

# 2019

LITE-ON CSR REPORT

**LITEON**<sup>®</sup>



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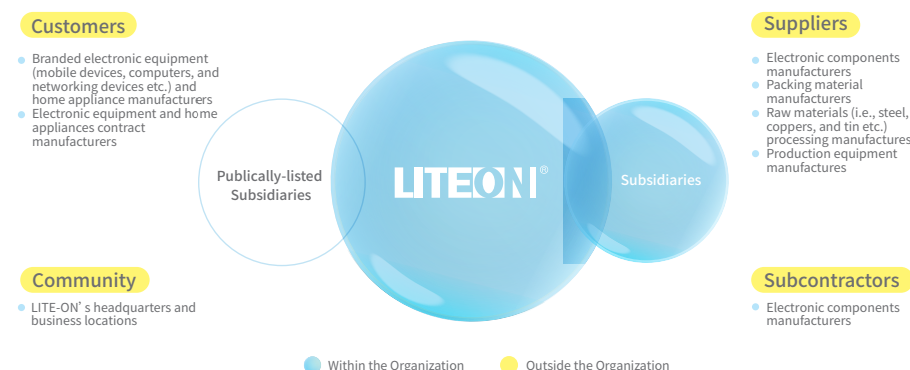
# About This Report

## Reporting Time and Scope of Report

**Time :** From January 01, 2019 to December 31, 2019

**Scope:** - Financial data presented in this report reflects performance of the parent company and its subsidiaries.

- For nonfinancial data, the report covers the six business groups, namely, Power Conversion, Smart Life & Applications, Storage, Automotive Electronics Applications, Mechanical Competence, and Optoelectronics Product Solution. Comparing to the financial performance, the nonfinancial performance disclosures are focus on the major operation and manufacturing locations, such as Taiwan, Mainland China and Thailand, while excluding the IPO/OTC subsidiary, Silitech. Unless elsewhere specified, information will be disclosed in the report.
- In 2019, In order to leverage resources and create synergy in the group and to improve operational efficiency, Lite-On acquired JASDAQ-listed subsidiary LITE-ON Japan Ltd. ("LOJ") by public tender. The stake in LOJ changed from 49.49% to 100% in August 2019. LOJ became a wholly owned subsidiary.



## The Report Management

Issues presented in this report have been identified with materiality analysis through stakeholder engagement progress, and discussed in "LITE-ON Corporate Sustainability (CSR) Committee" meetings. This report is approved by the chairman of the committee.

### Data calculation basis:

All financial figures in this report are presented in New Taiwan Dollars, occupational safety and health performance data are using globally accepted indicators. Any estimates or assumptions are elaborated in the respective sections. Any change of disclosures made in this report as compared to the previous report have also been highlighted.

### Data verification:

Category	Contents	Verification / Certification
Economic	Financial data	Deloitte & Touche
Environmental	Greenhouse gas emissions ISO 14064-1	SGS Taiwan Ltd.
	Environmental management international standards ISO 14001	LITE-ON's all major plants worldwide have been individually certificated by 3rd parties
	Hazardous substance process management system IECQ QC 080000	
Social	Occupational safety management OHSAS 18001 or ISO 45001	LITE-ON's all major plants worldwide have been individually certificated by 3rd parties

## Compilation Basis

The sustainability issues as well as strategies, goals and practices of the report are drafted based on GRI Standards 2016 published by Global Reporting Initiative while responding to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, Sustainable Development Goals (SDGs) and ISO 2600 Guidance on Social Responsibility. Moreover, contents of this report have been discussed and categorized using AA1000 APS-compliant procedures.

## Report Assurance

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 Standard disclosure in accordance with Comprehensive Option. A Third Party Attestation Statement has been attached as an appendix to this report.



## Release Overview

First issue: 2007

Current issue: Published in June 2020

Next issue: Expected to be published in June 2021

Previous issue: June 2019

The report is issued in Chinese and English annually, and the annual basis reports are posted on LITE-ON company website:

[HTTPS://WWW.LITEON.COM/EN-US/GLOBALCITIZENSHIP/365](https://www.liteon.com/en-us/globalcitizenship/365)



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# 2019 LITE-ON Sustainability Achievements



A 2019 Constituent MSCI ESG Leaders Indexes for six consecutive years



A member of "Dow Jones Sustainability Indices (DJSI) for nine consecutive years



A constituent in the FTSE4Good Emerging Index and FTSE4Good TIP Taiwan ESG Index



Won the Paragon Prize of the annual overall CSR survey in 2019 Corporate Social Responsibility Award from Global Views Magazine



Won the Most Prestigious Sustainability-Top Ten Domestic Corporates, Climate Leadership and Corporate Sustainability Report Platinum Awards from 2019 TCSA



CDP Climate Change "A-List"



Won the "Corporate Citizen Award" of CommonWealth Magazine for the thirteen years in a row



Honored at the International Innovation Awards 2019 in Service & Solution category by Enterprise Asia



Ranked as top 5% of public companies list in the Corporate Governance Evaluation held by TWSE for three consecutive years



Accumulative 20 plants have passed Product Liability Insurance AAA Certification



Environmental targets have been approved by SBTi (Science-Based Targets initiative)



Total greenhouse gas emissions decreased by 46,665 tonnes CO<sub>2</sub>e from the base year, and the intensity decreased by 18.32%



Complete the recycling of marine waste Styrofoam and developed it into keyboard and mouse product



Waste generation reduced by 3,534 metric tonnes from the base year, a decrease of 14.89%



Won Enterprise Asia's 2019 International Innovation Awards



Renewable energy usage of 45.062MWh reached the ratio of 13.08%



Led the industry in completing power supply Product Environmental Declaration (EPD) PCR 2019: 2.0



The Community Assistance and Holistic Service of LITE-ON Cultural Foundation received the 2019 Social Education Contribution Award (Group Award) from the Ministry of Education



A total of 101 interns jobs offered to college students



A total of 1,142 works participated in competition for LITE-ON Award



Taipei Xinyi Community College was ranked excellence by Department of Education, Taipei City Government

# Message from the Chairman and Group CEO

## Dear friends and supporters of sustainability at LITE-ON,

For 2019, LITE-ON's earnings per share (EPS) was NT\$4.03, which was the highest of the last three years and represented an 18% year-on-year increase. The figures reflected LITE-ON's effort to focus on optimizing revenue sources and creating stronger operations in recent years, thereby achieving a successful upgrade and transformation. Going forward, we will focus on opportunities created by cloud computing and growth in switching power supplies and optoelectronic components, as well as 5G and AIoT applications. Furthermore, we will continue to invest in and build up the company as a competitively smart manufacturer that is always up to date with current developments, targeting Industry 4.0 and lighthouse factories, and will strive to put down deep roots and grow into a centenarian corporation.

LITE-ON has always placed a great emphasis on transparency and corporate governance and worked hard to carry out the company's sustainability strategies. We have also started taking responsible actions to protect the environment by supporting the United Nations Sustainable Development Goals (SDGs) and exploring ways to better protect the environment in terms of green products, application and innovation, responsible manufacturing, employee development, and social impact. Meanwhile, we do our best to work as closely as possible with stakeholders to attain SDG goals that facilitate prosperity, peace, and the planet's future.

To achieve green operations and counter the uncertainty caused by climate change, LITE-ON created a corporate sustainability committee directly under the board of directors in 2019. The committee works actively to support and strengthen corporate governance mechanisms related to environmental sustainability, develops low carbon products and green operations, and adopts environmental strategies focusing on reducing the risk impact of global extreme weather events. The committee also devises LITE-ON's improvement plan for climate resilience to make the company better equipped to adapt the risk of slowdown in business activities due to climate change. Additionally, LITE-ON sets global Science Based Targets (SBTs) and is committed to reducing carbon emission per unit revenue by 39.3% by 2025, compared to the base year 2014. LITE-ON managed to reduce greenhouse gas emissions by a total of 46,665 tonnes CO<sub>2</sub>e in 2019 compared to the base year. The emissions intensity went down by 18.32%; the total amount of waste was reduced by 3,534 tonnes or 14.89% compared to the base year.

Furthermore, we have combined the idea of circular economy with our strengths in low carbon products and launched the SEAHOPPE campaign. The project brings together volunteers and stakeholders inside and outside the company to organize events such as coastal cleanups, plastic reduction campaigns, and sea turtle conservation, raising awareness for ocean conservation. We work with the environmental authorities and social enterprises to further process recycled Styrofoam marine waste, and further work with national research institutions to modify and reuse the recycled plastics and turn them into computer peripherals, such as keyboards and mice. We hoped that the project would reduce the use of plastic materials derived from fossil fuels. The LITE-ON SEAHOPPE campaign has helped clean up more than 30 tonnes of Styrofoam marine waste on islands off the shore of Taiwan since the end of 2018. We will take a step further to develop a one-stop and on-site solution to reduce the volume of Styrofoam marine waste in the future in an effort to facilitate the recovery of the marine ecosystem.

Regarding social inclusion, we continue to work with communities, charitable organizations, industries,



**Raymond Soong**  
LITE-ON Chairman

government agencies, and academia to promote several plans such as community assistance, community college, the LITE-ON Award, educational support, and the corporate volunteer system. We also respond to the SDGs by further expanding and taking actions including marine conservation advocacy, green energy charities, and eco-friendly and sustainable technological products. Taking the Charity Project of the Green Energy for the Julin Nursing Home in Yilan as an example, it combined three social aspects: environmental protection marathon, green energy and carbon reduction, and social empowerment. The project is expected to generate 35,000 kWh of green energy per year after its completion, saving 370 tonnes CO<sub>2</sub>e of carbon emissions and about 10% of the electricity expenses; the Julin Nursing Home will be able to earn additional income by trading Taiwan Renewable Energy Certification (T-REC) in the future.

In terms of human capital and long-term training, LITE-ON follows its own business strategies and targets to design a learning system that helps employees improve professional skills and achieve the company's mission and vision. The learning blueprint of the system contains 12 modules. New employees can follow the blueprint to learn more about LITE-ON and its future developments. All employees are able to access self-learning resources through digital learning and LITE-ON Lectures. For professional training, specialized courses are offered to individual departments as needed. These courses aim to improve employees' core management competency and quality management; advanced management and leadership programs are provided for managers as well. In 2019, LITE-ON Group employees completed 31.3 training hours per person.

Thanks to the effort made by interdepartmental collaboration, LITE-ON was rated "A" by the Carbon Disclosure Project (CDP 2019) at the beginning of 2020, elevating LITE-ON to one of the leading companies worldwide in terms of information transparency and action to fight climate change. LITE-ON has been listed as a member of the Dow Jones Sustainability Index (DJSI) for nine years in a row since 2011, and has had a place on the MSCI ESG Leaders Index for six years in a row. In Taiwan, LITE-ON has been ranked top 5% in the 2019 Corporate Governance Evaluation Survey jointly implemented by the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX), listed as a constituent stock in the FTSE4Good TIP Taiwan ESG Index, awarded Commonwealth Magazine's Corporate Citizen Award in the large enterprise category for the 13th time, and named a winner in the electronics technology category of the 2019 Corporate Social Responsibility Survey by Global Views Monthly, the 2019 TCSA Taiwan Top 10 Sustainable Companies, the Corporate Sustainability Report Platinum Award, and the Climate Leadership Award.

We would particularly like to thank the countless stakeholder groups and representatives who participated in the aforementioned projects and activities or gave LITE-ON support and recognition. We could not have done it without your support. The growing number of extreme weather events induced disasters around the globe in recent years, and the sustainable development and mutual prosperity of the overall environment have become a challenge yet an opportunity for all businesses around the world. As a global corporate citizen, we promise to use LITE-ON's influence in the industry and in the community to expand the horizon and adopt international regulations. We will continue to work with all stakeholders and contribute to sustainable development.

