.1%	2.7%	15.7%	10.6%	5.6%	8.9%	3.0%	8.6%
Thailand	5.8%	3.2%	0.7%	0.0%	3.8%	5.6%	3.1%	0.8%	0.6%	2.3%
Brazil	5.5%	17.8%	11.0%	11.1%	12.3%	2.9%	9.8%	4.2%	0.0%	6.4%
Others	6.7%	13.9%	0%	0%	7.0%	2.9%	1.4%	0.7%	0.6%	1.2%
Worldwide Total	17.8%	8.7%	3.6%	2.1%	15.0%	9.7%	4.4%	3.6%	1.4%	6.5%

### 2015 Monthly Average Turnover Rate (Including Voluntary and Involuntary Departures) -- by Gender

Region	Direct labor (DL)		Indirect labor (IDL)	
	Male	Female	Male	Female
Taiwan	3.8%	1.7%	1.8%	1.9%
Mainland China	20.2%	13.6%	3.4%	3.4%
Thailand	3.8%	3.8%	2.8%	1.9%
Brazil	20.6%	10.3%	8.3%	3.9%
Others	6.8%	6.4%	1.0%	1.5%

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

Note 2: The turnover rate in Brazil was relatively high due to plant restructuring.



## 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%.

### 2015 Monthly Average New Hire Rate - by Age

Region	Direct labor (DL)				Indirect labor (IDL)			
	<30	30-40	41-50	>50	<30	30-40	41-50	>50
Taiwan	15.3%	8.3%	5.7%	0.6%	9.7%	1.8%	1.1%	0.5%
Mainland China	28.8%	12.9%	5.8%	1.8%	4.9%	1.4%	1.1%	6.2%
Thailand	15.5%	5.1%	0.8%	0.0%	15.4%	2.4%	0.4%	1.1%
Brazil	7.5%	5.0%	2.2%	2.8%	2.9%	2.2%	2.6%	5.6%
Others	9.0%	11.1%	0%	0%	7.1%	1.2%	0.7%	0%

### By gender

Region	Direct labor (DL)		Indirect labor (IDL)	
	Male	Female	Male	Female
Taiwan	37.5%	3.2%	0.1%	0.2%
Mainland China	11.9%	3.4%	2.9%	0.2%
Thailand	22.7%	4.0%	21.8%	0.5%
Brazil	15.1%	4.8%	4.0%	0.8%
Others	24.7%	0.4%	0%	0%

## 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 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

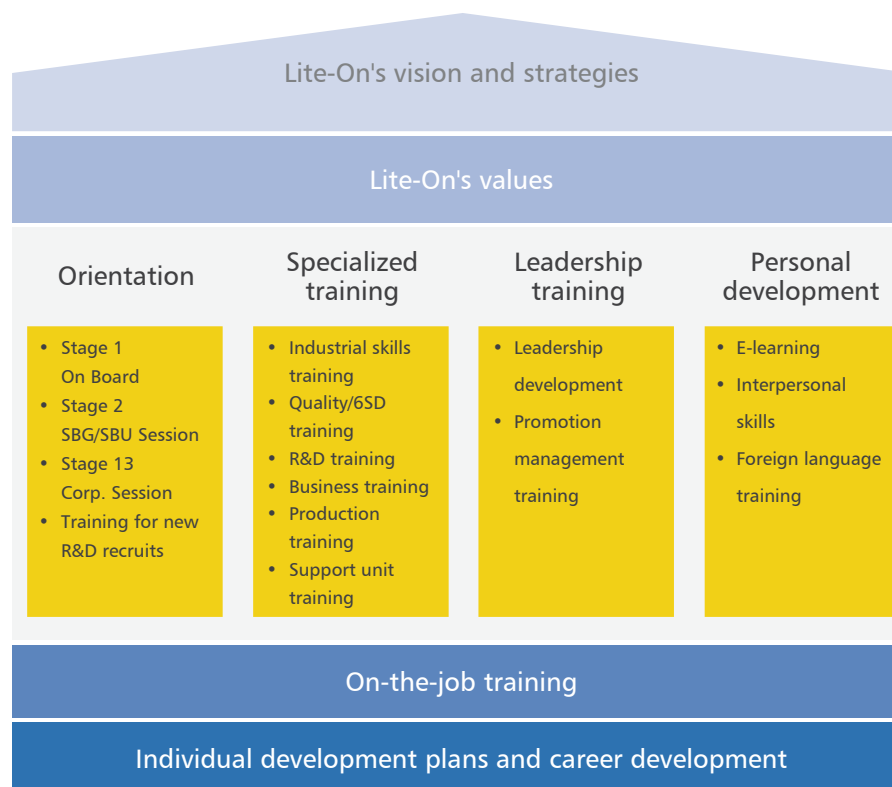
### Lite-On's Commitment to Learning and Development

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	Learning roadmap			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 2015

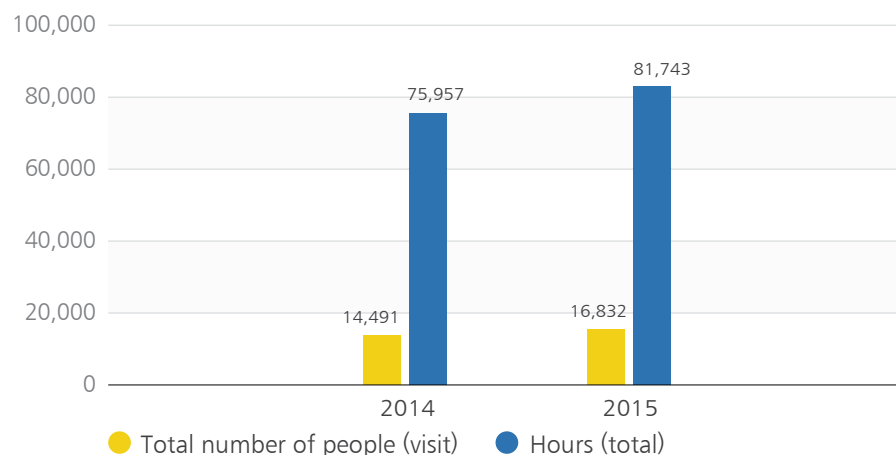
The following table shows the average number of training hours received by Lite-On employees in Taiwan, China and Thailand in 2015 (this includes both practical training and e-Learning courses) and the trend chart for data in the last two years.

### Training Overview - Taiwan

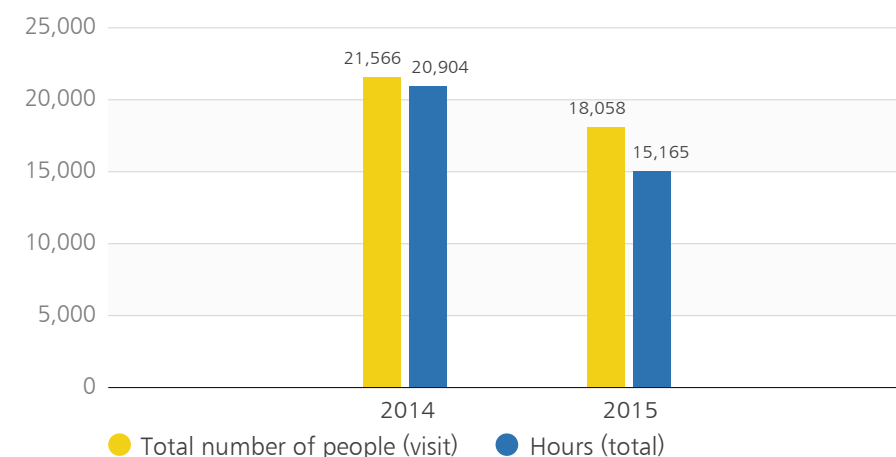
Training method	Level	Total training participation - male	Total training participation - female	Total training participation	Total training hours	Average training hours per person
Practical training	Executive management	170	5	175	694	16.92
	Upper management	704	80	784	3,648	17.21
	Middle management	4,638	1,514	6,152	32,495	21.62
	Indirect labor	5,807	3,420	9,227	43,394	21.77
	Direct labor	64	430	494	1,512	2.76
e-Learning	Indirect labor (inclusive of the above)	12,704	5,354	18,058	15,165	3.53 (excluding direct labor)
Total		24,087	10,803	34,890	96,908	22.56

Note: The total number of people is 4,296 in Taiwan, with 3,749 in indirect labor and 547 in direct labor.

### 2014-2015 Practical Training in Taiwan



### 2014-2015 E-learning Training in Taiwan



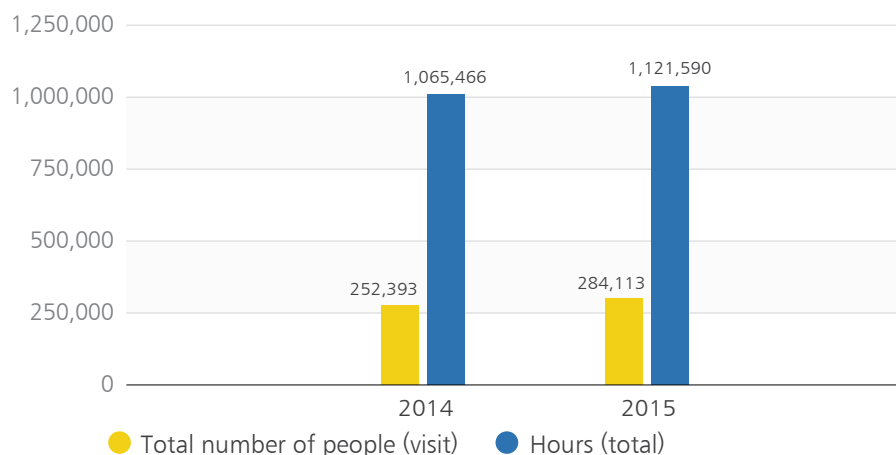
Note : As part of the 9-in-1 merger in 2014, orientation was provided for close to 2000 employees who became part of the group. As a result, the total number of people and the total number of hours in 2014 were both higher than those in 2015.

## Training Overview - China

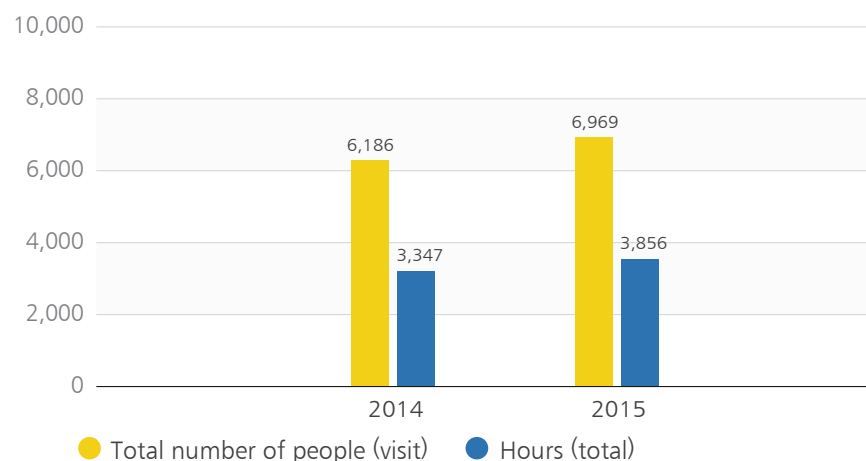
Training method	Level	Total training participation - male	Total training participation - female	Total training participation	Total training hours	Average training hours per person
Practical training	Executive management	0	0	0	0	0
	Upper management	113	25	138	263	10.12
	Middle management	1,829	528	2,358	11,868	23.88
	Indirect labor	38,955	23,914	62,869	147,022	22.20
	Direct labor	124,369	94,377	218,748	962,437	22.42
e-Learning	Indirect labor (inclusive of the above)	4,604	2,365	6,969	3,856	0.54 (excluding direct labor)
Total		169,870	121,209	291,082	1,125,446	22.47

Note: The total number of people is 50,079 in China, with 7,147 in indirect labor and 42,932 in direct labor.