LITE-ON Chairman



LITE-ON Group CEO




Warren Chen

LITE-ON Group CEO

# 1

## Corporate Commitment and Stakeholders Engagement

### Best Partner in Opto-Electronic, Eco-Friendly and Intelligent Technology

The core philosophy of LITE-ON's sustainability strategies focuses on environmental sustainability, inclusive innovation, and sustainable governance. LITE-ON extended the strategies to align with the SDGs and disclosed results related to green products, application and innovation, responsible production, employee development, and social impact



9 types of stakeholders



12 material topics



Stakeholder  
engagement highlights:  
LITE-ON SEA HOPE



Customer  
satisfaction 92%

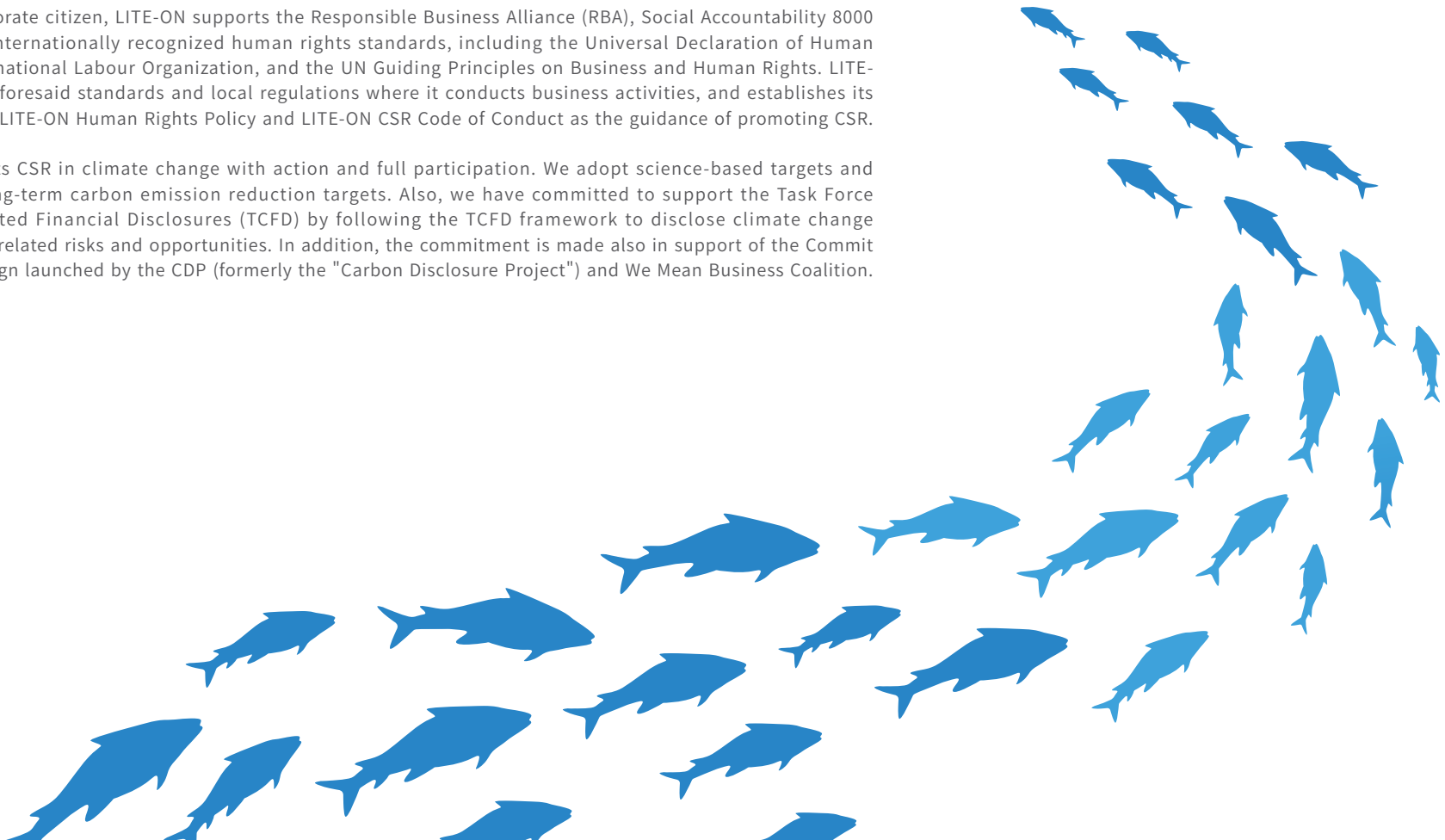


## 1.1 Corporate Sustainability Vision and Commitment

To fulfill the vision of being "the best partner in optoelectronics, Eco-Friendly and Intelligent Technologies," LITE-ON upholds the core values of "innovation, integrity, and excellent execution," makes continuous improvement through constant innovation; develops high value-added products, and builds the path to sustainability. In its pursuit of revenue and profit growth, LITE-ON never strays from its CSR commitments and various social pledges, including employer-employee relations, employee care, corporate governance, environmental protection, and charity works. The company places a great emphasis on complying with government laws and regulations, protecting human rights, reinforcing workplace health and safety, developing green products, reducing impact on the environment, and upholding social and environmental responsibilities to meet stakeholders' expectations.

As a global corporate citizen, LITE-ON supports the Responsible Business Alliance (RBA), Social Accountability 8000 (SA 8000), and internationally recognized human rights standards, including the Universal Declaration of Human Rights, the International Labour Organization, and the UN Guiding Principles on Business and Human Rights. LITE-ON follows the aforesaid standards and local regulations where it conducts business activities, and establishes its labor standards, LITE-ON Human Rights Policy and LITE-ON CSR Code of Conduct as the guidance of promoting CSR.

LITE-ON supports CSR in climate change with action and full participation. We adopt science-based targets and set mid- and long-term carbon emission reduction targets. Also, we have committed to support the Task Force on Climate-Related Financial Disclosures (TCFD) by following the TCFD framework to disclose climate change information and related risks and opportunities. In addition, the commitment is made also in support of the Commit to Action campaign launched by the CDP (formerly the "Carbon Disclosure Project") and We Mean Business Coalition.



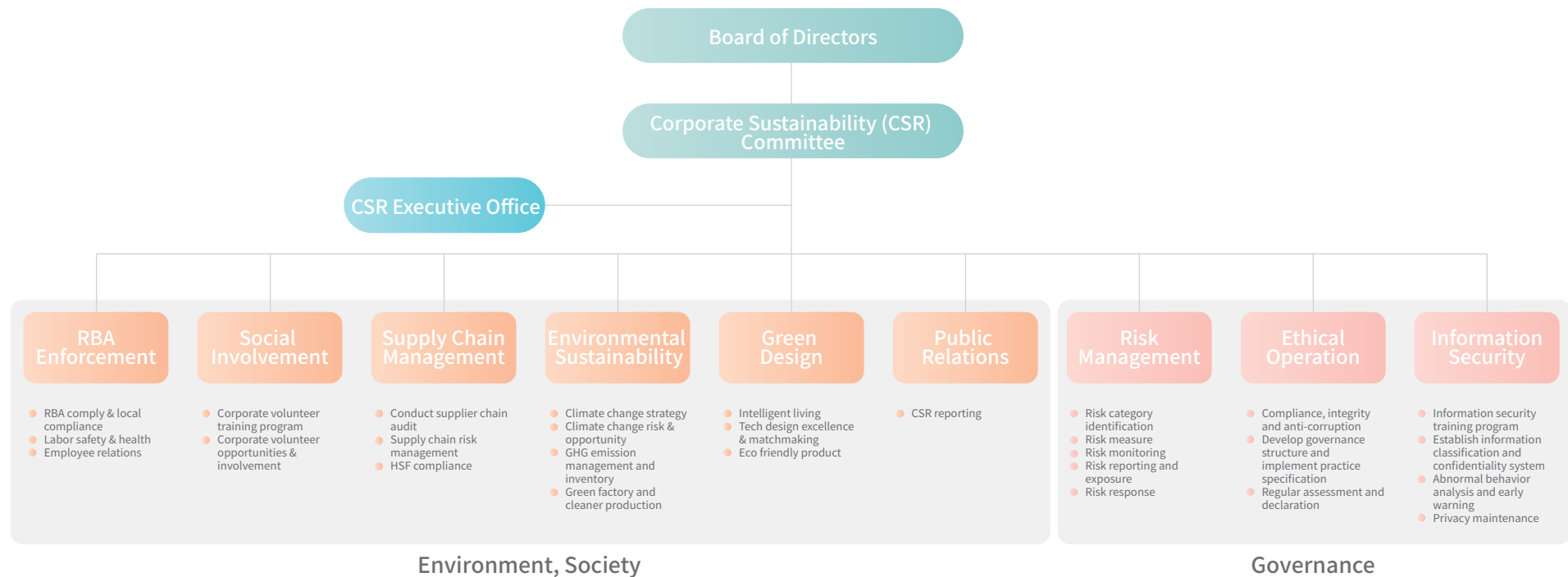
### 1.1.1 Corporate Sustainability (CSR) Committee

To raise the levels of authorization related to sustainability and to demonstrate the company's commitment to sustainable development, LITE-ON passed a resolution to establish a Corporate Sustainability Committee (CSR Committee) directly under the board of directors in April 2019. The committee is the highest authority governing the company's sustainability-related operations. LITE-ON is one of the few listed technology companies in Taiwan to elevate sustainable governance to the level of the Board. The Corporate Sustainability Committee is chaired by GCEO Warren Chen. The committee consists of at least three employees as members selected by the board of directors, and at least half of the committee shall be independent directors. Under the committee are nine subcommittees divided by two categories, "Corporate Social Responsibility (CSR)" and "Sustainability Governance and Ethical Management." subcommittees are responsible for annual CSR targets including the economic, environmental, and social aspects of the business. Progress

is monitored regularly to ensure LITE-ON's continuing advancement toward sustainability and fulfillment of its short- and medium-term goals. In addition, updates and results are reported to the board of directors as appropriate every year.

In response to changes in the environment and the concerns of stakeholders, LITE-ON has developed six subcommittees based on the company's capacity and incorporated them into daily operations. These six subcommittees are: RBA Enforcement, Social Involvement, Supply Chain Management, Environmental Sustainability, Green Design, and Public Relations. The Company strove to further strengthen sustainable competitiveness by adding three new subcommittees in 2019, namely, Risk Management, Ethical Operation, and Information Security.

#### Organization Structure of LITE-ON Corporate Sustainability (CSR) Committee







## 1.1.2 Sustainability Strategy and Blueprint





To achieve sustainable development, LITE-ON upholds its entrepreneurial approach and focuses on solid execution and advancement toward the vision of "the best partner for optoelectronics, energy conservation and smart technologies." In terms of environmental, social and governance (ESG) criteria, LITE-ON builds its sustainability strategies around the core values, "environmental sustainability," "tolerance and innovation," and "sustainable governance," and extend them into five strategies that are consistent with the 10 UN Sustainable Development Goals (SDGs) in green

products, application and innovation, responsible production, employee development, and social impact. The results are disclosed in this report. Moreover, each task force reestablished its short-, medium-, and long-term sustainability KPIs in 2019 in order to demonstrate LITE-ON's commitment to sustainability. In addition, all task forces reported the results to the Corporate Sustainability Committee regularly. The goals of each task force are set out in the corresponding chapters in this report.



## 1.1.3 LITE-ON's Highlights on Support and Major Contributions to UN Sustainable Development Goals (SDGs) in 2019

SDG	LITE-ON's response to SDGs	Chapter and page numbers	
 <b>4 QUALITY EDUCATION</b>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Following the principle of giving back to the community what it takes, LITE-ON has been supporting education for years. The company promotes education and life-long learning, and fosters creative and professional talents.</p> <ul style="list-style-type: none"> <li>· LITE-ON volunteers provide English and after-school teaching at remote elementary schools and after-school counseling for disadvantaged students.</li> <li>· The LITE-ON Cultural Foundation operates a community college that offers adult education (including courses for the disabled and disadvantaged), life-long learning, and green courses.</li> <li>· Provide internships through industry-academia cooperation to combine theory and practice.</li> <li>· Set "LITE-ON Award" to encourage creative technical designers and support technology incubation programs in Taiwan.</li> </ul>	5.3 Employee Development and Training 75 6.1 Social Inclusion Policy 90 6.2 2019 LITE-ON Award 91 6.3 Supporting Internships 93 6.5 LITE-ON Volunteers 94 6.6.1 Community Assistance and Holistic Services 95 6.6.2 Taipei Xinyi Community College 98	
 <b>7 AFFORDABLE AND CLEAN ENERGY</b>	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>As part of the vision regarding "optoelectronics and energy conservation", LITE-ON continues to develop green design, green factory, energy management, and high-performance energy creation, conservation, and conversion products and solutions. LITE-ON also supports the use of renewable energy.</p> <ul style="list-style-type: none"> <li>· Invest and develop high performance energy conservation products.</li> <li>· Set the renewable energy targets to increase renewable energy usage every year.</li> <li>· The Charity Project of the Green Energy for the Julin Nursing Home in Yilan allows modular equipment to be sponsored or donated by the unit, and its system will be integrated by LITE-ON.</li> </ul>	3.1 Product Green Design and Management 48 4.1 Environmental Sustainability Commitment and Policy 58 4.2 Climate Change and Energy Management 60 6.1 Social Inclusion Policy 90 6.4 Green Energy Charity 94	
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>LITE-ON commits to protect the rights of all the employees in the workplace. The company is constantly working to build a healthy, safe workplace. It also complies with employment laws and international standards in all locations of operation.</p> <ul style="list-style-type: none"> <li>· Occupational safety and health committees are created in the regions of operation to have the management system function as an integral part of the organization. The goal is to keep reducing the percentage of disabilities and injuries and create a healthy, safe, and comfortable work environment.</li> <li>· The Responsible Business Alliance (RBA, formerly EICC) Committee is in place to ensure the policy to prohibit child labor is enforced and the regulations to safeguard workers, health and safety, and the environment and corporate ethics are followed.</li> </ul>	2.2 Company Overview 30 3.2 Sustainable Supply Chain 53 5.1 Employee Policy 67 5.2.3 Personnel Recruitment 73 5.2.4 Responsible Business Alliance 74 5.3 Employee Development and Training 75 5.4 Protection of Employee Interest 79	
 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <ul style="list-style-type: none"> <li>· In the smart lighting system category, Information Security and IoT sensors were integrated into smart lampposts designed to enable the use of a cloud-based, smart-control platform to meet various needs, including traffic updates, air quality, weather conditions, parking spaces, and safety.</li> <li>· LITE-ON is dedicated to the development of smart surveillance products and technologies. The company provides smart digital surveillance solutions, including online cameras and the management system for smart video storage designed for a smart city and smart home.</li> <li>· The 1 (System) + 4 (OCR) + 4 (Committee) format for advanced manufacturing provides high product manufacturing capacity and flexibility. The company strives to develop Industry 4.0 through the integration of MES, APS, PLM, and DDB systems, structured office management, and the mechanisms introduced by the Technical Committee.</li> </ul>	3.1 Product Green Design and Management 48 4.2 Climate Change and Energy Management 60	

SDG	LITE-ON's response to SDGs	Chapter and page numbers
	<p>Ensure sustainable consumption and production patterns</p> <p>To create a sustainable value chain, LITE-ON implements responsible production to reduce the impact of business activities.</p> <ul style="list-style-type: none"> <li>· Strengthen hazardous substance management and uses a management system to select qualified suppliers to ensure raw materials and products meet the requirements.</li> <li>· Achieve optimized packaging materials, reduction at sources, and a reduced percentage of hazardous waste in the production process.</li> <li>· The world's first Styrofoam marine waste solution facilitates the environmental mitigation for outlying islands, supports social enterprises, and facilitates a circular economy using High Impact Polystyrene (HIPS,) materials in LITE-ON products.</li> </ul>	<p>12.2.1 LITE-ON SEA HOPE – the Sustainability Development 17</p> <p>3.1 Product Green Design and Management 48</p> <p>3.2 Sustainable Supply Chain 53</p>
	<p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> <li>· LITE-ON has received an "A" rating for the Carbon Disclosure Project. The company set rigorous targets and took actions to reduce GHG emissions, mitigate climate risks, and develop a low-carbon economy.</li> <li>· The Science Based Targets (SBTs) that aims to reduce carbon emissions passed the compliance review.</li> <li>· Follow the Task Force on Climate-Related Financial Disclosures (TCFD) initiative to identify climate risks and opportunities so to formulate adaptation and mitigation strategies.</li> </ul>	<p>4.1 Environmental Sustainability Commitment and Policy 58</p> <p>4.2 Climate Change and Energy Management 60</p>
	<p>Conserve and sustainably use the oceans, seas and marine resources</p> <ul style="list-style-type: none"> <li>· LITE-ON volunteers in coastal cleanups.</li> <li>· The marine conservation and environmental education on Orchid Island.</li> </ul>	<p>12.2.1 LITE-ON SEA HOPE – the Sustainability Development 17</p> <p>6.1 Social Inclusion Policy 90</p> <p>6.5 LITE-ON Volunteers 94</p>
	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p> <ul style="list-style-type: none"> <li>· LITE-ON works with government agencies, research institutions, and suppliers to reuse marine plastic waste to make computer peripherals. The technology to reduce the volume of marine plastic waste further facilitates international collaboration.</li> <li>· As a global corporate citizen, LITE-ON established the Corporate Sustainability Committee under the board of directors. The committee utilizes core competencies and coordinates sustainable momentum in and outside of the company to effectively connect and utilize resources from governments, industries, and academia at home and abroad. The multilateral collaboration helps focus on the targets and expand influence.</li> </ul>	<p>12.2.1 LITE-ON SEA HOPE – the Sustainability Development 17</p> <p>6.4 Green Energy Charity 94</p>

## 1.2 Stakeholders and Material Topics

Being the best partner for our stakeholders is one of LITE-ON's commitments. Listening to and communicating effectively with the stakeholders is one of the cornerstones on which LITE-ON builds the foundation of corporate sustainability.

### 1.2.1 Stakeholder Identification and Communication

LITE-ON has many stakeholders with a wide variety of backgrounds. To present stakeholders sufficiently representative of their categories, we refer to the five attributes in AA1000 Stakeholder Engagement Standard 2015: dependency, responsibility, tension, influence, and diverse perspectives. Nine stakeholder categories have been identified by the degree of importance.

The process is conducted on a three-year basis. In 2017, we summoned representatives from all departments and identified the following stakeholders through open discussions. Correlation tests are also performed every year to examine the survey results returned by stakeholders.

In 2019, LITE-ON continued to engage stakeholders in the nine categories through regular and irregular communication channels. Together, we achieved various results and created diverse social values. Topics that are important to LITE-ON's stakeholders are also addressed in the relevant chapters in this report.

#### Stakeholder Engagement Performance in 2019

Stakeholder	Significance to LITE-ON	Method and frequency of engagement	Concerned issues	Engagement results	Response measures and countermeasures (chapter)	Page
Investors (shareholders)	All shareholders (and potential shareholders) investing in LITE-ON should be given equal access to material information of the company to present the company's market value sustainably.	<ol style="list-style-type: none"> <li>The executive management team meets regularly every year. <ul style="list-style-type: none"> <li>Shareholder meetings (2 times)</li> <li>Investor conferences (4 times)</li> </ul> </li> <li>Participation in global investor forums (7 times)</li> <li>Investor mailbox and hotline (real-time)</li> </ol>	<ul style="list-style-type: none"> <li>Corporate governance &amp; operations</li> <li>Integrity and compliance</li> <li>Risk management</li> <li>Supply chain management</li> <li>Customer relations management</li> </ul>	<ul style="list-style-type: none"> <li>The company engages investors regularly or as needed to convey its business performance and prospects.</li> <li>Annual reports, quarterly financial statements, quarterly reports, and monthly revenues are uploaded to the investor relations section of the corporate website.</li> <li>A summary of comments gathered from investors and external parties is submitted quarterly to the board of directors and the executive management to provide a basis for the improvement of corporate governance practices.</li> </ul>	12.2.2 Customer Service and Satisfaction 2.1 LITE-ON Corporate Values and Governance 2.2 Company Overview 2.3 Organization Structure of Corporate Governance 2.4 Corporate Risk Management 2.5 Compliance, Ethics and Anti-corruption 3.2 Sustainable Supply Chain	19 28 30 33 36 43 53
Employees (union)	Employees are LITE-ON's most important partners in achieving sustainability. In addition to protecting employees' employment rights, a company has to offer competitive compensation and benefits, and show respect and care for employees to attract top talent. Employees who can realize their full potential and work with the company will deliver the best business performance.	<ol style="list-style-type: none"> <li>Union meetings (as needed)</li> <li>Employee/employer meetings (quarterly)</li> <li>Business unit meetings (quarterly)</li> <li>Hotlines and mailboxes</li> <li>Business meetings and internal correspondence (real-time)</li> </ol>	<ul style="list-style-type: none"> <li>Labor relations and friendly workplace</li> <li>Human rights</li> <li>Talent attraction and retention</li> <li>Corporate governance &amp; operations</li> <li>Talent training &amp; education</li> <li>Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>The company communicates with employees on company policies and directions through various channels and is open to employee feedback and adjusting strategies or proposals for improvement as appropriate.</li> <li>Organize regular management training by field and by level of authorization, holistic health and safety training, and fire drills.</li> </ul>	2.1 LITE-ON Corporate Values and Governance 2.2 Company Overview 2.3 Organization Structure of Corporate Governance 5.1 Employee Policy 5.2 Employee Profile 5.3 Employee Development and Training 5.4 Protection of Employee Interest 5.5 Employee Relations 5.6 LOHAS LITE-ON	28 30 33 67 68 75 79 82 83