## 2014-2015 Practical Training in Mainland China



## 2014-2015 E-learning Training in Mainland China

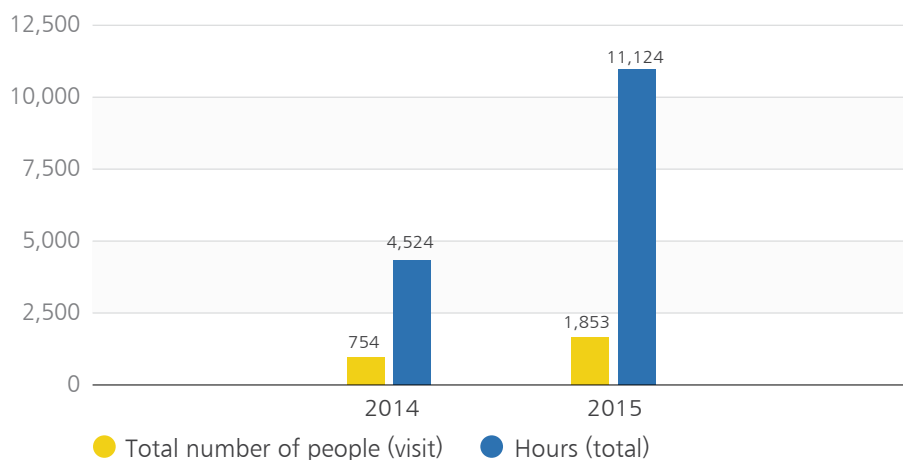


## Training Overview - Thailand

Training method	Level	Total training participation - male	Total training participation - female	Total training participation	Total training hours	Average training hours per person
Practical training	Executive management	0	0	0	0	0
	Upper management	1	0	1	6	1.20
	Middle management	64	31	95	570	7.60
	Indirect labor	135	184	319	1,914	9.64
	Direct labor	157	1,282	1,439	8,634	5.52
Total		357	1,497	1,853	11,124	4.43

Note: e-Learning is not available in Thailand

## 2014-2015 Practical Training 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
  - 3-stage training for new hires: In order to quickly familiarize new hires with Lite-On's corporate culture, vision, policies, and rules on health and safety, all new hires are required to complete a 3-stage orientation within six months of their onboard date. Furthermore, the company makes sure that 100% of new hires are briefed on Lite-On's sexual harassment prevention policy and employee code of conduct on their first day on the job. Courses on "Lite-On Vision, Mission and Strategy," "Employee Code of Conduct and Anti-Corruption Advocacy," and "Information Security" are included as part of this orientation, which every new employee is required to attend. The orientation not only conveys the company's vision, mission, strategies and ethical standards expected from employees, but also gives trainees a good understanding of how the company enforces its anti-bribery policy.
  - Specialized training for new hires: Once new employees commence their duties within their assigned departments, they are subject to full training in professional skills, quality and hands-on practice so that they may begin to make a contribution as soon as possible.
- 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 China

To enhance the leadership and management skills of primary-level managers (team leaders) in China, Lite-On has been introducing the Training Within Industry (TWI) for Supervisors program into its Chinese factories throughout 2015. 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 communication meetings sessions to convey the latest regulatory changes and the company's CSER efforts, thus progressively incorporating CSER into employees' daily lives.

### Enforcing Electronic Industry Code of Conduct (EICC) training

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

- The number of participants and the number of training hours for EICC, CSER and anti-corruption training in Taiwan and in China in 2015 are shown in the table below.



Location	Total training participation - male	Total training participation - female	Total training participation	Total training hours	Percentage of total
Taiwan	1,111	423	1,534	516	35.7%
China	35,347	18,023	53,370	58,990	106.6%

Note: The total number of people is 4,296 in Taiwan. The 50,079 people counted in China represented the total number of people, including employees who resigned after training. As a result, the percentage is greater than 100%.

### 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

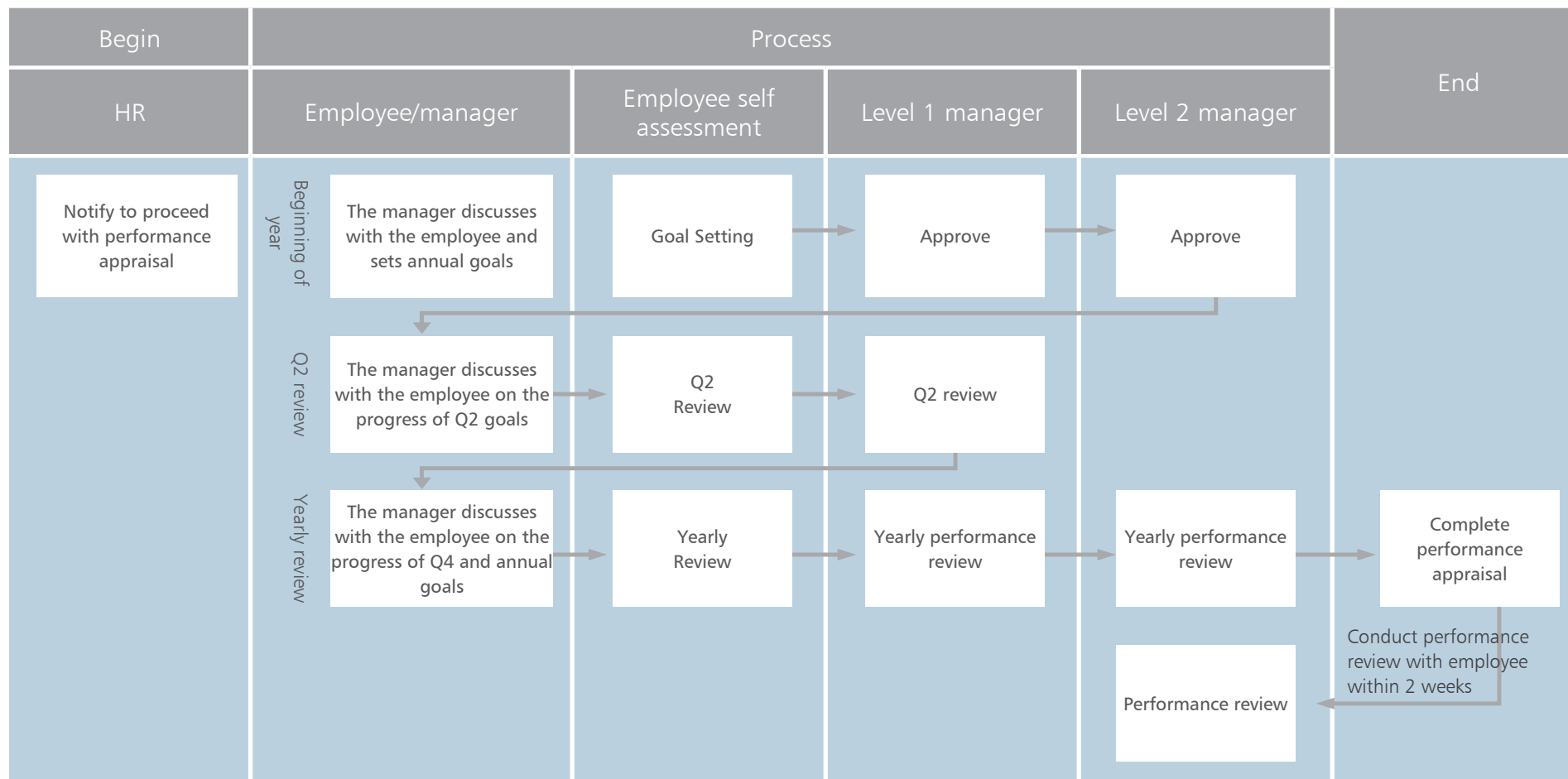
The goal of the company's performance management system is to raise performance both as an individual and as a group. The company has instituted two-way communication and implemented an employee development plan. Performance assessments are fair and reasonable, so that assessment results can provide 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. The company will also provide relevant proof and documents required by law in order to facilitate the application for unemployment benefits or professional training grants for the employee and to protect the employee's employment rights.

For all those in indirect labor (except for new hires), 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 for indirect labor



For those in direct labor:

There is a direct link between performance of direct labor and the company's production performance. Therefore, for those in direct labor, the plants follow a monthly bonus system based on product characteristics. Employees are rewarded according to performance. Employees' overall performance will be scored in the annual performance review at the end of each year.



### 4.4.2 Guaranteed Salary

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 direct labor not only have to comply with local regulations, but are also competitive when compared to industry peers. Currently, Lite-On's starting salary for direct labor is approximately 1.17 times the minimum wage in Taiwan, 1 time in China, and 1.1 times in Thailand.
- 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 (Taiwan):

Title	Male	Female
Technician/assistant (JG06-08)	1.1	1
Engineer/officer (JG10-14)	1.09	1
Manager (JG16-20)	1.1	1
Department head (JG21 and above)	1.06	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 provides group insurance policies that offer better medical protection and 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 accounts; in China, employees are insured according to local regulations in order to secure a comfortable lifestyle after retirement.

### 4.4.3 Pension Scheme

Lite-On makes contributions to employees' pension funds according to local regulations, regardless of where it operates in the world. Today, 100% of its employees have joined a pension plan. In Taiwan, employees' pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme). Employees who came onboard on or before June 30, 2005, are entitled to carry forward their years of service from the old scheme to the new scheme. Under the old scheme, the company contributes 2% of employees' monthly salaries into a pension account held with the Central Trust of China. This reserve has accumulated to NT\$1.09 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.

### 4.4.4 Violation of Labor Standards Act

Time of labor inspection	Site	Unit of labor inspection	Applicable article(s)
2015/01/27	Longtan	Hsinchu Science and Industrial Park, Ministry of Science and Technology	Article 30, Subparagraph 5
2015/4/27	Neihu	Taipei City Government	Article 24, Article 32, Paragraph 2 and Paragraph 3
2015/10/8	Neihu	Department of Labor, Taipei City Government	Article 30, Subparagraph 5

The above violation of Article 30, Subparagraph 5 was caused by the fact that the company was fined by the Department of Labor for not keeping an employee attendance record. The company had explained to the Department of Labor that the company's office personnel adheres to an honor system based on mutual respect between managers and employees. The company consistently complies with laws and regulations. However, the company operates in various cities across Taiwan, and its employees move around quite frequently. The company has also established overseas offices around the world, therefore to facilitate business activities on a global scale, the company has given consent that managers and employees may work flexible hours as needed. Due to the above reasons, the company is unable to comply with regulatory requirements at the present, but continues to try and find a feasible solution that complies with the regulatory requirements.

With respect to violation of Article 24 and Article 32 regarding overtime, the company has established comprehensive overtime guidelines and an eflow application process. The unit was engaged in completing the 9-in-1 merger at the time and did not finish the process in time. The human resource department had explained the overtime application rules to the managers and other employees, and provided assistance to employees in completing the application process. In addition, certain managers were required to conduct appropriate allocation of work and personnel.

All information above has been published on the Lite-On website:

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

## 4.5 Employee Relations

Lite-On values the importance of harmonious employee relations and make available diverse channels for two-way communication. Employees and managers conduct regular meetings at which all participants may speak freely. Confidential channels for employee grievances are also available to rightfully protect employee interests and employment relationships.

### Regular Two-way Discussions

Every business unit is required to conduct monthly management meetings and organize two-way discussions with employees on a quarterly or monthly basis. A total of 49 sessions were held in 2015. These meetings and discussions enable management to communicate directly with employees regarding the company's vision 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

Lite-On has taken a number of measures to give employees a timely update on information concerning their interests. Lite-On and the welfare committee established 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.

### Internal Publications

Various platforms to facilitate interaction between Lite-On and its employees include the company's internal publications (the quarterly Lite-On Magazine in Taiwan, and monthly periodicals in overseas sites). Employees are encouraged to write articles and share their ideas in the company's internal publications, while management uses these media to report on corporate performance and disseminate news on various events, so that employees may have a better understanding of company matters. News of corporate activities and inspiring articles are also published in the same periodicals. In 2015, a total of 12 internal publications (with the addition of EHS E-news this year in comparison with 2014) 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 online Learning Center, giving new employees a better understanding of the company's culture.



## Learning Center platform

By sharing internal publications over the 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.