## Stakeholder Engagement Performance in 2019

Stakeholder	Significance to LITE-ON	Method and frequency of engagement	Concerned issues	Engagement results	Response measures and countermeasures (chapter)	Page
Media	Media act as a bridge between LITE-ON and its stakeholders. Media coverage based on timely access to information released by the company will help stakeholders acquire correct information regarding the company via public channels. It will also help LITE-ON continue to uphold its reputation.	<ol style="list-style-type: none"> <li>1. Regular investor conferences to publish business results, interviews in shareholders meetings, and press releases (5 times)</li> <li>2. Ad hoc business result updates, interviews in press conferences, and press releases (2 times)</li> <li>3. Regular press releases to publish monthly revenues (12 times)</li> <li>4. Ad hoc press releases to publish business updates (9 times)</li> <li>5. Media and public relations hotline and media interviews and inquiries (real-time)</li> </ol>	<ul style="list-style-type: none"> <li>- Corporate governance &amp; operations</li> <li>- Corporate image</li> <li>- Integrity and compliance</li> <li>- Risk management</li> <li>- Waste management</li> <li>- Integrity and compliance</li> <li>- Labor relations and friendly workplace</li> <li>- Innovation development and application</li> </ul>	<ul style="list-style-type: none"> <li>· The company engages media regularly or as needed, accepts media interviews and issues press releases to convey its business performance and prospects. Press releases are also published on the corporate website.</li> <li>· A summary of relevant issues and articles gathered from media is submitted to the executive management to provide a basis for the improvement of corporate governance practices.</li> </ul>	2.2 Employee Profile 2.3 Organization Structure of Corporate Governance 2.5 Compliance, Ethics and Anti-corruption 2.4 Corporate Risk Management 5.5 Employee Relations 5.6 LOHAS LITE-ON 3.1 Product Green Design and Management	30 33 43 36 82 83 48
Customers	We listen to customers and their needs for customers are LITE-ON's major source of revenues. LITE-ON monitors industry trends closely and provides professional services to meet the customers' standards and keep abreast with the latest developments.	<ol style="list-style-type: none"> <li>1. Quarterly business review meetings (quarterly)</li> <li>2. Supplier Conference (as needed)</li> <li>3. Special-purpose meetings (as needed)</li> <li>4. Meeting appointments (as needed)</li> <li>5. Ad hoc meetings on urgent issues (as needed)</li> <li>6. Audits by customers (as needed)</li> <li>7. RBA-ON platform (annual)</li> </ol>	<ul style="list-style-type: none"> <li>- Customer relationship management</li> <li>- Product quality and safety</li> <li>- Data security and client privacy</li> <li>- Green product design</li> <li>- Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>· The Supplier Quality Management (SQM) unit is created to strengthen supplier quality management to provide fast, efficient, and high-quality products and services and be able to inform customers of updates on supplier management.</li> <li>· The company is constantly making improvements to customer service and stays in close communication with customers. We protect client privacy and are always prepared to accept review requests from customers.</li> <li>· Visits between the senior management of the company and that of our customers are arranged to strengthen the partnerships and create a win-win situation.</li> </ul>	1.2.2.2 Customer Service and Satisfaction 2.6 Information Security and Privacy 3.1 Product Green Design and Management 3.1.2 Product Environmental Labeling and Declaration 3.2 Sustainable Supply Chain	19 45 48 51 53

## Stakeholder Engagement Performance in 2019

Stakeholder	Significance to LITE-ON	Method and frequency of engagement	Concerned issues	Engagement results	Response measures and countermeasures (chapter)	Page
Suppliers	Suppliers play a key role in LITE-ON's campaign to achieve sustainability. In addition to production, service, and operational concerns, the company must consider its corporate social responsibility and reputation risk. LITE-ON tries to learn about supplier concerns through the communication channels in place to reduce business risks and costs and continue to provide responsible and high-quality services for customers.	1. Supplier training conferences (irregular) 2. Supplier audits (regular) 3. Project meetings (irregular)	<ul style="list-style-type: none"> <li>- Supply management</li> <li>- Product quality and safety</li> <li>- Raw materials management</li> <li>- Product or service life cycles</li> <li>- Supply chain management</li> <li>- Integrity and compliance</li> <li>- Green product design</li> </ul>	<ul style="list-style-type: none"> <li>· The company holds annual supplier meetings and ad hoc supplier audits to communicate with suppliers on business performance and annual targets. These conferences serve as a means of active response to supplier concerns.</li> <li>· 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 work together to achieve sustainability.</li> </ul>	2.5 Compliance, Ethics and Anti-corruption	43
					3.1 Product Green Design and Management	48
					3.2 Sustainable Supply Chain	53
Government authorities	In addition to complying with government regulations, LITE-ON actively supports government policies and engages government agencies in two-way open communication to win their trust, support, and cooperation.	1. Regular update of corporate website and information on the Market Observation Post System (monthly/quarterly/annually) 2. Questionnaires and interviews (as needed) 3. Receive government performance evaluation (annually) 4. Participate in events and consultation meetings hosted by government agencies (as needed)	<ul style="list-style-type: none"> <li>- Corporate image</li> <li>- Integrity and compliance</li> <li>- Corporate governance and operations</li> <li>- Labor relations and friendly workplace</li> </ul>	<ul style="list-style-type: none"> <li>· The company works with government agencies regularly and as needed in implementing and coordinating related programs. The company also learns details of policies and regulations and assists in promoting them.</li> </ul>	2.1 LITE-ON Corporate Values and Governance	28
					2.2 Company Overview	30
					2.3 Organization Structure of Corporate Governance	33
					2.5 Compliance, Ethics and Anti-corruption	43
					5.5 Employee Relations	82
					5.6 LOHAS LITE-ON	83
The community	LITE-ON improves its sustainability campaign based on its effort to improve its CSR performance. By giving back to the community, LITE-ON creates a stronger positive influence on society. LITE-ON also implements stakeholder communication mechanisms to add to its positive influence on society.	1. Community assistance <ul style="list-style-type: none"> <li>· Social media webpage (as needed)</li> <li>· Course feedback form (at the end of each class)</li> <li>· Instructors' meetings (organized as needed)</li> <li>· Teachers' meetings (organized as needed)</li> <li>· Volunteers and supervisors' meetings (organized as needed)</li> <li>· Assistance director and supervisors' meetings at the beginning and the end of a semester (semiannually)</li> </ul> 2. Xinyi Community College <ul style="list-style-type: none"> <li>· Course satisfaction questionnaires (semiannually)</li> <li>· Instructor meetings (semiannually)</li> <li>· Volunteer meetings (quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>- Social engagement</li> <li>- Corporate image</li> <li>- Integrity and compliance</li> <li>- Climate change and energy management</li> </ul>	<ul style="list-style-type: none"> <li>· The company communicates via email and telephones. In the event of a major incident, notifications will be made by email, and updates and discussions will take place on social media websites.</li> <li>· Course questionnaires are used to collect suggestions and feedback from volunteers and course participants. Instructor meetings are held regularly to keep instructors focused on the priorities of the community college.</li> </ul>	2.2 Company Overview	30
					2.5 Compliance, Ethics and Anti-corruption	43
					4.2 Climate Change and Energy Management	60
					6.1 Social Inclusion Policy	90
					6.5 LITE-ON Volunteers	94
					6.6 LITE-ON Cultural Foundation	95

## Stakeholder Engagement Performance in 2019

Stakeholder	Significance to LITE-ON	Method and frequency of engagement	Concerned issues	Engagement results	Response measures and countermeasures (chapter)	Page
Research institutions	Research institutions play the role of pioneers in advanced technologies and their applications. They help companies innovate and become more competitive so to make it easier for companies to get the approval of customers and investors.	1. Onsite visits and meetings (as needed) 2. Seminar planning (as needed) 3. Government project execution (as needed) 4. Collaborative technology development (as needed)	- Innovation development and application - Green product design - Talent training & education - Integrity and compliance	<ul style="list-style-type: none"> <li>By applying for government subsidies or earmarked grants, the company forms academia-industry partnerships in specific fields with research institutions. These fields include MOST project applications, ISO management system implementation, and assistance for environmental product labels or certification.</li> <li>The company collaborates with others in developing industry technologies through technology transfer or commissioned research to implement new technologies needed to enable product development.</li> <li>The company works with research institutions in building up talent pools and necessary techniques by providing funding or creating joint research centers.</li> </ul>	2.5 Compliance, Ethics and Anti-corruption	43
					3.1 Product Green Design and Management	48
					6.1 Social Inclusion Policy	90
					6.2 2019 LITE-ON Award	91
					6.3 Supporting Internships	93
Non-Profit Organizations	As an ethical and responsible business, LITE-ON understands the needs of nonprofit organizations. It promotes and practices the philosophy of giving back to the community and tries to make itself a positive influence on society.	1. Membership associations (as needed) 2. Event co-sponsorships (as needed) 3. Initiate advocacy (as needed)	- Corporate image - Human rights - Labor relations and friendly workplace - Climate change and energy management	<ul style="list-style-type: none"> <li>The company plays an active role in trade associations, including the Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association and Taiwan Optoelectronic Semiconductor Industry Association, to facilitate frequent interaction among members of the industry.</li> <li>To work with NGOs on employee care and environment adaptation initiatives, including climate change response measures and energy saving and carbon reduction measures.</li> </ul>	1.2.2.1 LITE-ON SEA HOPE – the Sustainability Development	17
					2.2 Company Overview	30
					3.2.2.2 Sustainable Supply Chain Guidelines	55
					4.2 Climate Change and Energy Management	60
					5.4 Protection of Employee Interest	79
					5.5 Employee Relations	82
					5.6 LOHAS LITE-ON	83
					6.4 Green Energy Charity	94
					6.6.1 Community Assistance and Holistic Services	95
					6.6.2 Taipei Xinyi Community College (Taiwan)	98



## 1.2.2 Stakeholder Engagement Performance Highlights

### 1.2.2.1 LITE-ON SEA HOPE – the Sustainability Development Project

**Partners:**

1. Environmental Protection Bureau of Penghu County
2. QiHui Environmental Technology (disposer for Styrofoam marine waste)
3. Industrial Technology Research Institute (recycled material developer and plastic material manufacturer)
4. Institute of Marine Biology, National Taiwan Ocean University
5. Institute of Environmental Engineering and Management, National Taipei University of Technology

**Other participating stakeholders:** employees and key suppliers

#### Project background and objectives

Responding to SGD14: conserve and sustainably use the oceans, seas and marine resources, LITE-ON SEA HOPE project aims to protect Taiwan's local marine ecosystem and successfully combine marine conservation and LITE-ON's business through three pillars: the corporate volunteer system, the circular economy to marine waste, and Lanyu sea turtle conservation.

#### Project description and results

##### 1. Corporate volunteer system – Advocating marine sustainability to employees

LITE-ON provided training to employees so that they may serve as volunteers for the company's coastal-cleanup activity. The company also invited government agencies, research institutions, schools, media, and social enterprises to join the event. LITE-ON organized a total of 24 coastal cleanups in 2019, with more than 2,500 participants who cleaned more than 10 tons of waste in total. In the future, the company will continue to



The coastal Cleanup at Wangyou beach, Badouzi, Keelung



The coastal cleanup result at Wangyou beach – the SDG color wheel

#### LITE-ON Volunteer System



communicate with employees and incorporate different educational elements into coastal cleanups to facilitate participation and team spirit.

## 2. The circular economy to marine waste – Advocating the marine-waste circular economy to major suppliers

By working with local governments, social enterprises, and research institutions, LITE-ON recycled and processed Styrofoam marine waste, and applied plastics modification to turn the processed Styrofoam into recycled plastic resin that was used to make keyboards and mice. Furthermore, as a way to expand the project and involve more stakeholders, LITE-ON held supplier meetings to explain the project to 224 suppliers. LITE-ON was invited to deliver a presentation entitled "SEA HOPE - LITE-ON Circular Economy Solutions for Marine Styrofoam Waste" at the side event of the 2019 United Nations Climate Change Conference (COP25), which gained international attention. In 2019, LITE-ON helped the Penghu County Government clean more than 30 tons of Styrofoam marine waste. There were more than 20 articles covering the events reported by the media.



Magistrate Lai Feng-Wei of Penghu County presented the certificate of appreciation.



Certificate of Appreciation by Penghu County Government



Presentation on the circular economy to marine waste at the supplier meeting



LITE-ON presentation at the COP25 side event

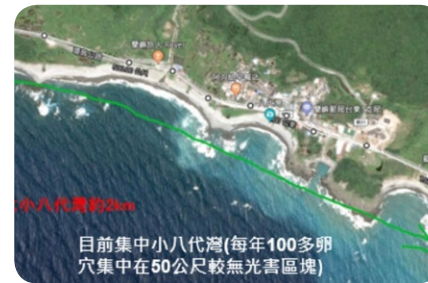


LITE-ON group photo at the COP25 side event

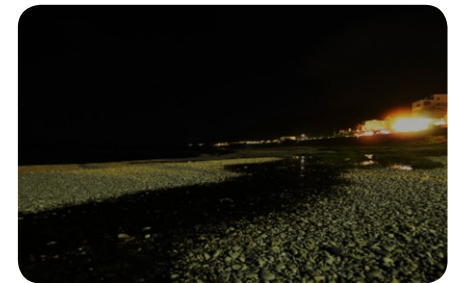
Going forward, LITE-ON will continue to promote the campaign, work with more local governments, and invite more businesses to join the campaign to extend social influence.

## 3. Sea turtle restoration in Lanyu island – Advocating sea turtle restoration to the local government

By working with schools and communicating with the local government, LITE-ON strives to increase the hatch and survival rates for sea turtles by reducing light pollution. In 2019, National Taiwan Ocean University commission by LITE-ON completed the preliminary study on the friendly streetlight design for sea turtle. The experiment concluded that the yellow-light source with streetlight cover could reduce light pollution significantly. LITE-ON is looking forward to in-depth discussion and collaboration with local governments to create more jobs and opportunities in local conservation by incorporating more placemaking elements.



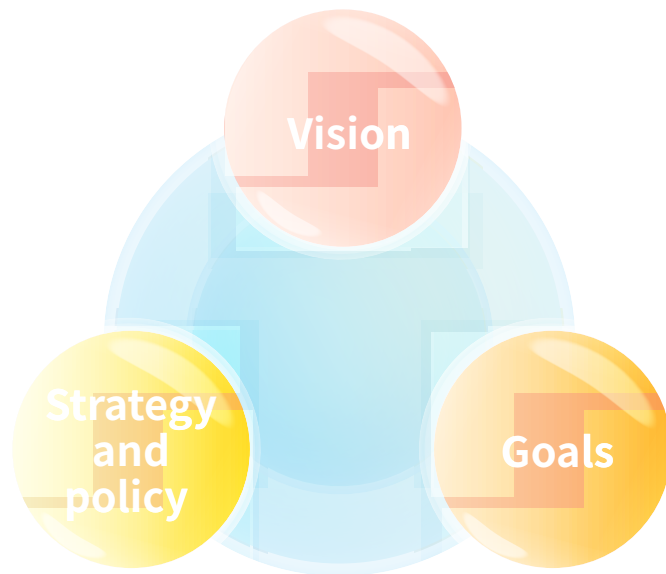
Aerial photo of Lanyu Badai Bay/Little Badai Bay



Light pollution at Lanyu Badai Bay

### 1.2.2.2 Customer Service and Satisfaction

- At LITE-ON, we deliver excellent execution to provide quality and innovative products and services that create value for our customers and make us the best partner for our customers



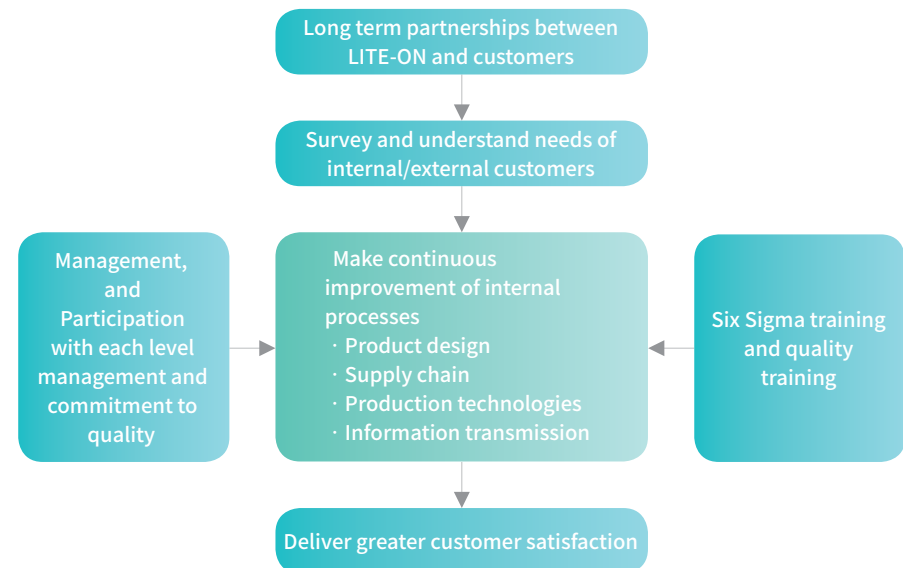
- "Customer Satisfaction" is one of the core values of LITE-ON
- Build a cross-functional team to provide a full range of real-time services

- Short-term goal: Annual average customer satisfaction at 90% or higher
- Mid-/long-term goals: Ongoing improvement of the customer service management process to maximize customer satisfaction

#### Customer Service

LITE-ON's each business unit has 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. Our CFTs can quickly propose response methods and overall solutions based on customer issues and feedback.

In order to satisfy customers' needs for prompt delivery; we handle purchasing, planning, logistics, and cash flow processes online, and use online information as the basis for our operations. We also integrate data from external suppliers, customers, and banks, etc., to ensure that management and delivery information is correct and up to date. Furthermore, to shorten the processing time for technical support, transport and delivery, and after-sale services, LITE-ON has installed production facilities, branches, and distribution warehouses in locations close to customers around the world that can respond promptly to customers' needs.

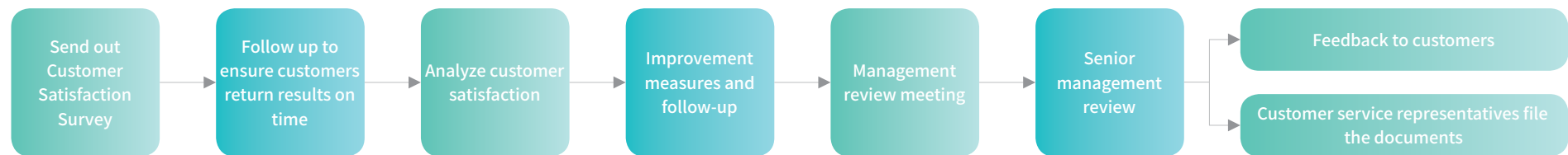


## Customer Satisfaction

"Customer Satisfaction" is one of the important bases of product and service improvement for LITE-ON. Understanding and analyzing customer satisfaction is one of the important ways for LITE-ON to continually improve its product quality and service procedures and implement new systems to further satisfy customers' needs.

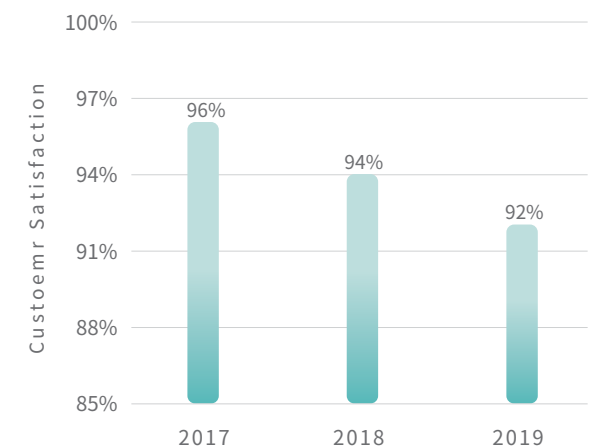
Building on scores of regular customer evaluation and audits as well as results of the quality management system, LITE-ON sends customer satisfaction surveys to large customers<sup>1</sup> every year. Survey results are used to make improvement plans. In addition, improvement of customer evaluation scores is also made one of the performance indicators for certain departments as appropriate. The relevant departments will propose improvement measures for surveyed items with lower scores. The sales departments have to track the progress and complete the improvement plans on time. The results of the improvement plans will be reviewed by appropriate division heads and become part of the operation plans in the following year for designed departments to ensure satisfied customers.

### Process of customer satisfaction survey



Below are the results of Customer satisfaction survey conducted by LITE-ON's core business in 2019

		Satisfaction Survey Items						Overall satisfaction
		Green Compliance	Quality	Purge	Delivery Time	Technology	Response-	
Average Satisfaction	Score (out of 5)	4.8	4.6	4.7	4.5	4.4	4.7	4.6
	Satisfaction (%)	96%	92%	94%	90%	88%	94%	92%



Note 1: Main Customers are defined as the group of top 20 customers.

## 1.2.3 Identification of Material Topics

The LITE-ON Corporate Social Responsibility Report complies with the Global Reporting Initiative (GRI) Standards. Material topics are analyzed by following the process of identification, prioritization, validation, and review to validate the scope of the disclosure in the report as well as major internal/external sustainability challenges faced by the company. The process serves also as a comprehensive review of business performance.

### Identification

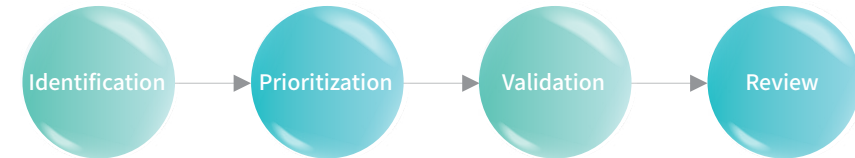
A list of 20 sustainability issues was compiled through the channels below to provide the scope of material topic identification in the report.

- List sustainability issues that would be of interest to different stakeholders based on the experience of employees from everyday business activities and previous assignments
- Review critical concerns of leading competitors around the world and international trends in sustainability
- Look back on the materiality matrix in the previous report to maintain the objectivity, integrity, and inclusiveness of material topics.

### Prioritization

The process of sustainability issue prioritization by materiality is described as follows.

- Assess the issues by "the degree of impact of a company on the economy, the environment, and society" and "the degree of influence over stakeholders' assessment and decision-making processes".
- The Company received 2,091 valid replies in 2017, and we continued to use internal questionnaires to collect opinions from key stakeholders and study the results with the CSR committee members to make the data more representative in 2019.
- Analyze the influence and degree of impact of individual issues and generate the preliminary materiality matrix through the statistical techniques and quantitative data.



### Validation

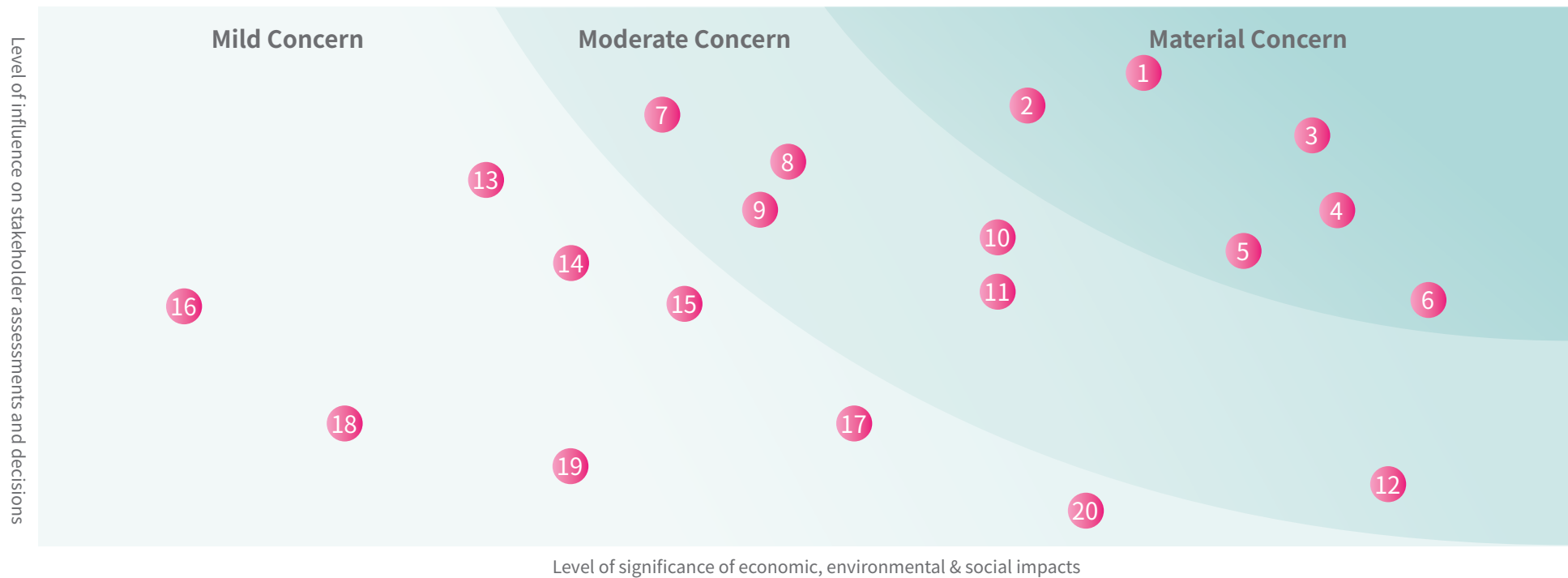
To ensure compliance with the GRI integrity and stakeholder inclusiveness principles, results of the preliminary identification of material topics are reviewed by the LITE-ON CSR Committee, and the degree of materiality is increased for the four issues, "green product design," "corporate governance," "climate change and energy management," and "risk management," based on results of benchmarking analysis, global trends in sustainability, and LITE-ON's business development strategies.