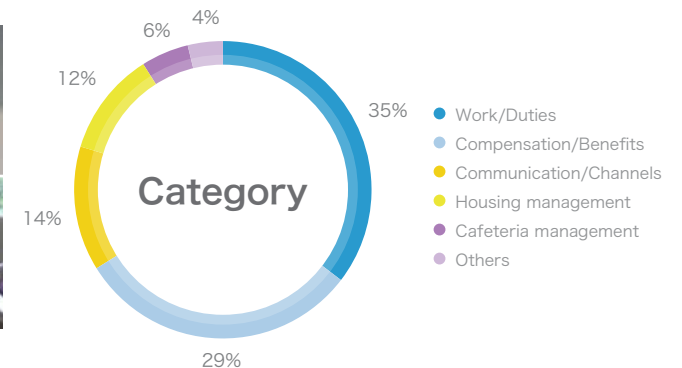
## Internal Announcements

Depending on the nature of announcements made, Lite-On distributes newsletters such as "ER Team", "HRD Team", "HRM Team", and "Lite-On Volunteer", and uses its "HR Portal" and "Lite-On Homestead" 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 2015, whereas 750 cases were received overseas; 739 or 99% of the above cases were resolved, while 11 were still in progress. Every business unit has an exclusive HR representative assigned to respond to employees' opinions and needs.



## Trade Associations

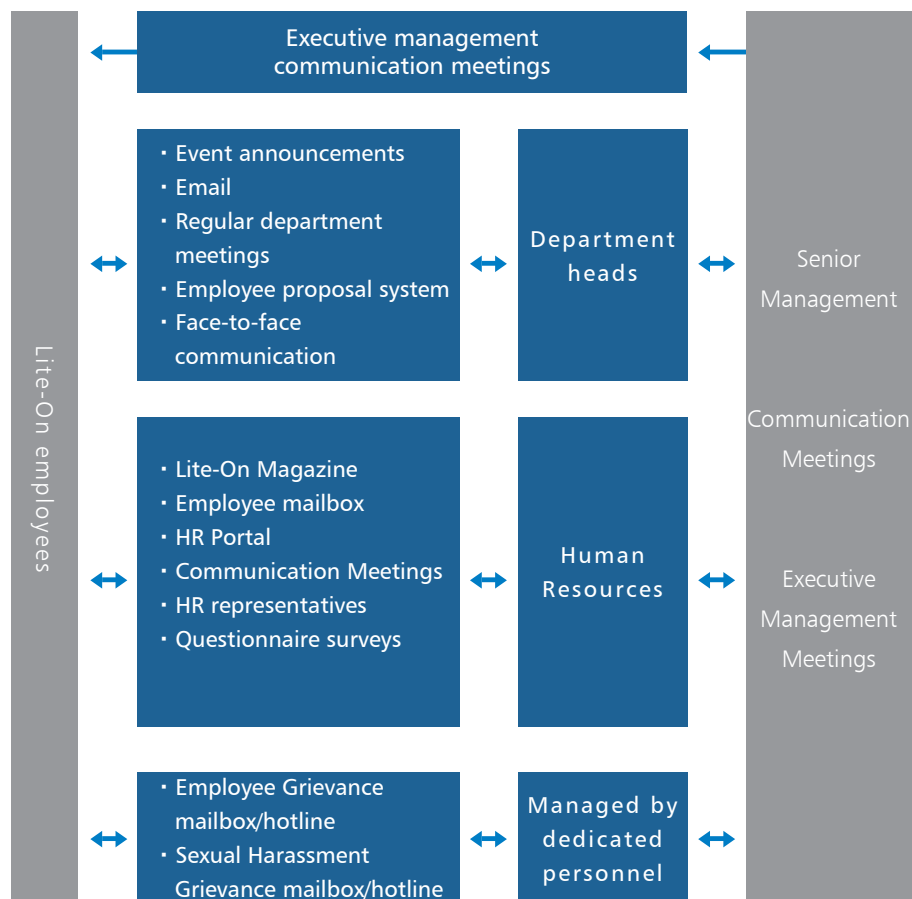
With respect to the local union established for employees of Lite-On Zhonghe, New Taipei City First Plant, this year, union directors and supervisors organized a one-day summer trip, "Summer Day Out", to Mike Recreation Farm and Old Street in Beipu for members as a means of building employee relations. 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.

## Sexual harassment prevention in workplace

discrimination based on race, religious belief, 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. Furthermore, metal detectors held by security guards are prohibited from coming into contact with the bodies of female employees, and are required to be spaced at least 3 centimeters away from the persons of all employees. 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.

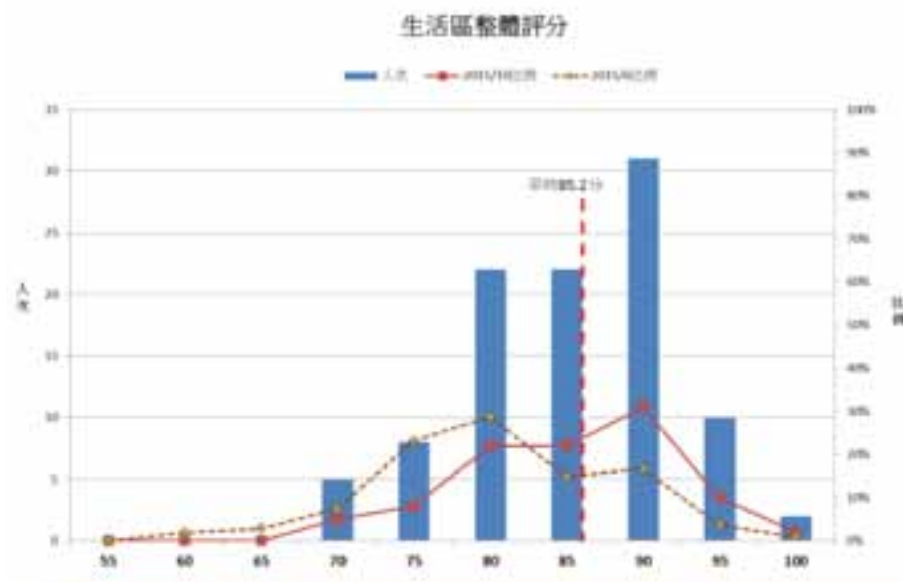






### Employee Satisfaction Survey

Lite-On conducts employee satisfaction surveys in the form of a system announcement or a dedicated printed survey every year. The surveys focus on five areas, "income", "management and communication", "living conditions", "work environment", and "career development." Results of the survey provide a basis for related employee care programs, and will be reviewed in meetings. It is a means for the company to gather comments and feedback from its employees.



The 2015 Lite-On Satisfaction Survey returned an average score of 81.1 in China.



## 4.6 LOHAS Lite-On

Lite-On is committed to building a comprehensive employee welfare system and remains dedicated to the needs of its employees. In addition to enhancing employee welfare and securing the basic welfare benefits of all employees, 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

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 at Lite-On is given an EAP card that contains contact information through which employees may obtain the most immediate and professional assistance in an emergency situation. In 2015, a total of 148 Lite-On employees used the service to gain access to one-on-one professional consulting services provided by external professionals. The average satisfaction with the service was 92%, demonstrating the suitability of EAP services to employee requirements.

In addition, Lite-On releases monthly EAPs newsletters that utilize case studies to offer suggestions and reflection so as to encourage employees to find a balance between body and mind, and between work and life. 12 newsletters were released in 2015. The two main themes were:

1. laws in everyday life and 2. improving mental/physical health.



#### 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, hospitalization).

Lite-On's Employee Welfare Committee offers prompt financial aid to employees who encounter unfortunate events (e.g.: accidents, illness, natural disasters, and other major catastrophes) and provide them with assistance through times of difficulty and need. The amount of aid will vary between NT\$30,000 and NT\$100,000 depending on the level of emergency.

Level of severity	Description of emergency	Financial status (supporting considerations)	Amount (NT\$)	Applications in 2015 (case)
1	Loss of work ability for three months or longer	• Primary income earner (single-income household)	30,000	0
2	Loss of work ability for six months or longer	• Mortgage and auto loans • Dependents • Insurance coverage	60,000	1
3	Loss of work ability for one year or longer		100,000	2



### Happiness Seminars

To help its employees achieve a healthy work-life balance, Lite-On organizes a series of arts and culture seminars every year. Lite-On's Employee Welfare Committee offered professional seminars on positive topics, such as workplace communication, community involvement, and life and food, this year. Lite-On held 22 Happiness Seminars in 2015, which were participated in by a total of 797 attendants. The participants as a whole were very satisfied with the seminars and gave them an average satisfaction score of 91%. Many employees also requested that more similar seminars be made available in the future. Some employees even suggested candidates for topics and lecturers. In 2015, Lite-On offered seminars on topics such as "Laws in Everyday Life," "How To Improve Sleep Quality," and "Staying Positive at the Bottom." The seminars were designed to help the employees to achieve a work-life balance and live a healthier life.

### 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.



Lite-On invites its employees to complete a mental health self assessment at their annual medical check-up, where they will have their physical health examined. The purpose is to monitor both mental and physical health in the workforce and provide consulting sessions with medical practitioners after the checkup according to the results. The Health Center is equipped with breastfeeding rooms for breastfeeding mothers. Family doctors are available onsite regularly to provide health advice for individual employees. Employees who have health related questions will be able to obtain assistance from medical practitioners and receive detailed health information and services.



### 4.6.2 Diverse Recreational Activities

Each year, Lite-On organizes a broad variety of motivational events ranging from group trips, competitions, festive dinners, hiking activities, 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.

Please visit the company's website for more details on employee activities.

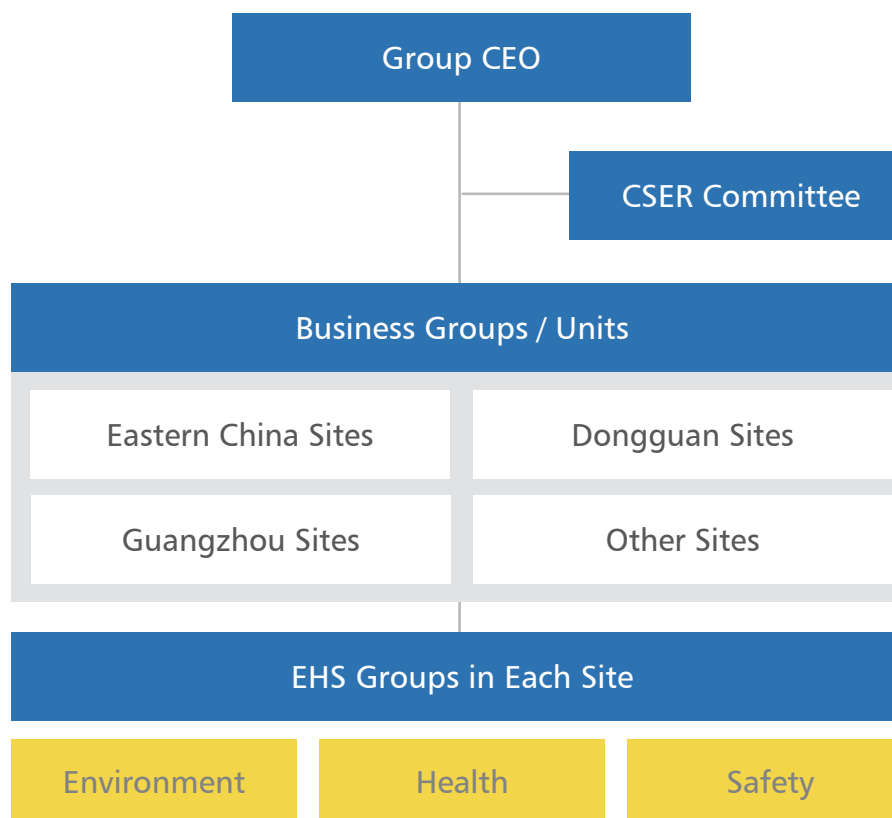
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### 4.6.3 Occupational Safety and Health Management (OSHM)

Lite-On places emphasis on its Occupational Safety and Health Management (OSHM) 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. OSHM 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 Group CEO that specializes in setting strategies and policies, and coordinating resources to guide, assist, and confirm that OSHM targets have been met. Lite-On values the importance of ongoing OSHM improvements, and the labor health, hygiene and safety obligations, rights and interests are clearly indicated in the labor contract or labor health and safety codes of practice. 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. It also continuously implements energy management in order to enhance its operation performance and value. 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

Lite-On's production sites are mainly located in Taiwan, China and Thailand. According to the laws of Taiwan, every company is required to establish a committee dedicated to promoting worker health and safety affairs. Though no such requirement exists in China or Thailand, Lite-On has nevertheless created similar organizations to involve employees in 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 2015.

Region	Taiwan	China	Thailand
Percentage of employee representatives in the worker health and safety committee	78.8%	Not applicable	45.5%
Key issues discussed	<ul style="list-style-type: none"> <li>• Traffic safety</li> <li>• Employees' health (weight loss, hypertension etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Machinery safety and protective measures</li> <li>• Chemical protective measures</li> <li>• Safety label identification</li> </ul>	<ul style="list-style-type: none"> <li>• Safe goods movement</li> <li>• Traffic safety</li> <li>• Machinery safety and protective measures</li> </ul>
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 2015, Lite-On performed 32,631 health checkups for employees and there were 132,048 participations in fire prevention, health and safety trainings.

In accordance with EHS regulations and its management systems, the company has tracked records on occupational injuries (including those occurring while commuting) in 2015. Compared to previous year, Lite-On has been able to reduce the frequency of injuries. However, in the disabling severity rate, 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 dig out 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, Thailand males represented the highest frequency at 2.7288 % whereas Thailand females represented the lowest frequency at 0.0219%. On a worldwide perspective, the group's overall absence rate has been measured at 0.4312%. 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	0.35	0.96	0.56	0.07	0.19	0.11	2.94	3.21	3.03	0.59	0.64	0.61
Mainland China	0.57	0.25	0.43	0.11	0.05	0.09	6.36	4.35	5.47	1.27	0.87	1.09
Thailand	2.89	0.14	0.66	0.58	0.03	0.13	34.11	0.27	6.74	6.82	0.05	1.35
Global	1.13	0.44	0.44	0.23	0.09	0.09	12.50	7.66	5.39	2.50	1.53	1.08

## Injury-induced Absence

Region	Male	Female	Total
Taiwan	0.2351%	0.2565%	0.2426%
China	0.5090%	0.3480%	0.4378%
Thailand	2.7288%	0.0219%	0.5391%
Global	0.5265%	0.3173%	0.4312%

Formula:

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

4. Severity rate of disabling injuries (SR) = total work days lost × 200,000 / total work hours elapsed [for statistics presented per 200,000 work hours]

Injury-induced absence (%) = total hours lost / total work hours elapsed × 100 Number of disabling injuries refers to the number of deaths, permanent total disabilities, permanent partial disabilities, and temporary total disabilities suffered by workers due to occupational accidents. Total work days lost refers to the total number of days that workers are unable to work due to one accident. The number of days that an injured worker is rendered temporarily (or permanently) unable to work does not include the day of injury or the day of resumption, but does include all days in between (including Sundays, public holidays, and off-days of the business unit) and any days after resumption that the worker is unable to work due to injuries suffered from the accident.

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

## 4.7 Multi-Stakeholders Collaboration with Stakeholders

### Collaboration with Hewlett Packard(HP) and BSR in Joint Female Employee Care Program

#### Program objectives

The female worker training program is designed to provide training in technical and personal skills for female workers in China's manufacturing sector in order to help them become more skilled and better specialized. It aims to improve the living standards and quality of female workers and their families. The program also helps female workers find opportunities for advancement and achieve continuing career development and social recognition.

#### Program background

The Women in Factories (WiF) Program is a training program launched and funded by the Walmart Foundation for all female factory workers around the world. The Walmart Foundation teamed up with BSR in 2015 with a plan to select 45 industries and factories in China and train 26,600 female factory workers.

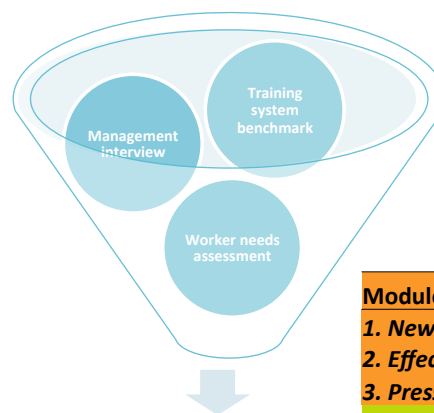
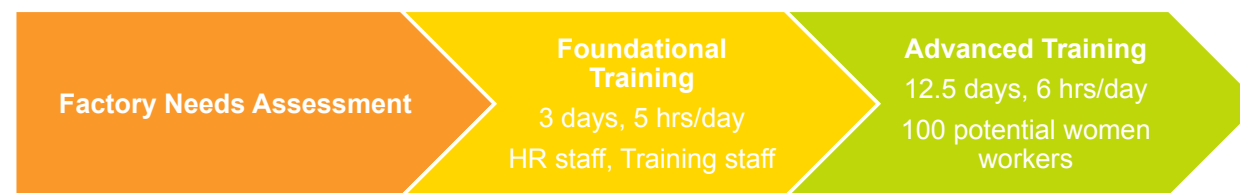
The plants, at the invitation of a client, HP, signed up to the WiF program in early 2015.



# Women in Factory



#### Phases and modules



BSR trainer → Factory HR →  
All workers in factory  
→ Integrate into factory  
training system

**3-6 months**

#### Module 1 : Just Arrived

1. New Employee Adaptability
2. Effective Communication
3. Pressure & Emotional Management

#### Module 2 : Staying Healthy at Work

1. OHS
2. Reproductive Health

#### Module 3 : Thinking Long Term

1. Financial & Life Planning
2. Career Development
3. Continued Learning

BSR trainer → 100 potential  
women workers  
**6-12 months**

About Women in Factory (3 hrs)	
Module 1	My Confidence (21 hrs)
1. Public Speaking (3 hrs)	
2. Gender Equality (6 hrs)	
3. Emotional Management (6 hrs)	
4. Problem Analysis and Judgment Making (6 hrs)	
Module 3	My Life (24 hrs)
1. Health and Exercise (6 hrs)	
2. Female Reproductive Health (6 hrs)	
3. Parenting (6 hrs)	
4. Financial Planning (6 hrs)	
Module 4	My Skills (24 hrs)
1. Becoming a Line Manager (6 hrs)	
2. Building a Team (6 hrs)	
3. Managing the New Generation of Workers (6 hrs)	
4. Production Workshop (6 hrs)	
Module 5	My Learning (3 hrs)
1. Case Study Review (2.5 hrs)	
2. Graduation Ceremony (0.5 hr)	



### Program implementation

- Human Input Solutions, Shijie Plant
- Network Access, Changzhou Plant

### Progress

March 2015	BRS visited the plants to perform a training requirement assessment.
April 2015	The plants assembled the WiF program management committee.
May 2015	Trainee instructors were selected from inside the company to attend related training courses.
July - October 2015	2015 Basic training courses, taught by trainee instructors, were made available. 300 female employees attended the training courses.
December 2015 - July 2016	More advanced training courses were made available and attended by 100 female employees, who were selected from those who completed the basic courses. BSR invited professional instructors to the plants to teach the courses.

### Program results

The WiF program has been in place for 18 months. The status and requirement assessment phase and the basic training phase for training at the plants were both completed in 2015. 50 out of the 100 students attending the advanced training phase have completed their training. 50 more people are expected to begin training in late July 2016.

Basic training targets female employees at the lowest level of the organization. Training in this phase helps students adapt to a new work environment, acquire basic communication skills, get better at managing own stress and emotions, and become more aware of safety at work and in everyday life. The module of long term development teaches employees how to manage their income and expenses correctly and how to make career plans.

Advanced training targets female employees with potential and tries to improve their career development and leadership skills. Certain courses, such as "Managing Younger Employees", have been made part of the mandatory training courses for junior managers.

Students actively participated in the courses and shared their own experiences. They talked about changes in their attitudes and behaviors throughout the training courses and about the benefits of the courses. They also expressed appreciation for the company providing such training.

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5

Lite-On and  
Society

## 5.1 Community Involvement Policy

Lite-On has long committed to community involvement with the goal of "giving back what is taken from society," especially given escalating problems in society. These problems include new immigrant integrating into society, upbringing of younger generation, shortage of life-long educational resources, lack of creative talent, and increasingly serious environmental and ecological issues. Lite-On's 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: advancing cultural diversity in quality of humanism, promoting care of youth and children education and life-long learning, nurturing creative and professional talent, and developing sustainable product and environmentally friendly education. Accomplishment of the above missions depends on how we execute our concrete 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
- Encouraging creative technical designers and integrating into technology incubation programs
- Industry-academia collaboration—combining theory and practice
- Development of clean, energy-saving, and healthcare-related equipment

Item	In multiples of NTD10,000
Total cash donations	1,291
Donation of supplies (including Lite-On products)	144
Event cost*	4,331
Total	5,776



\*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. Event costs do not include the salaries and concerned cost for interns as well as expenses of Lite-On Cultural Foundation.



## 5.2 Lite-On Cultural Foundation



The Lite-On Cultural Foundation was founded in 1993. Each year, Lite-On and its affiliated companies would donate NT\$10 million of their profits to the foundation to fund the foundation's annual operations. 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.

The main goals of the Foundation are nurturing cultural character, promoting charitable works, caring for corporate culture, and supporting children's growth. "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.

The Lite-On Cultural Foundation received another Social Education Public Service Award from the Ministry of Education in 2015. The award celebrates groups and individuals who have made significant contribution to social education, and encourage community involvement. The Foundation is honored to have been nominated by an affiliated school, Sansia Elementary School, this year, and received the Social Education Public Service Award from New Taipei City Government. The Foundation has also been recommended by the New Taipei City Government to and won the Social Education Public Service Award from the Ministry of Education.

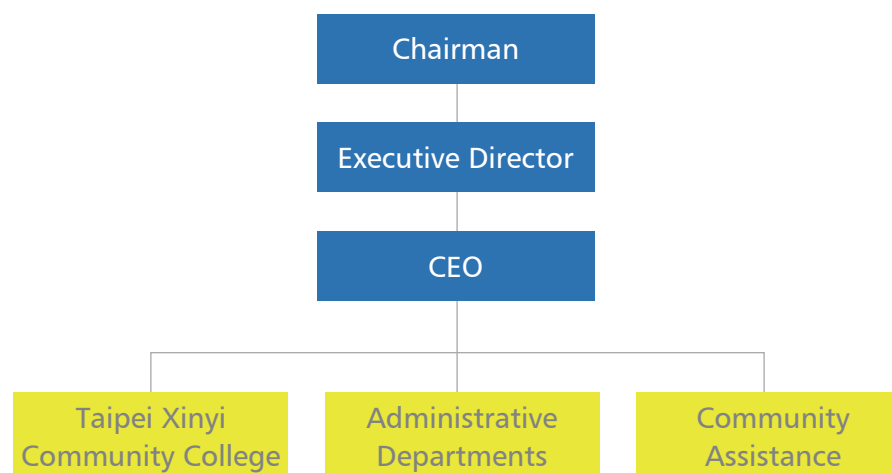




Furthermore, many lecturers of the Xinyi Community College in Taipei were recognized for outstanding courses and lifelong teaching excellence, while a number of students were recognized for lifelong learning excellence. The awards received by the Xinyi Community College in 2015 are listed as follows.

- (1) 2015 Outstanding Teacher of Outstanding Course, "Art of Tea": Zhi-Xian Zeng
- (2) 2015 Outstanding Teacher of Outstanding Course, "Recreational Camp - Garden of Angels": Hui-Mei Jian
- (3) 2015 Lifelong Learning Excellence: Mei-Ling You, Student
- (4) 2015 Lifelong Teaching Excellence: Zhi-Xian Zeng and Jin-Tai Zhuo, Lecturers
- (5) Taipei Book Crossing Campaign - Creative Bookshelf Competition

#### Organizational chart of Lite-On Cultural Foundation



## 5.2.1 Community Assistance: Caring for disadvantaged children and youths

### Projects completed in 2015

#### Community Volunteers

Project	2015 Performance
Community volunteer training	The training system consists of common core courses, basic knowledge courses, and advanced courses. It trains volunteers to explore their inner selves and the process and skills of helping others in a systematic manner over time in order to become better parents and better helpers. A total of 16,634 participants received training.
Small group and individual counseling services for disadvantaged children and teenagers	Services include: small group counseling services, individual counseling services, accompaniment, care, and counseling. A total of 12,686 students received counseling services.
New Team Warm Up	Community volunteers expanded their services beyond counseling to include areas such as reading assistance, life education, character development, and after-school studies. A total of 2,935 students received the warm up services.