In 2019, LITE-ON focused its sustainability efforts on strengthening the link between material topics of the year and core competencies. The company made a minor adjustment to the materiality matrix after reaching a conclusion with the CSR committee members. There were 12 LITE-ON specific issues summarized from "material concerned topics" and "moderate concerned issues" to provide the scope of materiality disclosure in the report. Furthermore, we identified the GRI Standards corresponding to the material topics and provided information in the report.

### Review

In the next report, we will review the materiality matrix, and engage stakeholders in further communication to determine if the matrix for the coming year is reasonable or in need of adjustment.

## LITE-ON materiality matrix in 2019



## Material Concern

1 Integrity and compliance	2 Human rights	3 Information security and personal information protection
4 Corporate governance and operations	5 Risk management	6 Climate change and energy management

## Moderate Concern

7 Green product design	8 Supply chain management	9 Occupational safety and health
10 Talent attraction and retention	11 Labor relations and friendly workplace	12 Waste management

## Mild Concern

13 Product quality and safety	14 Customer relationship management	15 Innovation development and application
16 Social engagement	17 Talent development and training	18 Water resource management
19 Raw materials management	20 Corporate image	

## Implications of material topics for LITE-ON

Aspect	Material topic	Implications for LITE-ON
Governance	Corporate governance and operations	LITE-ON adopts the vision of being "the best partner in optoelectronics, energy conservation and smart technologies," and conducts its business by sound business practices and the principles of honesty and integrity. Meanwhile, a complete corporate governance framework is being developed, and campaigns are organized to raise awareness of related tasks to protect the rights of stakeholders.
	Integrity and compliance	
	Information security and personal information protection	LITE-ON values the privacy and safety of its stakeholders, including employees, business partners (customers, suppliers, and consultants), and shareholders, and of operation related information assets.
	Risk management	LITE-ON defined risks according to its overall operating strategies and set up risk management mechanisms for early identification, accurate measurement, effective supervision, and rigorous control. The goal is to protect the interests of LITE-ON's employees, shareholders, partners, and clients and to create more value and achieve the best principles for allocation company resources.
	Customer relations management	Customers dominate LITE-ON's revenue. By listening to customers and their needs, monitoring industry trends closely, and providing professional services, LITE-ON meets the customers' standards and keeps abreast with the latest developments.
Environmental	Climate change and energy management	LITE-ON sees climate change as a major risk and an important opportunity. In addition to setting aggressive carbon reduction targets, adaptation and mitigation strategies, LITE-ON makes use of energy creation, conservation, and conversion products and solutions to counter the implications and challenges of climate change.
	Waste management	LITE-ON understands a business' responsibility to the environment. Through ongoing improvement of the environmental management system and setting environmental management targets, LITE-ON strives to achieve low pollution, low energy consumption, easy recycling, and other similar eco-friendly targets.
Product	Green product design	LITE-ON's approach to green design begins with the product life cycle and follows the principles such as reducing the environmental impact, making more efficient use of energy, and improved ease of disassembly and recycling. In addition, LITE-ON works with suppliers to become the clients' best allies in achieving low carbon emission, ensuring environmental friendliness, and creating sustainable value chains. It is LITE-ON's mission to enable users to live a safer, more comfortable, and more energy-efficient lifestyle.
Social	Human rights	Employees are LITE-ON's most important partners. We pay a lot of attention to the working conditions, development, and care of our employees. LITE-ON has several communication channels in place inside the company. There are ongoing campaigns to promote employee relations programs aimed at creating a workplace conducive to "happiness, growth, health, and balance."
	Labor relations and friendly workplace	
	Occupational safety and health	
	Talent attraction and retention	

## 1.2.4 Scopes and Boundaries of the Material Topics

○ Indirect impact ● Direct impact

Level of materiality	Material topic	Corresponding GRI Standard	Report chapter	Page	Involvement and impact scope							
					Employees	Customers	Suppliers	Shareholders (Investors)	Government authorities	Non-profit organizations	Research institutions	The Media community
Material	Integrity and compliance	GRI 205 : Anti-Corruption	2.5 Compliance, Ethics and Anti-corruption	36								
		GRI 206 : Anti-Competitive Behavior	2.6 Information Security and Privacy Management	45								
		GRI 307 : Environmental Compliance	3.1.2 Product Certification	51								
		GRI 416 : Customer Health and Safety	4.1.1 Green Operations Action Plans	59	●	●	●	●	○			○
		GRI 417 : Marketing and Labeling	5.4.4 Violation of Labor Standards Act and Others	81								
		GRI 418 : Customer Privacy										
		GRI 419 : Socioeconomic Compliance										
Material	Human rights	GRI 405 : Diversity and Equal Opportunity	2.3.1 Board of Directors and Committees	34								
		GRI 406 : Non-Discrimination	5.2.1 Employee Structure and Distribution	68								
		GRI 408 : Child Labor										
		GRI 407 : Freedom of Association and Collective Bargaining	5.4 Protection of Employee Interest	79								
		GRI 409: Compulsory Labor	5.5 Employee Relations	82								
		GRI 410: Security Practices	3.2.2.3 Supplier Management Mechanisms	55	●	●	○		○	○		○
		GRI 412: Human Rights Assessments	5.2.3 Personnel Recruitment	73								
			5.2.4. Responsible Business Alliance, RBA Code of Conduct Committee	74								
			5.3 Employee Development and Training	75								
Material	Information security and personal information protection	GRI 417: Marketing and Labeling	5.6.1 Diverse Recreational Activities	83								
		GRI 418: Customer Privacy	2.6 Information Security and Privacy Management	45								
		GRI 419: Socioeconomic Compliance	3.1.2 Product Certification	51	●	●	●		○			○

Level of materiality	Material topic	Corresponding GRI Standard	Report chapter	Page	Involvement and impact scope								
					Employees	Customers	Suppliers	Shareholders (Investors)	Government authorities	Non-profit organizations	Research institutions	Media community	
Material	Risk management	General disclosures GRI 102-11: Precautionary Principle or approach GRI 102-15: Key impacts, risks, and opportunities GRI 102-30: Effectiveness of risk management processes GRI 102-31: Review of economic, environmental, and social topics	2.4	Corporate Risk Management	36								
Material	Corporate governance and operations	GRI 201: Economic Performance	2.2	Company Overview	30								
		GRI 205: Anti-Corruption	2.5	Compliance, Ethics and Anti-corruption	43								
		GRI 405: Diversity and Equal Opportunity	2.3.1	Board of Directors and Committees	34								
			3.2.2.2	Sustainable Supply Chain Guidelines	55								
			4.2	Climate Change and Energy Management	60	●	●	●	●	○		○	
			5.2.1	Employee Structure and Distribution	68								
			5.2.4.	Responsible Business Alliance, RBA Code of Conduct Committee	74								
			5.4 5.6	Protection of Employee Interest LOHAS LITE-ON	79 83								
Material	Climate change and energy management	GRI 201: Economic Performance	4.1	Commitment to Environmental Sustainability and Policy	58								
		GRI 302: Energy GRI 305: Emissions	4.2	Climate Change and Energy Management	60	●	●	○		○	○	○	○
Moderate	Green Product Design	GRI 302: Energy LOT-EN2: Energy efficiency improvement LOT-EN3: Material resources saving LOT-EN4: Reduction use of hazardous substance	3.1	Product Green Design and Management	48								
						●	●	○				○	

Level of materiality	Material topic	Corresponding GRI Standard	Report chapter	Page	Involvement and impact scope							
					Employees	Customers	Suppliers	Shareholders (Investors)	Government authorities	Non-profit organizations	Research institutions	Media community
Moderate	Supply Chain Management	GRI 204: Procurement Practices	3.1.3 Environment-Related Substances Management	52								
		GRI 308: Supplier Environment Assessment	3.2.1.3 Supply Chain and Localized Purchasing	54								
		GRI 414: Supplier Social Assessment	3.2.2.2 Sustainable Supply Chain Guidelines	55	●	●	●					
			3.2.1.4 Selection of Suppliers and Identification of Key Suppliers	54								
Moderate	Occupational safety and health	GRI 403: Occupational Health and Safety	5.6.3 Occupational Safety and Health	85	●	●	●		○			○
Moderate	Talent attraction and retention	GRI 202: Market Presence	5.2.1 Employee Structure and Distribution	68								
		GRI 401: Employment	5.3 Employee Development and Training	75	●	○	○	○	○			○
		GRI 404: Training and Education		79								
				5.6 LOHAS LITE-ON	83							
Moderate	Labor relations and friendly workplace	GRI 202: Market Presence	3.2 Sustainable Supply Chain	53								
		GRI 402: Labor / Management Relations	5.2.1 Employee Structure and Distribution	68								
		GRI 407: Freedom of Association and Collective Bargaining	5.2.4. Responsible Business Alliance, RBA Code of Conduct Committee	74	●	○	○		○		○	○
		GRI 409: Compulsory Labor	5.4 Protection of Employee Interest	79								
			5.5 Employee Relations	82								
Moderate	Waste management	GRI 305: Emissions	4.1 Commitment to Environmental Sustainability and Policy	58								
		GRI 306: Effluents and Waste	4.4 Waste Management, Recycling and Reuse	65	●	○	●		○	○		○
	GRI 307: Environmental Compliance											



# 2 Corporate Governance

Innovation, Integrity, Excellence in Execution,  
Customer Satisfaction

TOP  
5%

Ranked as top 5% of public companies list in the Corporate Governance Evaluation held by TWSE for three consecutive years

AAA  
20

Accumulative 20 plants have passed Product Liability Insurance AAA Certification



Create a corporate sustainability committee that reports directly to the board of directors



Establish the Risk Management Policy and Procedures

NTD  
178  
BILLION

2019 annual revenue: NTD178 billion

NTD  
4.03

EPS: NTD4.03, a record high for 3 years

## 2.1 LITE-ON Corporate Values and Governance

### 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.

With open minds and innovative technology, we are at the forefront of the mass production of next-gen technology.

#### Innovation

We emphasize integrity, transparency, and doing the right thing to earn the respect of our employees and trust of our customers and stakeholders to ensure solid and sustainable business operations.