#### Diverse services

Project	2015 Performance
Remote school children counseling support	Invited by Yeliou Elementary School (Wanli District, New Taipei City) and Mudan Elementary School (Shuangxi District, Taipei City), three of the Foundation's community volunteers embarked on a mission to provide group counseling for students in the above schools. A total of 781 students participated in the event.
Summer Camp for Children of Lite-On Employees	The company tries to provide services for internal customers and targets children of its employees. A three-day summer camp was held at Lite-On's Neihu headquarters. A total of 35 children participated in the event.





### Teaming up with allied institutions

Project	2015 Performance
Community Volunteer Seminars	As part of community volunteer training and interschool exchange, the Foundation works with Living Psychology Publishers and Baba Publishing to organize "Community Counseling Seminars" that bridge the gap between theory and practice and the habit of reading, and improve the quality and training of volunteer workers. A total of 12 seminars were attended by a total of 1,470 volunteers.
Government Projects	The Foundation was commissioned by the New Taipei City Family Education Center to organize the course, "8 Lessons for Parents: Food, Morality, Family, and Helping Others". A total of 15 schools and 2,400 volunteers were involved.
Community Care Summer Team	The Foundation sponsored the "Dreamer's Academy" children's camping activities organized by Taipei Lefu Community Association. A total of 240 students participated in the activities.
Internships from Universities and Technical Schools	Each year during summer vacation, the Foundation recruits interns to participate in summer internships. A total of 9 students completed internships (1 in winter vacation and 8 in summer vacation).

## Other Projects in 2015

- Large seminars in collaboration with Living Psychology Publishers: The seminar, "Love and Freedom - Satir's Family Therapy Model", was attended by more than 800 people.
- Community Assistance Biweekly Newsletter: The Foundation publishes the biweekly newsletter to share 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. A total of 17 biweekly newsletters were issued in 2015, making it an important means through which the Foundation discloses relevant information and contacts its Community Assistance.
- Innovative parental courses: The course goals are to help parents understand their children and build knowledge and skills in learning with their children, thereby encouraging self development in parents and the desire to help others in similar situations. The courses developed in 2015 are "Food, Morality, Family, and Helping Others" and "Using Storybooks to Build A Better Family and Help Others".
- Scholarship and donation platform for disadvantaged students: A Community Assistance Scholarship Policy has been established to provide financial aid for financially disadvantaged junior high school and elementary school students. A total of 39 students have benefited from the program.

## Community Assistance 2016-2017 Work Plan

- To continue to operate the scholarship and donation platform for disadvantaged students and to implement this platform throughout its entire organization.
  - To organize Summer Camp for Children of Lite-On Employees.
  - To rebuild the Community Assistance Oversight System and the trainee instructor training program, and to implement Lite-On's Community Assistance Model in new communities in New Taipei City or schools in remote areas.
  - To revamp and redesign the website in order to provide a knowledge platform for schools and members of the public in need of family or parenting education and services for the disadvantaged.
  - To support remote children counseling support in New Taipei City.
  - To reinforce community assistance training courses and the 32-course structure, and to try to publish books in collaboration with publishers.
- \* The community assistance projects in 2015 are disclosed on the Lite-On Cultural Foundation's website: <http://www.liteoncf.org.tw/news.php?id=472>



## 5.2.2 Promoting Lifelong Learning for Adults: Building Taipei Xinyi Community College

The Taipei Xinyi Community College was founded on its mission and educational philosophy, which can be divided into four themes, "caring for the disadvantaged, diverse education; environmental sustainability and green lifestyle; public engagement and talent training; and arts, history & community aesthetics". The vision and goals are established accordingly. The lifelong learning platform is constructed with people at its center. The platform serves to encourage cultural development, help the disadvantaged, and support cultural education in the community. It aims to "be an excellent community college and the best partner in lifelong learning for residents in the Xinyi District". A business management system was implemented with effective management by objectives. The Xinyi Community College offered 363 courses and accepted more than 7,045 students in 2015.

KPI	2013 Target	2013 Actual	2014 Target	2014 Actual	2015 Target	2015 Actual
A. Average student headcount	2,800	2,814	2,900	3,400	3,200	3,523
B. Number of students enrolled in green courses	250	497	450	557	575	644
C. Number of disadvantaged students	97	97	120	98	100	74

Furthermore, 60 Lite-On volunteers continued to work with Xinyi Community College volunteers in organizing the "Lite-On Jianle Cup Basketball Tournament" in 2015. Young and energetic corporate volunteers shared their experience of providing accompaniment and other services through social media, thereby creating a strong sense of love and community.

Event date	Event name	No. of participants	No. of volunteers
2015.05.23 2015.12.13	Lite-On Jianle Cup Basketball Tournament	200	Lite-On volunteers: 40 Xinyi volunteers: 10
2015.06.25	Angel Garden Tour	50	Lite-On volunteers: 20 Xinyi volunteers: 5



## 2015 Education Program Features and Performance

With respect to innovative projects based on the four themes this year, caring for the disadvantaged was embodied by free (monthly) haircuts for seniors living on their own in poverty in the community; and an environmental friendly green lifestyle was achieved by combining ecological reconnaissance and corporate volunteer training and offering green lifestyle seminars in the local public assembly hall. Meanwhile, for public engagement, the College took action to raise awareness in the community and to prevent dengue fever; and the College also played an active role in discussions on World Design Capital Taipei. In supporting arts and culture, the College always took part in large events hosted by the city government and actively sought performance opportunities for its instructors and students. A list of important activities at the College this year is shown below.

Development Objective	Partners	Shared responsibilities	Objectives/Benefits	No. of participants
Caring for the Disadvantaged Diverse Education	Department of Social Welfare (new project)	Senior Academy	To promote courses in arts, language, health and recreation, and IT education for the elderly.	A headcount of 250 people
	Xinyi Senior Center Xinyi Social Welfare Center Lite-On Volunteers	Festive gathering and accompanied tours for lone elders	To care for elders living on their own in poverty and to keep them company	A headcount of 350 people
	Xinyi Health Center, Taipei Medical University	Training instructors for public health courses	To prepare more experienced trainee instructors and volunteers for senior care on current issues of epidemic prevention and common chronic diseases.	A headcount of 300 people
	Taihe Village, Lian Village (new project)	Free haircuts for lone elders living in poverty	Saving expenses, catering for the needs of the socially disadvantaged, and helping to improve the quality of life.	A headcount of 150 people
	First Social Welfare Foundation	Jianle exercise, photography, rock and roll music, Angel Garden courses, child fitness camp	To care and accompany those suffering from physical disabilities or growth recession, and to strengthen their physical fitness and social skills.	A headcount of 200 people
	Lite-On human resources segment	Corporate volunteers caring for the disadvantaged (meals and tours)	The Community College helps to train corporate volunteers in order to encourage young volunteers to join the cause.	A headcount of 250 people



Development Objective	Partners	Shared responsibilities	Objectives/Benefits	No. of participants
Environmental sustainability Green lifestyle	Sung Shan District Farmers' Association	Hushan organic farming course	Promotion of organic farming within community	A headcount of 70 people
	Taihe Village, Lite-On (new project)	Tiaomi Ancient Trail investigation records, guide training and internships	Teaching of local history	A headcount of 700 people
	Local organic farming groups and individuals	Sixth Green Lifestyle Organic Farming Conference	The theme of the conference was "Green Lifestyle Friendly Farming". The audience was led by the speakers through a journey to find the heart of the green lifestyle. The instructors also led students to share their experience.	A headcount of 100 people
	Public Assembly Hall (new project)	Creating A Green Lifestyle DIY Seminar	Introducing simple changes that bring green transformation to home.	A headcount of 100 people
	Urban Development Bureau	Taipei Railway Workshop was named a historic site.	By connecting government departments and NGO resources, the host led the participants through a creative journey in order to connect to and identify with issues involving the Taipei Railway Workshop. Exhibits and interactive creations ignited the possibility of local residents identifying with and supporting the site.	A headcount of 200 people

Development Objective	Partners	Shared responsibilities	Objectives/Benefits	No. of participants
Public Engagement Human Resources Training	Xinyi Health Center (new project)	Training instructors for public health education	To help the government departments to raise awareness of dengue fever and flu and appropriate measures of prevention.	A headcount of 100 people
	Sanzhang Village, Sanli Village	Arts and entertainment in public space	To encourage local residents to experience arts and culture and use them to enhance the quality of life.	A headcount of 200 people
	Members of the community	Community management and forums on vision	Community inventory and setting directions for services	A headcount of 50 people
	Xinyi Health Center	Hiking and weight loss program	To help members of the community and students join the hiking team of the Community College and encourage each other to lose weight and enjoy health.	A headcount of 50 people
	Department of Government Ethics	Clean governance: What is justice? Part 4	Inspiring participant awareness of local current affairs using "justice" lecture materials from Harvard University.	A headcount of 50 people
	Taihe Village, Lian Village, Sanzhang Village, and Huian Village	Community action conference	The conference aimed to identify subjects that were desperately in need of assistance and explore feasible means of raising people's awareness.	A headcount of 20 people
	Taipei Railway Workshop, Taiwan Railway Administration + local villages	Forum on tours around Taipei Railway Workshop and vision	To encourage local residents to get involved in discussions on the future of cultural assets.	A headcount of 350 people
	Urban Regeneration Office, Classic Design and Planning Company (new project)	Public hearing for World Design Capital Taipei	To discuss and plan traffic flows and landscaping designs in Zhongqiang Park, Xiangshan Station, Taipei Green Tree Frog Conservation Area as a whole.	A headcount of 150 people
	Xinyi Community College + Xinyi District offices	Community exhibitions	Public exhibitions brought attraction to local communities and promoted lifelong learning.	A headcount of 500 people

Development Objective	Partners	Shared responsibilities	Objectives/Benefits	No. of participants
Arts & History Community Aesthetics	Calligraphy/paper art/ embroidery course students + City Council gallery, Sun Yat-Sen Memorial Hall, National Science and Technology Center for Disaster Reduction	Xinyi Community College arts exhibition	Promoting appreciation to arts and culture.	A headcount of 1000 people
	Ocarina and traditional music course students + Hushan trail, Taihe Village and Changchun Village offices	Arts exhibition and performance	Inspire people's interests in learning and community arts through outdoor performance exhibitions.	A headcount of 500 people
	Taipei City Government (new project)	The ocarina class performed in front of the Taipei Zoo Station.	To combine results with the city's latest favorite, the pandas, to create a community event and advertise the Community College at the same time.	A headcount of 500 people

## Future Outlook

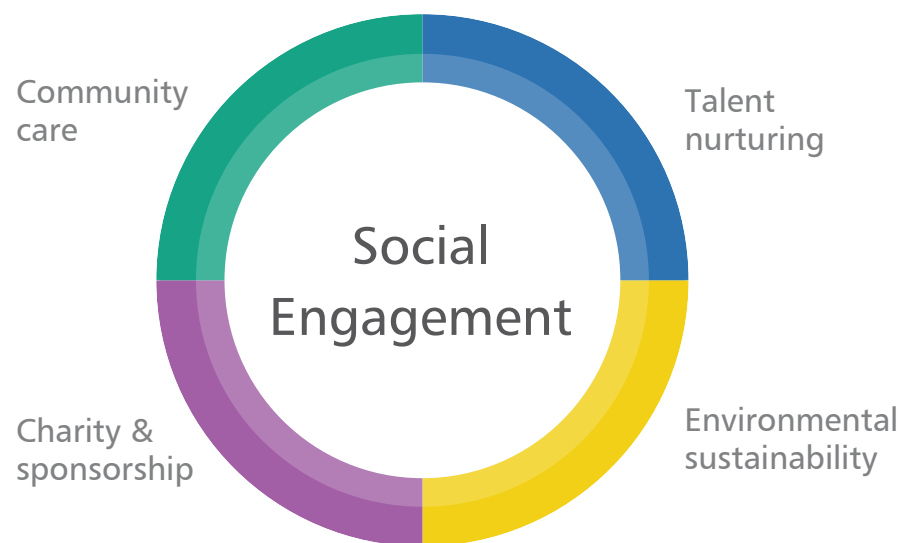
We will continue to make improvement, including in the following areas:

1. To establish medium- and long-term strategic goals by means of periodic educational training and the use of SWOT analysis and future strategies, and to improve the professional competencies of the administrative team.
2. To continue analyzing new and old students for the formulation of new and old courses and to strive for innovation. Student recruitment policies will be determined by a SWOT analysis in order to respond to learning needs arising from local developments. Analyses will be performed for growth and decline in the number of new students for new and old courses. The number of new students increased by close to 250 people from 6,805 in 2014 to 7,045 in 2015, which was the highest in the last 14 years.
3. A brand new administrative system was installed, and is still undergoing tests and modification to its database. The accounting system was reinforced to maintain the stability of student records and instructor schedules in order to develop a more professional image for instructors and student services. High attention is also paid to student questionnaires and feedback forms. The learning facilities and equipment are constantly improved for better teaching quality and higher safety.
4. Much effort will be invested to promote training in local arts and history as well as green lifestyle. The College will form strategic alliances with other NGOs, such as TMI Trail, NAPCU, and First Social Welfare Foundation, to create a cultural community in the Xinyi District and design a series of mountain (e.g. Hushan, Xiangshan), arts, and history (e.g. Tiaomi Ancient Trail) related tours, as well as a two-phase mini farm project promoted by the city government.
5. The College will provide assistance for clubs that offer free haircuts, massages, and dance performances, meeting with local village heads and in formulating an annual schedule for support of the underprivileged, green lifestyle platform, arts and culture, and musical activities. The College plays an active role in the community and takes advantage of its position to encourage students to become involved in public services and community activities.
6. Topics such as local cultural creative productions, ecosystems, and arts and history are the main areas of training for the instructors. Instructors are taken on site visits to learn about the local customs and cultures so that they are able to design their curriculum. These events also encourage collaborated course designs among fellow instructors.
7. The College is dedicated to promoting the cultural community in the Xinyi District. By inviting experts of learning communities to visit and offer advice, thereby redefining the nature and scope of the local cultural community, the Collage is able to balance tours of the unique natural ecosystem and full participation in local affairs, and furthermore formulate a blueprint for future developments.

\*Details of operations at the Taipei Xinyi Community College are shown in the 2015 Taipei Xinyi Community College Report on the Lite-On Cultural Foundation website. <http://www.liteoncf.org.tw/news.php?id=477>

### 5.3 Lite-On Volunteers

Corporate volunteering in the company is part of Lite-On's social inclusion policy. Lite-On started organizing corporate volunteers in 2013. The Lite-On volunteer platform is supported by training, community care, charity sponsorship, and environmental sustainability. The company uses the volunteer platform to combine resources in and outside the company, and encourage all Lite-On employees and their families to join the rank of corporate volunteers. The platform makes a long term commitment to a wide range of charities, such as English classes for children, after-school studies, environmental conservation and support for the disadvantaged.



Involvement of Lite-On Volunteers in and outside Taiwan in 2015 are described as follows.

#### Lite-On Volunteers in Taiwan

##### Community care



Year-end banquet for elderly persons living alone



Public Welfare Cup: friendly basketball competition



First Social Welfare Foundation Christmas Party



Angel Garden Activity

## Lite-On Volunteers in Taiwan

### Talent nurturing



Shuangxi after-school English tuition



Jinhe after-school English tuition

### Charity & sponsorship



Health and Charity campaign  
- Encouraging employees to combine fitness activities and charities and allocating charity funding to external charities

## Lite-On Volunteers in other regions

### Community care



Volunteers from Beihai Plant visited the elderly at the Hongchaojiang senior citizen home and the Beihai Social Welfare Institution.



Volunteers from Yingtan Plant brought supplies to the Bailu Office senior citizen home.

### Environmental sustainability



Lite-On Organic Farming Club



Lite-On natural tour guiding activities

### Blood donation activity



Lite-On Employee "Save a Life" Blood Donation campaign

### Environmental sustainability



Shijie Plant participated in the Hengku Tree Planting campaign



## 5.4 Supporting Internships: Offering students workplace experience and creating a training platform to connect theory and practice

Lite-On cooperates with and supports the Department of Technological and Vocational Education of the Ministry of Education and its industry-academia programs. Through working with colleges and universities to create a training platform that bridges the gap between theory and practice, the company selects students from various fields every year and provide them with internships, scholarships and other resources. It is an excellent way for bringing together the company and candidates and enables students to develop their skills and experience the dynamics of the workplace. In the process, the company is also provided with the opportunity to identify suitable future employees. In addition, schools are provided with access to human resource gaps between industry and academia and may adjust their curriculum accordingly. Therefore, it is a all-win situation among general society, schools, corporations, and students.

To effectively encourage students to apply their knowledge and experience the workplace, Lite-On makes plans for internships and advertises internship opportunities every year. Opportunities include general summer internships, overseas summer internships, and semester internships. Based on the nature of each internship position, Lite-On will assign one advisor to each student. Students will be required to complete a report, and a salary will be provided for the period of internship. To ensure that the students in the overseas summer internship program will be fully dedicated to their studies, each student is provided a salary as well as accommodation and travel allowances during their internship. Students with outstanding performance during their internship will be offered priority in applying for positions in the company.



Results in 2015 are as follows:

Internship type	General summer internship	Overseas summer internship	Semester internship/ technology development program
Number of interns	35	30	15

### Feedback on results and advice

The internship program casts the company in a positive light. A lot of attention is given to providing guidance for the interns. — Xue, National Cheng Kung University

It is more useful and more efficient way of learning than going to school! — Chen, Chung Yuan Christian University

The past two months have been a turning point in my life. — Chang, National Taipei University of Technology

I have learned a lot, and the program gave me great confidence to face the challenges ahead. — Chang, National Taiwan University of Science and Technology

Lite-On has invested a lot in giving us the opportunities to learn about the industry through our internship. — Chen, Chung Yuan Christian University

People from different cultural backgrounds can learn from each other! — Gu, Chung Yuan Christian University

This program broadened our vision. I hope that this program continues long into the future. — Yang, Chung Yuan Christian University

## 5.5 2015 Lite-On Award: Encouraging Innovations that Break Barriers between Disciplines



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 15 years, the award has attracted Chinese-speaking industrial designers from more than 20 countries to participate in capturing the industry's latest visions and trends. The 2015 Lite-On Award was based on the themes "optic, electrics and energy saving" and

"smart technology," receiving more than 1,678 entries from around the world.

### New Technical Innovation Category

The trend toward innovation and entrepreneurship is still gaining momentum around the world. While the technology has always been one of the cornerstones of Taiwan's economy, there is an urgent need for the younger generation of teams, companies, talents and creativity in terms of technology innovation to catch up with the rest of the world. The 15th Lite-On Award continued to observe the company's foremost principle of "innovation" and the scale of the award was also expanded by integrating resources from various sectors. In addition to the returning category, "Design Innovation", a new category,

"Technology Innovation", was added for the first time to invite innovative designs not confined to any singular discipline, thus establishing a new stage for interdisciplinary technological innovators to showcase their team spirit. The category introduced for the first time, Technology Innovation, attracted 162 teams. The winning entries displayed large potential for commercialization.

### Water Resource, Food Safety, and Medical Applications Stood out

Many entries this year focused on bringing solutions to current issues. Among them, solutions regarding water pollution and food safety were most favored by the judges. The Department of Chemical Engineering from National Taiwan University, competition debutants this year, won both the Gold Award and the Silver Award. The Geomimetic Membrane, winner of the Gold Award under the "Technical Innovation Category,"

is developed from the world's most advanced water filtration and analysis techniques, capable of recycling industrial water, solvents, acids and alkalis and other liquids through solid-liquid separation, which may change industrial process, lower environmental damage and reduce water waste. The Heavy Metal Catcher, winner of the Silver Award, is an application of micro-plasma light-emitting technology. It detects whether the content of heavy metal in food and liquid exceeds safe standards using a smart phone, which further ensures the safety of food and drinking water.





National University of Singapore won both Gold Award and Silver Award under the Design Innovation Category. Rebound, the winner of the Gold Award, comprises exercise equipment that prevents muscle atrophy for patients confined to bed. The judges all approved of this entry because it has a compassionate purpose, uses readily available materials and solves existing problems. Instant Relief, a

design that means to rescue a large number of shipwreck survivors within the golden 72 hours, was awarded the Silver Award. Sea Burial+, winner of the Bronze Award, is a new-fashioned sea burial system that combines spinning and sinking water-soluble urns and a smart phone app. The "virtual urn" resonates with Asian people's respect toward the deceased.

#### Teaming up with Makers to Turn Innovation into Reality

To turn innovations into entrepreneurial ventures, the Lite-On Award this year placed equal weight on "innovation" and "practical application". In addition to creating the first Maker Award of Honor, Lite-On invited Yuhsiu Yang, cofounder of the largest maker base, Future Ward, to be the design judge. The company also took one step further and worked with Future Ward and the Centre of Woodwork Technology and Innovation in developing prototypes. Prototypes of the entry "Development of Electrode Bonding Technology for Highly Efficient Flexible OLEDs" to the Technology Innovation category and the

entry "Wearable Pressure Detection Patch" to the DuPont Special Award were completed by the contestants by using the machines and equipment in the co-working space at Future Ward. Prototypes of the three COWTAI Special Award winners, Love as the Bright Moon, Fengyuan Pastry LED Night Lamp, and Seesaw Wireless Charger, were completed at the Centre of Woodwork Technology and Innovation.

#### Creating open learning platform for shared learning and innovation

Every year, the Lite-On Award invites internationally renowned designers to serve as the judges. This year, members of the judging panel of the finalists under the Design Innovation Category included Hamaguchi Hideshi, the inventor of USB flash drives, Tim Kobe, who co-designed the Apple Store with Steve Jobs, and Huawei's Mobile Design Vice President Joonsuh Kim. As the speakers of the Lite-On Award Forum, they also discussed with the audience how to change lives and the world with creative design, encouraging young designers to fulfill their entrepreneurial dreams. Close to 90% of the forum audience expressed that the contents offered substantial benefits to innovative ideas, and suggested allocating more time for speakers.

The Lite-On Award is now in its 15th year. From working with Commonwealth Magazine for online learning at the beginning of the contest, the works that were entered into the contest, to the venture assessments in the end, the Lite-On Award always adhered to the principle of innovation, and will continue to encourage young innovators and offer them a stage to commercialize their works, so that they can build their start-ups to fulfill and realize their career aspirations.



### Turning Innovations into Entrepreneurial Ventures

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: "Lite-On worked with partners to push for the marketability of the entries for the first time this year. By virtue of the industry experience of our partners and their sensitivity to the market, the Lite-On Award is striving towards the realization of innovative ideas, producing prototypes and cultivating design talent. For the first time, the Lite-On Award has invited venture capitalists to join the judging panel this year. They reminded the contestants to pay attention to commercialization and

consumer habits during technological research and development, which helped innovative inventors find their niche in entrepreneurship."

Merck Taiwan teamed up with the Lite-On Award for the second time this year. The theme was "New Vision" and the contest was open to creative entries that combined monitors, lighting materials or OLED innovations. As CEO of Merck

Display Materials Division Jun-Long Li expressed: "Many entries this year are technologically feasible and actually respond to everyday needs. I look forward to seeing how the existing technology industry will react to these young creators when they arrive in the market."

As one of the sponsors of the Lite-On Award, the DuPont Special Award was based on the theme "infinite innovation & wireless innovation", focusing on wiring plans for vehicles, home appliances, and smart devices. As President of DuPont Taiwan Clint Huang expressed: "DuPont is constantly developing cutting edge science projects with the goal to solve problems in the world with science and satisfy the human yearning for a better life. The philosophy resonates with that of the Lite-On Award. An excellent design must be able to turn technology into reality and create real value."



Meanwhile, the Advantech Special Award was based on the theme "Industrial Beacon", and focused on application of smart sensor managers in the medical industry. As Vice President of Advantech Linda Tsai expressed: "At Advantech, our long term goal is to be the driving force behind a smart Earth. We require that entries be sufficiently feasible for smart application and achieve aesthetics and convenience at the same time. We also observe whether an entry is able to improve the lives of mankind."