#### Integrity

#### Customer Satisfaction

As the best partners for our custom/ers, we attentively listen to their needs, mastering market trends and using our strong expertise to fulfill their goals.

With outstanding execution, we dedicate ourselves to fulfilling our commitments to customers, while creating innovative competitive advantages.

#### Excellence in Execution

## Actions and results

LITE-ON develops effective corporate governance and implement practices in accordance with the Law of the Company Act, the Securities Exchange Act and other relevant laws and regulations. The company continues to improve its management performance, while safeguarding the rights and interests of investors and other stakeholders. LITE-ON places a great emphasis on open, impartial disclosure. The company discloses financial data and statements, annual reports, and important information in a timely, accurate, and transparent manner on the Market Observation Post System. It also makes related details available on the LITE-ON website (WWW.LITEON.COM) to local and international stakeholders

2019 Targets	Actions	Results
Maintain top performance in Corporate Governance Evaluation (Top 5% TWSE-listed companies)	<ol style="list-style-type: none"> <li>1. Create a corporate sustainability committee that reports directly to the board of directors and is responsible for devising the sustainability policies and decisions and overseeing sustainability activities.</li> <li>2. Establish the Risk Management Policy and Procedures to install mechanisms that ensure early identification, precise measurement, effective monitoring, and strict control in risk management in order to protect the interests of employees, shareholders, partners, and customers. Optimize resource allocation at the same time to create more value for the company.</li> <li>3. Devise succession plans for key persons on the board of directors and on the management team, and disclose the progress (including training for directors, managers, and employees in detail) of the plans on the company website.</li> </ol>	TWSE Corporate Governance Evaluation <ul style="list-style-type: none"> <li>· Top 5% in the fourth year</li> <li>· Top 5% in the fifth year</li> <li>· Top 5% in the sixth year</li> </ul>
All factories received Product Liability Insurance AAA Certification	Enclosure Guangzhou Plant and Storage Beihai Plant received Product Liability Insurance AAA Certification from the ACE Group in 2019	A total of 20 factories received Product Liability Insurance AAA Certification
90% of indirect employees in LITE-ON Taiwan complete the corporate governance (refresher) courses <sup>1</sup>	<ol style="list-style-type: none"> <li>1. Awareness campaigns: LITE-ON continues to advertise these courses during the campaigns, and tries to raise the participation rate by prompting employees and departments that have not completed the courses.</li> <li>2. Multiple channels: To make it easier for employees to take online courses, LITE-ON offers courses through a mobile app. Courses are available via multiple channels (offline, online, and mobile app).</li> <li>3. Legal seminars are organized to help managers and more senior officers learn more about labor rights regulations.</li> </ol>	90.2%

Note: 4 compliance courses: Material Insider Information Procedures, Anti-trust and Compliance Guidelines (basic and advanced), and Human Rights Policy and Ethical Corporate Management Best Practice Principles.

2 InfoSec courses: InfoSec awareness campaigns and information asset gathering.

## Future goals

Items	Completion
Maintain top performance in Corporate Governance Evaluation (Top 5% TWSE-listed companies)	Every year
Increase the completion rate of refresher training on corporate governance course for indirect workers in Taiwan to 100%	95% in 2020 100% in 2023

## 2.2 Company Overview



**Company Name: LITE-ON Technology Corporation**

**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 smart healthcare, and LITE-ON is a worldwide leading provider of optoelectronics, information technology, and storage devices. Now LITE-ON is one of the worldwide top 2 Power Supplies suppliers\*.

For over four decades, 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 profitable growths. LITE-ON's main business strategy focuses 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 shareholder value to lay the foundation for a sustainable century enterprise.

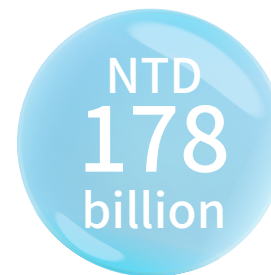
In recent years, LITE-ON has been shifting its production focus from IT and communication towards cloud computing, LED/lighting, smart manufacturing, 5G, and artificial intelligence of things(AIoT) to create a new wave of growth momentum. LITE-ON hopes to leverage its existing advantage as a world-class enterprise in this age of changes, and challenges to become the best partner of choice for global customers developing innovations and applications for Opto-Electronic, Eco-friendly and Intelligent Technologies.

Note:1. For more details on business performance including financial statement, liabilities, shareholders' equity, and retained earnings etc. please refer to LITE-ON's Annual Report published on the company website: [HTTPS://WWW.LITEON.COM/EN-US/INVESTOR/FINANCIALREPORTS/9](https://www.liteon.com/en-us/investor/financialreports/9).

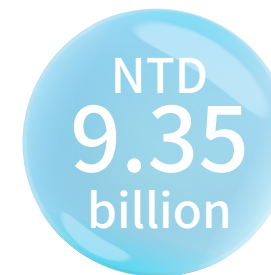
2. For information of LITE-ON's product development, please refer to “Business Group” in following company webpage: [HTTPS://WWW.LITEON.COM/EN-US](https://www.liteon.com/en-us) , For production volume and sales value, please refer to LITE-ON 2019 Annual report Page 92.

3. For Dividend policy with execution status and compensation for employees and board of director, please refer to please refer to LITE-ON 2019 Annual report Pages75-76.

4. \* Source: 2018 Micro-Tech Consultants Report.