As Deputy Director of the Centre of Woodwork Technology and Innovation Jo-Han Chang expressed: "The Centre of Woodwork Technology and Innovation was based on the theme 'Innovative Lifestyle Culture'. The goal is to preserve traditional skills while encouraging the woodwork industry to find a foothold in the hi-tech industry. It is hoped that creativity of younger designers will help the woodwork industry grow with time and return to its former glory. Many designers combined woodwork and technology in ways that not only enhanced the quality of life, but also made life more interesting!"



Overview of 2015 Lite-On Award

No. of participants	Approximately 2,500 people
No. of designs	1,678 pieces
No. of award-winning pieces	42 pieces
Taiwan Campus Innovation Seminar	24 session, 1500 participants
Number of participants*	Approximately 4,270 people

Please visit the Lite-On Award website for more details. [www.liteonaward.com](http://www.liteonaward.com)

## GRI G4 Index

### General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections		Page	Omissions
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organization.	Letter from the Chairman and Group CEO		7	
	G4-2	Key impacts, risks, and opportunities.	Letter from the Chairman and Group CEO		7	
Organizational Profile	G4-3	Name of the organization.	2.1	Company Overview	32	
	G4-4	Primary brands, products, and services.	2.1	Company Overview	32	
	G4-5	Location of the organization's headquarters.	2.1	Company Overview	32	
	G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	2.1	Company Overview	32	
	G4-7	The nature of ownership and legal form.	2.1	Company Overview	32	
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	2.1	Company Overview	32	
	G4-9	Scale of the organization.	2.1.2	Business Performance and Outlook	34	
			2.1	Company Overview	32	
	G4-10	total number of employees by contract a, employment type , supervised workers, region, and all brokendown by gender.	4.2.1 Employee Structure and Distribution		104	



## GRI G4 Index

## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
Organizational Profile	G4-11	Percentage of total employees covered by collective bargaining agreements.	4.5 Employee Relations Note: There are no collective bargaining agreements in Lite-On yet.	125	
	G4-12	Description of the organization's supply chain.	1.2.2 Lite-On's Value Chain with Report Scope and Boundaries 3.11 Supply Chain Management	22 96	
	G4-13	significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	About This Report 2.1 Company Overview 2.2 Corporate Governance 3.11 Supply Chain Management	1 32 39 96	
	G4-14	Precautionary approach or principle is addressed by the organization.	2.2 Corporate Governance 3.1 Lite-On's Green Commitment	39 61	
	G4-15	externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	3.2 Responses to Climate Change and Global Warming 4.7 Multi-Stakeholders Collaboration Initiatives	65 136	
	G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	2.1.3 Membership in Groups and Associations	36	

## GRI G4 Index

## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
Identified Material Aspects and Boundaries	G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	About This Report 2.2 Corporate Governance	1 39	
	G4-18	process for defining the report content and the Aspect Boundaries.	1.2 Identification of Stakeholder	15	
	G4-19	List all the material Aspects identified in the process for defining report content.	1.2.1 Analysis of Materiality	15	
			1.2.2 Lite-On's Value Chain with Report Scope and Boundaries	19	
	G4-20	For each material Aspect, report the Aspect Boundary within the organization, as well as whether the Aspect is material within the organization.	1.2.2 Lite-On's Value Chain with Report Scope and Boundaries	19	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as well as whether the Aspect is material outside of the organization.	1.2.2 Lite-On's Value Chain with Report Scope and Boundaries	19	
	G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	2.1.2 Business Performance and Outlook	34	
			3.3.1 Greenhouse Gas Inventory	77	
			3.4 Water Resource Management	86	
			3.7.4 Waste Management and Recovery 3.3.3 Direct and Indirect Energy Consumption	68 74	
	G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Non		

## GRI G4 Index

## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
Stakeholder Engagement	G4-24	A list of stakeholder groups engaged by the organization.	1.2.1 Analysis of Materiality 1.2.3 Methods of Communication with Stakeholders	15 26	
	G4-25	The basis for identification and selection of stakeholders with whom to engage.	1.2.1 Analysis of Materiality	15	
	G4-26	the Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	1.2.1 Analysis of Materiality 1.2.3 Methods of Communication with Stakeholders	15 26	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	1.2.1 Analysis of Materiality	15	
Report Profile	G4-28	The period (such as fiscal or calendar year) for information provided.	About This Report	1	
	G4-29	Date of most recent previous report.	About This Report	1	
	G4-30	Reporting cycle (such as annual, biennial).	About This Report	1	
	G4-31	The contact point for questions regarding the report or its contents.	About This Report	1	
	G4-32	The 'in accordance' option the organization has chosen.	About This Report GRI G4 Index Third Party Assurance Statement	1 159 188	
	G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	About This Report	1	

## GRI G4 Index

## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
Governance	G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	2.2 Corporate Governance	39	
	G4-35	the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	1.1.1 Lite-On CSER Committee	14	
			2.2 Corporate Governance	39	
	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 Lite-On CSER Committee	14	
			2.2 Corporate Governance	39	
	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	15	
			1.2.3 Methods of Communication with Stakeholders	26	
			2.2 Corporate Governance	39	
			4.5 Employee Relations	125	
	G4-38	The composition of the highest governance body and its committees.	2.2.1 Board of Directors	43	

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## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
Governance	G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	2.2.1 Board of Directors	43	
	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	39	
	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	44	
			2.2.3 Compensation Committee	45	
			2.2.4 Growth Strategy Committee	46	
	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 2.2 Corporate Governance	13 39	
	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	39	

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## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
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	39	
	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	39 7	
	G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	2.2 Corporate Governance 2.2.9 Corporate Risk Management	39 55	
	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	2.2 Corporate Governance 2.2.9 Corporate Risk Management	39 55	
	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	14	
	G4-49	The process for communicating critical concerns to the highest governance body.	1.1.1 Lite-On CSER Committee 2.2 Corporate Governance	14 39	



## GRI G4 Index

## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
Governance	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	14	
	G4-51	The remuneration policies for the highest governance body and senior executives for the below types of remuneration	2.2.1 Board of Directors	43	
			2.2.3 Compensation Committee	45	
	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 Compensation Committee	45	
	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 Compensation Committee	45	
	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 Compensation Committee	45	
	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 Compensation Committee	45	

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## General Standard Disclosures Overview

Aspect	General Standard Disclosures		Related Report Sections	Page	Omissions
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 2.2.8 Anti-corruption 3.1 Lite-On's Green Commitment	13 50 61	
	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	50	
	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	50	

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - ECONOMIC

Aspect	Disclosures On Management Approach(DMA) & Indicators	Related Report Sections	Page	Omissions
Economic Performance	DMA	2.1 Company Overview	32	
		2.2 Corporate Governance	39	
	G4-EC1 Direct economic value generated and distributed.	2.1.2 Business Performance and Outlook	34	
		2.2.6 Dividend Policy and Execution	47	
		2.2.7 Remuneration of Employees and Directors	49	
		4. 4 Protection of Rights and Interests	121	
		4.6 LOHAS Lite-On	130	
		5.1 Social Inclusion Policy	139	
	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	7	
		3.2 Response to Climate Change and Global Warming	65	
		3.3 Reducing Greenhouse Gases	68	
	G4-EC3 Coverage of the organization's defined benefit plan obligations.	4.4.3 Pension Policy	124	
	G4-EC4 Financial assistance received from government.	2.2.5 List of Major Shareholders	47	
Market Presence	DMA	2.1 Company Overview	32	
		2.2 Corporate Governance	39	
	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	121	
	G4-EC6 Proportion of senior management hired from the local community at significant locations of operation.	4.2 Employee Overview	104	
Procurement Practices	DMA	3.1 Lite-On's Green Commitment	61	
		3.11 Supply Chain Management	96	
	G4-EC9 Proportion of spending on local suppliers at significant locations of operation.	3.11 Supply Chain Management	96	

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## SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Materials	DMA		3.1 Lite-On's Green Commitment	61	
	G4-EN1	Materials used by weight or volume.	3.7 Main Raw Materials	84	
	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.
Energy	DMA		3.1 Lite-On's Green Commitment	61	
			3.2 Response to Climate Change and Global Warming	65	
			3.3 Reducing Greenhouse Gases	68	
	G4-EN3	Energy consumption within the organization.	3.3.3 Direct and Indirect Energy Consumption	74	
	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.
	G4-EN5	Energy intensity.	3.3.3 Direct and Indirect Energy Consumption	74	

## GRI G4 Index

### SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Energy	G4-EN6	Reduction of energy consumption.	3.3.2 Energy-saving Measures	71	
			3.3.3 Direct and Indirect Energy Consumption	74	
			3.8 Green Logistics	88	
	G4-EN7	Reductions in energy requirements of products and services.	3.5 Green Product Design	79	
Water	DMA		3.1 Lite-On's Green Commitment	61	
			3.2 Response to Climate Change and Global Warming	65	
	G4-EN8	Total water withdrawal by source.	3.4 Water Resource Management	77	
	G4-EN9	Water sources significantly affected by withdrawal of water.	Note: No source affected.		
	G4-EN10	Percentage and total volume of water recycled and reused.	3.4 Water Resource Management	77	Water recycled and reused data were not materialized to Lite-On's industrial nature.
Emissions	DMA		3.1 Lite-On's Green Commitment	61	
			3.2 Response to Climate Change and Global Warming	65	
			3.3 Reducing Greenhouse Gases	68	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	3.3.1 Greenhouse Gas Inventory	68	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.3.1 Greenhouse Gas Inventory	68	
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	3.3.1 Greenhouse Gas Inventory	68	

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Emissions	G4-EN18	Greenhouse gas (GHG) emissions intensity	3.3.1 Greenhouse Gas Inventory	68	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.1.1 Environmental Management Goals	62	
			3.3.1 Greenhouse Gas Inventory	68	
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Note : Lite-On does not use any substances detrimental to ozone layer in its production processes.		
	G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	3.3.4 Air Pollution Control	76	
Products and Services	DMA		3.1 Lite-On's Green Commitment	61	
			3.2 Response to Climate Change and Global Warming	65	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	3.6 Restriction on the Use of Hazardous Substances	83	
			3.5 Green Product Design	79	
	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.
Compliance	DMA		3.1 Lite-On's Green Commitment	61	
			3.2 Response to Climate Change and Global Warming	65	
	G4-EN29	Significant fines and non-monetary sanctions in terms	3.1.2 Environmental Accounting	63	



## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - ENVIRONMENTAL

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Transport	DMA		3.1 Lite-On's Green Commitment	61	
	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	88	
Overall	DMA		3.1 Lite-On's Green Commitment	61	
	G4-EN31	Total environmental protection expenditures and investments by type	3.1.2 Environmental Accounting	63	
Supplier Environmental Assessment	DMA		3.1 Lite-On's Green Commitment	61	
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	3.11 Supply Chain Management	96	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	3.11 Supply Chain Management	96	Currently, the statistical data were partially completed, and it is planned to have complete disclosure gradually.
Environmental Grievance Mechanisms	DMA		3.1 Lite-On's Green Commitment	61	
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Note: In 2015, there was no grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.		

## GRI G4 Index

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

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Employment	DMA		4.1 Employee Policy	102	
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	4.2.2 Employee Retention	110	
	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 Protection of Rights and Interests 4.6 LOHAS Lite-On	121 129	
	G4-LA3	Return to work and retention rates after parental leave, by gender	4.2.2 Employee Retention	110	There are no parental leave regulations in China and Thailand
Labor/ Management Relations	DMA		4.1 Employee Policy	102	
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	4.4 Protection of Rights and Interests	121	
Occupational Health and Safety	DMA		4.1 Employee Policy	102	
	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 Occupational Safety and Health Management	132	
	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 Occupational Safety and Health Management Notes: Planning to arrange the statistics AR (absence rate) with work injury, sick and personal leave in the future	132	

## GRI G4 Index

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

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Occupational Health and Safety	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	4.6.3 Occupational Safety and Health Management	132	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	4.6.3 Occupational Safety and Health Management	132	
Training and Education	DMA		4.1 Employee Policy	102	
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	4.3 Employee Development and Training	112	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	4.4 Protection of Rights and Interests	121	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	4.4 Protection of Rights and Interests	121	
Diversity and Equal Opportunity	DMA		4.1 Employee Policy	102	
	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	104	

## GRI G4 Index

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

Aspect	Disclosures On Management Approach(DMA) & Indications		Related Report Sections		Page	Omissions
Equal Remuneration for Women and Men	DMA		4.1	Employee Policy	102	
	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	121	
Supplier Assessment for Labor Practices	DMA		3.11	Supply Chain Management	96	
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	3.11	Supply Chain Management	96	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	3.11	Supply Chain Management	96	
Labor Practices Grievance Mechanisms	DMA		4.1	Employee Policy	102	
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	4.4	Protection of Rights and Interests	121	
			4.5	Employee Relations	121	

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (HUMAN RIGHTS)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Investment	DMA		4.1 Employee Policy	102	
			3.11 Supply Chain Management	96	
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			Lite-On prescribes Corporate Social and Environmental Responsibility (CSER) code of conduct and Corporate Social Responsibility code of practice, and all of the relevant investment agreements and contracts are evaluated by Legal department for compliance.
	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	112	
Non-discrimination	DMA		4.1 Employee Policy	102	
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	4.5 Employee Relations	125	
Freedom of Association and Collective Bargaining	DMA		4.1 Employee Policy	102	
	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 3.11 Supply Chain Management	111 96	

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (HUMAN RIGHTS)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Child Labor	DMA		4.1 Employee Policy	102	
	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	111	
			4.2.4 EICC Committee	111	
			3.11 Supply Chain Management	96	
Forced or Compulsory Labor	DMA		4.1 Employee Policy	102	
	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	111	
			3.11 Supply Chain Management	96	
Security Practices	DMA		4.1 Employee Policy	102	
	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.		
Indigenous Rights	DMA		4.1 Employee Policy	102	
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Note : None		



## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (HUMAN RIGHTS)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Assessment	DMA		4.1 Employee Policy	102	
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	4.2.4 EICC Committee	111	
Supplier Human Rights Assessment	DMA		3.11 Supply Chain Management	96	
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	3.11 Supply Chain Management	96	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	3.11 Supply Chain Management	96	
Human Rights Grievance Mechanisms	DMA		4.1 Employee Policy	102	
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	4.5 Employee Relations	176	

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (SOCIETY)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Anti-corruption	DMA		5.1 Social Inclusion Policy	139	
			2.2.8 Anti-corruption	50	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2.2.8 Anti-corruption	50	
			4.2.4 EICC Committee	111	
	G4-SO4	Communication and training on anti-corruption policies and procedures	2.2.8 Anti-corruption	50	
	G4-SO5	Confirmed incidents of corruption and actions taken	2.2.8 Anti-corruption	50	
Anti-competitive Behavior	DMA		4.1 Employee Policy	102	
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	2.2.8.1 Explanations on Antitrust Involvement of Lite-On IT (Merged Corporation of Lite-On Technology)	54	
Compliance	DMA		4.1 Employee Policy	102	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Note : In 2015 we did not suffer any fines due to violation of laws or regulations.		

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - SOCIAL (SOCIETY)

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Supplier Assessment for Impacts on Society	Disclosures On Management Approach		3.11 Supply Chain Management	96	
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	3.11 Supply Chain Management	96	
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	3.11 Supply Chain Management	96	
Grievance Mechanisms for Impacts on Society	DMA		4.1 Employee Policy	102	
			5.1 Social Inclusion Policy	139	
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Note : In 2015, there were no grievances about impacts on society filed or addressed.		

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - (SOCIAL) PRODUCT RESPONSIBILITY

Aspect	Disclosures On Management Approach(DMA) & Indicators	Related Report Sections	Page	Omissions
Customer Health and Safety	DMA	3.1 Lite-On's Green Commitment	61	
		3.10 Customer Service and Satisfaction	93	
	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.	79
	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 2015, we did not violate any product or service health or safety laws or regulations.	
Product and Service Labeling	DMA	3.1 Lite-On's Green Commitment	61	
		3.10 Customer Service and Satisfaction	93	
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	3.5 Green Product Design Note: All Lite-On products are labeled with required information conforming to the relevant regulations.	79
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Note: There is no incidences of non-compliance with regulations and voluntary codes concerning product and service information and labeling in 2014.	
	G4-PR5	Results of surveys measuring customer satisfaction	3.10 Customer Service and Satisfaction	93

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - (SOCIAL) PRODUCT RESPONSIBILITY

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Marketing Communications	DMA		3.10 Customer Service and Satisfaction	93	
	G4-PR6	Sale of banned or disputed products			Not applicable for there are no banned or disputed products produced in Lite-On
	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 2015.		
Customer Privacy	DMA		3.10 Customer Service and Satisfaction	93	
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	3.10 Customer Service and Satisfaction Note: None	93	
Compliance	DMA		3.10 Customer Service and Satisfaction	93	
	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 2015, Lite-On did not suffer any fines due to violation of laws or regulations.		

## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - OTHERS

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections		Page	Omissions
Conflict Mineral (Metal)-Free Procurement	DMA		3.11	Supply Chain Management	96	
	LOT-EN1	Supplier screening and green procurement	3.11.5	Policy for Conflict Metals (Metals)	99	
			3.11.6	Control of Volatile Organic Compounds (VOCs) and Water Resources in the Supply Chain	99	
Research & Development (Products)	DMA		3.1	Lite-On's Green Commitment	61	
	LOT-EN2	Energy efficiency improvement	3.5	Green Product Design	79	
			3.9.2	Green Procedures	92	
	LOT-EN3	Material resources saving	3.5	Green Product Design	79	
LOT-EN4	Reduction use of hazardous substance	3.5	Green Product Design	79		
Supplier Training	DMA		3.1	Lite-On's Green Commitment	61	
			3.11	Supply Chain Management	96	
	LOT-LA1	Improvement of supply chain management quality	3.11	Supply Chain Management	96	
Communication Skill Improvement of Cadres	DMA		4.1	Employee Policy	102	
	LOT-LA2	Introduction of external resources for Employee Assistance Programs	4.7	Multi-Stakeholders Collaboration Initiatives	136	



## GRI G4 Index

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - OTHERS

Aspect	Disclosures On Management Approach(DMA) & Indicators		Related Report Sections	Page	Omissions
Charity Care	DMA		5.1 Social Inclusion Policy	139	
	LOT-SO1	Promotion of multicultural humanities and youth education care	5.2.1 Community Assistance: Caring for disadvantaged children and youths	142	
			5.3 Lite-On Volunteers	151	
	LOT-SO2	Creating learning environments for lifelong learning and disadvantage groups	5.2.1 Community Assistance: Caring for disadvantaged children and youths	142	
			5.2.2 Taipei Xinyi Community College	145	
	LOT-SO3	The promotion of environmental education and implementation of environmental protection	5.2.2 Taipei Xinyi Community College	145	
	LOT-SO4	Talent education by providing the learning environment for students to apply their knowledge	5.4 Supporting Internships	153	
	LOT-SO5	Encouraging technological innovation and design talent	5.5 2015 Lite-On Award	154	

## ISO 26000 Index

Core Subjects and Issues		Related CSR Report Section		Page(s)	Explanatory Notes
Organizational Governance	Decision-making processes and structures	1.2	Identification of Stakeholders	15	
		1.2.3	Methods of Communication with Stakeholders	26	
		2.2	Corporate Governance	39	
		2.2.1	Board of Directors	43	
		2.2.2	Audit Committee	44	
		2.2.3	Compensation Committee	45	
		2.2.4	Growth Strategy Committee	46	
Human Rights	Due diligence	4.2.4	Electronic Industry Code of Conduct (EICC) Committee	111	
		3.11	Supply Chain Management	96	
	Human rights risk situation	4.2.4	Electronic Industry Code of Conduct (EICC) Committee	111	
		3.11	Supply Chain Management	96	
	Avoidance of complicity	1.1	Corporate Commitment and CSR Vision	13	
	Resolving grievances	1.2.3	Methods of Communication with Stakeholders	26	
		2.2.8	Anti-corruption	50	
		4.5	Employees Relations	125	
	Discrimination and vulnerable groups	1.1	Corporate Commitment and CSR Vision	13	
		4.4	Protection of Rights and Interests	121	
	Civil and political rights	4.4	Protection of Rights and Interests	130	
		4.6	LOHAS at Lite-On	96	

## ISO 26000 Index

Core Subjects and Issues		Related CSR Report Section		Page(s)	Explanatory Notes
Human Rights	Economic, social and cultural rights	4.4	Protection of Rights and Interests	130	
		4.6	LOHAS at Lite-On	96	
	Fundamental principles and rights at work	4.4	Protection of Rights and Interests	130	
Labor Practices	Employment and employment relationships	4.4	Protection of Rights and Interests	130	
	Conditions of work and social protection	4.6	LOHAS at Lite-On	96	
	Social dialogue	1.2	Identification of Stakeholders	15	
		1.2.3	Methods of Communication with Stakeholders	26	
		4.1	Employee Policy	102	
	Health and safety at work	4.6.3	Environment, Health and Safety	132	
		4.7	Multi-Stakeholders Collaboration Initiatives	136	
	Human development and training in the workplace	4.3	Employee Development and Training	112	
The Environment	Prevention of pollution	3.6	Restriction on the Use of Hazardous Substances	83	
		3.3.4	Air Pollution Control	76	
		3.7.4	Waste Management and Recovery	86	
	Sustainable resource use	3.5	Green Product Design	79	
		3.8	Green Logistics	88	
		3.9	Green Factories	91	

## ISO 26000 Index

Core Subjects and Issues		Related CSR Report Section		Page(s)	Explanatory Notes
The Environment	Climate change mitigation and adaptation	3.2	Response to Climate Change & Global Warming	65	
		3.3	Reducing Greenhouse Gases	68	
	Protection of the environment, biodiversity and restoration of natural habitats				All of Lite-On's factories have passed environmental impact assessment before they were developed. Therefore, the factory development has no significant impact on biodiversity. We are still striving to create ecological industrial parks characterized by the three attributes of production, ecology and life.
Fair Operating Practices	Anti-corruption	2.2.8	Anti-corruption	50	
	Responsible political involvement	4.6	LOHAS at Lite-On	130	Lite-On do not involve in any political activities
	Fair competition	3.10.4	Regulatory Compliance	95	
		3.11	Supply Chain Management	96	
	Respect for property rights	3.10.4	Legal Compliance	95	
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	3.10.4	Regulatory Compliance	95	
	Protecting consumers' Health and safety	3.6	Restriction on the Use of Hazardous Substances	83	
		3.5	Green Product Design	79	
	Sustainable consumption	3.11	Supply Chain Management	96	

## ISO 26000 Index

Core Subjects and Issues		Related CSR Report Section		Page(s)	Explanatory Notes
Consumer Issues	Consumer service, support, and complaint and dispute resolution	3.10	Customer Service and Satisfaction	93	
	Consumer data protection and privacy	3.10.3	Customer Privacy	95	
	Access to essential services	3.10.1	Customer Service	93	
	Education and awareness	3.10.1	Customer Service	93	
Community Involvement and Development	Community involvement	5.1	Social Inclusion Policy	139	
	Education and culture	4.7	Multi-Stakeholders Collaboration Initiatives	136	
		5.2.1	Community Assistance	142	
		5.2.2	Taipei Xinyi Community College	145	
		5.3	Lite-On Volunteers	151	
		5.4	Supporting Internships	153	
		5.5	Lite-On Award	154	
	Employment creation and skills development	4.2.1	Employee Structure and Distribution	104	
		4.3	Employee Development and Training	112	
	Technology development and access	2.1	Company Overview	32	
		5.4	Lite-On Award	151	
	Wealth and income creation	2.2.6	Dividend Policy and Execution	47	
		2.2.7	Remuneration of Employees and Directors	49	
		4.4	Protection of Rights and Interests	121	
	Health	4.6	LOHAS at Lite-On	129	
		5.3	Lite-On Volunteers	151	
	Social investment	5.1	Social Inclusion Policy	139	
		5.2	The Lite-On Cultural Foundation	140	

## 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 2015

##### 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 2015. 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 2015 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 2015.

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 2015 verified is accurate, reliable and provides a fair and balanced representation of Lite-On sustainability activities in 01/01/2015 to 12/31/2015.

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 seventh 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 2015, 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 showing how the highest governance body is involved in monitoring and reacting to the organization's performance for economic, environmental and social topics may be further enhanced. Meanwhile further standardization and formalization of processes and controls for data collection is encouraged in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer  
Taipei, Taiwan  
04 June, 2016  
WWW.SGS.COM