2019 Revenue:  
NTD1,78.0 billion  
2018: NTD207.1 billion  
2017: NTD215 billion



2019 Operating Income:  
NTD9.35 billion  
2018: NTD7.49 billion  
2017: NTD8.34 billion



2019 Earning per Share:  
NTD4.03  
2018: NTD3.42  
2017: NTD1.13



2019 Return on Equity:  
13.04 %  
2018: 11.22%  
2017: 3.59%

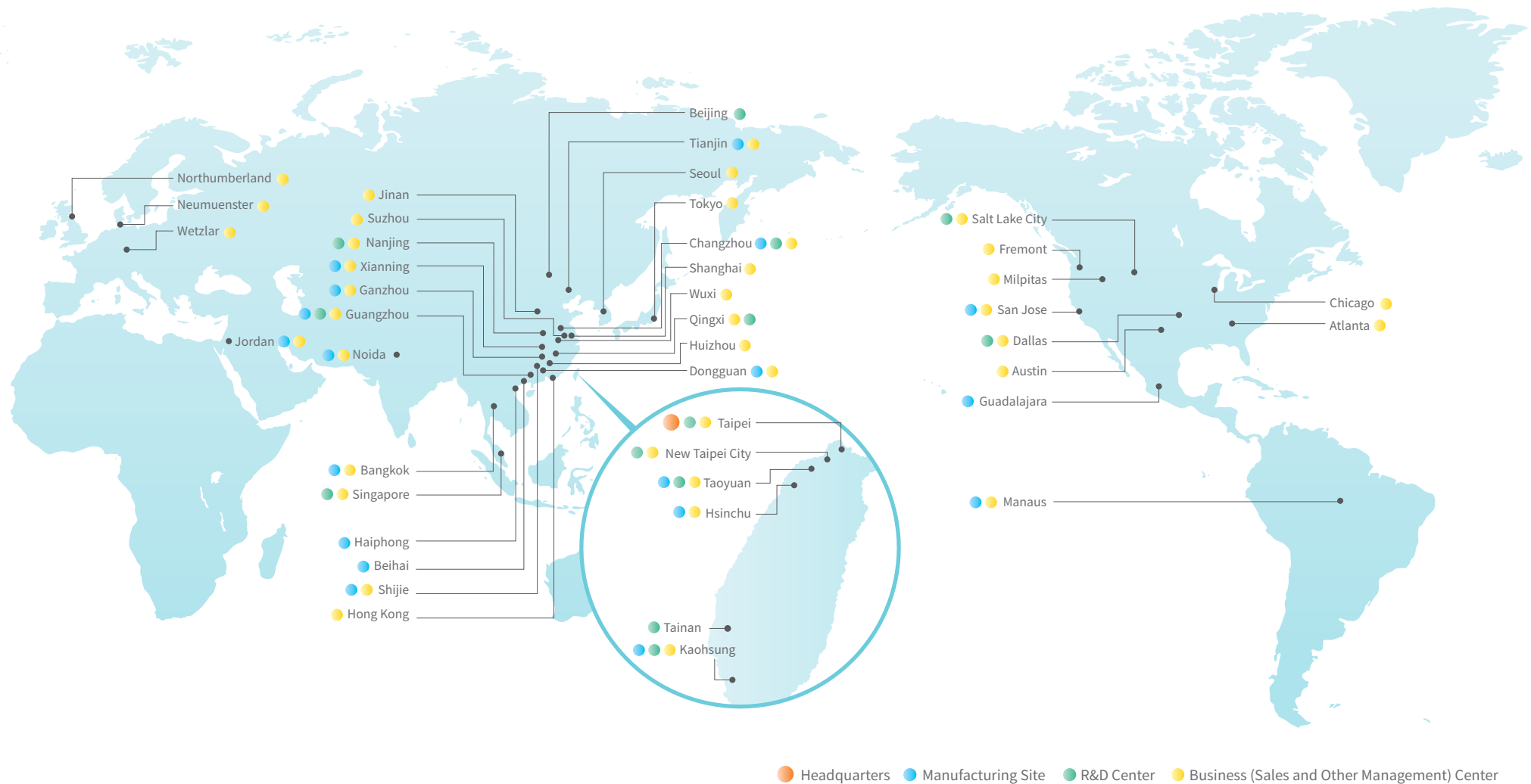


2019 Tax Expense:  
NTD2.96 billion  
2018: NT\$ 2.82 billion  
2017: NTD0.74 billion



2019 WW Top 2  
Power Supplies Supplier  
2018 : Top 2  
2017: Top 2

## 2.2.1 LITE-ON's Major Operations Locations Worldwide 2019



## 2.2.2 List of Major Shareholders

September 9<sup>th</sup>, 2019

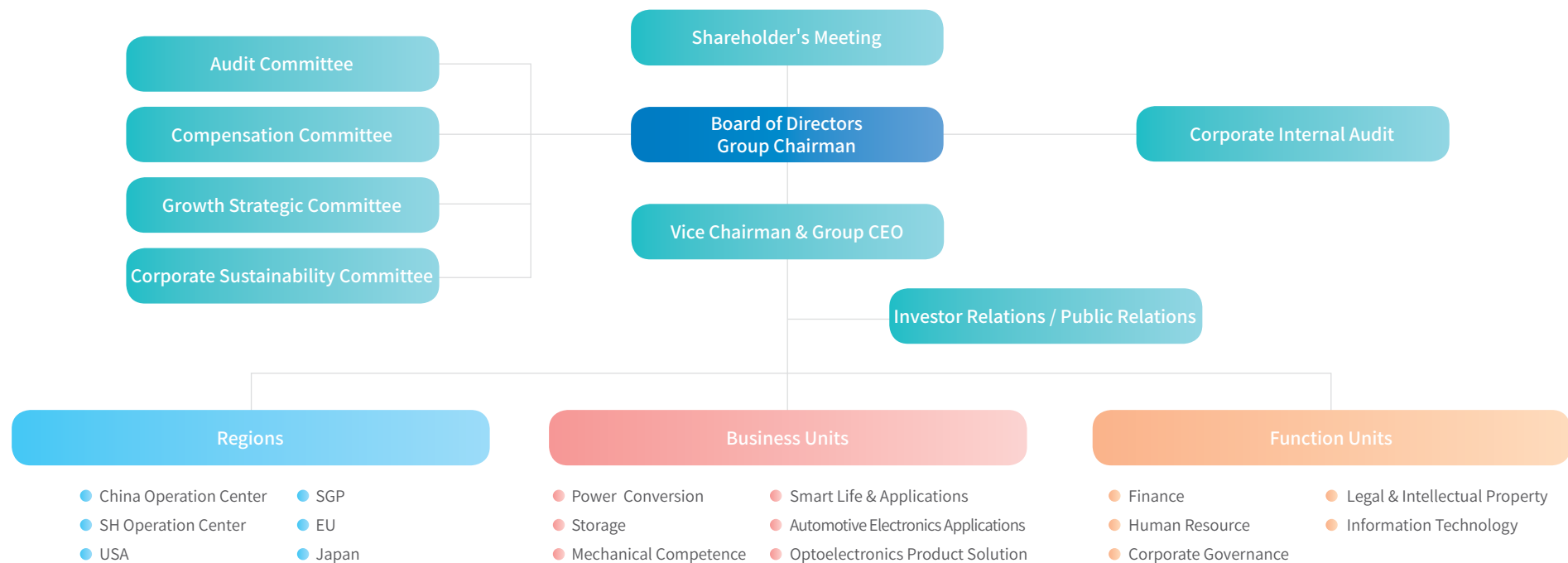
Name	Shareholding	
	Shares	%
1. Ta-Rong Investment Co., Ltd.	85,402,698	3.63%
2. Raymond Soong	79,302,560	3.73%
3. Silchester International Investors International Value Equity Trust	50,546,857	2.15%
4. Hermes Investment Funds Public Limited Company	49,645,000	2.11%
5. Ming-Hsing Investment Co., Ltd.	47,326,330	2.01%
6. FUBON LIFE INSURANCE CO.,LTD	47,139,000	2.01%
7. Ta-Sung Investment Co., Ltd	47,088,399	2.00%
8. Yuan Pao Development & Investment Co. Ltd.	39,473,599	1.68%
9. Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	34,674,459	1.47%
10. Labor Pension fund	33,737,413	1.44%

## 2.2.3 Membership in Groups and Associations

LITE-ON actively participates in the activities arranged by associations of industry, R&D and Technology associations, and participates in the regular or irregular meetings to promote industrial development while paying attention to major issues such as technology innovation, corporate governance and sustainable operations. LITE-ON spent about NTD 1.9 million in joining membership of the associations.

category	Taiwan	Mainland China	Thailand and other regions
Industry	<ol style="list-style-type: none"> <li>1. Taipei Computer Association(Executive Director)</li> <li>2. Taiwan Electrical and Electronic Manufacturers' Association(Executive Director)</li> <li>3. Photonics Industry and Technology Development Association(Director)</li> <li>4. Taiwan Sporting Goods Manufacturers Association, TSMA</li> <li>5. Taiwan Lighting Fixture Export Association</li> <li>6. Taiwan Optoelectronic Semiconductor Industry Association, TOSIA</li> <li>7. SEMI</li> <li>8. Taiwan Telematics Industry Association(Director)</li> <li>9. Taiwan Transportation Vehicle Manufacturers Association</li> </ol>	<ol style="list-style-type: none"> <li>1. lectronics &amp; Communications Association of Guangzhou (Development District)</li> <li>2. Taiwan Enterprise Association of Guangzhou</li> <li>3. Guangdong Investment Promotion Association</li> </ol>	<ol style="list-style-type: none"> <li>1. Electronic &amp; Computer Employers' Association (Thailand)</li> <li>2. Chai-Klong Personnel Management (Thailand)</li> </ol>
R&D and Technology	<ol style="list-style-type: none"> <li>1. Asia IOT Alliance; AIoTA</li> <li>2. Taiwan information Storage Association (Director)</li> </ol>	<ol style="list-style-type: none"> <li>1. Professional Committee of Jiangsu Institute of Electronics</li> <li>2. Anti-Static Equipment Branch of China Electronic Instrument Industry Association</li> <li>3. Open Data Center Committee</li> <li>4. IPC</li> <li>5. CLAA</li> </ol>	<ol style="list-style-type: none"> <li>1. Open Compute Project</li> <li>2. Wireless Power Consortium</li> </ol>
Others	<ol style="list-style-type: none"> <li>1. Institute of Internal Auditors-Chinese</li> <li>2. Taiwan Corporate Governance Association</li> <li>3. Taipei Neihu Technology Park Development Association (Director)</li> <li>4. Business Council for Sustainable Development of Taiwan, BCSD-Taiwan (Permanent member)</li> </ol>	<ol style="list-style-type: none"> <li>1. Changzhou Purchasing Association</li> <li>2. Wujin Human Resources Association</li> </ol>	

## 2.3 Organization Structure of Corporate Governance



### Change in organizational structure in 2019

#### 1. Addition of the Corporate Sustainability Committee:

As part of an effort to adopt international sustainability practices, the Corporate Sustainability Committee, which would report directly to the board of directors and be responsible for devising the sustainability policies and decisions and overseeing sustainability activities, was created in April 2019. Two function task forces, "Corporate Social Responsibility" and "Sustainable Governance and Ethical Corporate Management", were created under the committee. The task forces promote and implement environmental and social measures and supply chain management, ethical corporate management, risk management, and information security procedures in relation to their sustainability responsibilities.

#### 2. Addition of Japan to the global network:

To combine resources and create synergy in the group and to improve operational efficiency, Lite-On acquired JASDAQ-listed subsidiary LITE-ON Japan Ltd. ("LOJ") by public tender. The stake in LOJ changed from 49.49% to 100% in August 2019. LOJ became a wholly owned subsidiary and one of the nodes in the global network.

#### 3. Addition of a "corporate governance" function unit

For the purpose of formulating company policies and an appropriate organizational structure that facilitate independence of the board of directors, transparency and compliance of corporate governance, and effective implementation of internal audit and internal control, a Corporate Governance function unit was created to present regular reports on corporate governance operations to the board of directors, directors and function committees and to ensure stakeholder rights are protected.

#### 4. Integration of managerial departments

To create a more efficient organization and strengthen support for function units, including Corporate Business Planning and Analysis, Manufacturing Operation Excellence, Manufacturing Technology, and Occupational Safety & Health Management, were gathered and made part of the staff reporting directly to the GCEO. Meanwhile Strategy Investment was integrated into Finance.

## 2.3.1 Board of Directors and Committees

LITE-ON's Board of Directors, Audit Committee, Compensation Committee, Growth Strategy Committee and Corporate Sustainability Committee perform their duties in accordance with the "Board of Directors Meeting Rules," "Audit Committee Organizational Rules," "Compensation Committee Organizational Rules," "Growth Strategy Committee Organizational Rules," and "Corporate Sustainability Committee Rules."

### 2.3.1.1 Board of Directors

- The company's directors are elected according to its "Rules of Governing the Election of Directors," 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 nomination and election methods and election results of the 11th term of the board of directors of LITE-ON as well as their terms of office (including education, work experience and current position) are available on the [company website](#) or can be found through the QR code.



- The board consists of 9 members; all of whom are elected by shareholders. Composition and core competence of Board members are as follows:

The Company has stipulated the diversification policy for the composition of the board of directors in the "Corporate Governance Code of Practice", and has implemented the specific management goal that directors who also serve as company managers should not exceed one-third of the director.

The members come from different core competences, coupled with independent directors with different professional backgrounds effectively assume their responsibilities including, to establish a good board governance system, to supervise/appoint/instruct the management, strengthening management function as well as to oversee the company's financial, social, and environmental performance in ways that maximize stakeholders' interests.

			Competences							
LITE-ON Board Members		Gender	Finance	Business	Investment	Information	Communication	Risk Management	Operation Management	Sustainability Development Management
Chairman	Raymond Soong	male		V	V		V	V	V	
Vice Chairman	Warren Chen *	male		V	V		V	V	V	V
Director	Tom Soong *	male		V		V	V	V	V	V
	Keh-Shew Lu, Representative of Ta-Sung Investment Co., Ltd.	male		V	V	V	V	V	V	
	C.H. Chen, Representative of Ta-Sung Investment Co., Ltd.	male		V	V			V	V	
Independent Director	Albert Hsueh	male		V		V		V	V	V
	Harvey Chang	male	V	V	V		V	V	V	V
	Edward Yao-Wu Yang	male	V	V	V	V	V	V	V	V
	Mike Yang	male		V		V	V	V	V	V

Note: Executive Director, with a position in the company.

Board members' backgrounds, education, age structure, concurrent roles at other companies 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 (including anti-corruption courses). Details regarding directors' ongoing education have been published onto the Market Observation Post System and in 2019 LITE-ON Annual report Page 62.

3. According to LITE-ON's "Regulation and Procedure for Board of Directors Meetings," board meetings are held at least once every quarter. A total of seven board meetings were held in 2019 with 100% attendance at board meetings (including personal and proxy attendance). Major key events, such as major investments, annual financial statements, donations and other events that are required by law to be passed by the board of directors before proceeding, are discussed and passed by the board of directors and then announced on the Market Observation Post System and disclosed on the company website and in the annual report as required by law. A total of 18 major key events were submitted to the board of directors in 2019. Detailed information can be found in the annual report (Page 60 of the 2019 Annual Report). Important board resolutions can be found on the company website: [HTTPS://WWW.LITEON.COM/EN-US/INVESTOR/CORPORATEGOVERNANCE/29](https://WWW.LITEON.COM/EN-US/INVESTOR/CORPORATEGOVERNANCE/29)
4. Where a director or a juristic person that the director represented was an interested party in relation to an agenda item, the director followed Article 15 of the Regulation and Procedure for Board of Directors Meetings and stated the important aspects of the interested party relationship at the respective meeting. The director shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. Detailed information of directors absenting themselves due to conflict of interest can be found in the annual report (Page 29 of the 2019 Annual Report).

### 2.3.1.2 Composition and Operation of Committees

Audit Committee	Growth Strategy Committee	Compensation Committee	Corporate Sustainability Committee
<b>Chairperson:</b> Independent Director Albert Hsueh <b>Members:</b> Independent Director Harvey Chang Independent Director Edward Yao-Wu Yang Independent Director Mike Yang	<b>Chairperson:</b> Independent Director Edward Yao-Wu Yang <b>Members:</b> Director Warren Chen Director Keh-Shew Lu Director Tom Soong Independent Director Harvey Chang Independent Director Albert Hsueh Independent Director Mike Yang	<b>Chairperson:</b> Independent Director Harvey Chang <b>Members:</b> Independent Director Edward Yao-Wu Yang Independent Director Albert Hsueh Independent Director Mike Yang	<b>Chairperson:</b> Director Warren Chen <b>Members:</b> Director Tom Soong Independent Director Edward Yao-Wu Yang Independent Director Harvey Chang Independent Director Albert Hsueh Independent Director Mike Yang

Committees	Calling Meetings		Attendance Rate (Including Personal and Agent Attendance)
	Number of meetings in accordance with organizational Rules	Number of Meetings in 2019	
Audit Committee	4	7	100%
Growth Strategy Committee	2	2	100%
Compensation Committee	2	5	100%
Corporate Sustainability Committee	2	2	100%

Note: Information about the responsibilities, operations and key points of discussion of each committee is disclosed on the company website : [HTTPS://WWW.LITEON.COM/EN-US/GLOBALCITIZENSHIP/313](https://WWW.LITEON.COM/EN-US/GLOBALCITIZENSHIP/313).

### 2.3.1.3 Evaluation of Performance of the Board of Directors and Functional Committees

To implement corporate governance and enhance the role of its board of directors and functional committees, LITE-ON establish performance targets to enhance operational efficiency. Following the Rules for Evaluating Board of Directors and Functional Committee Performance<sup>1</sup>, the result of 2019 performance evaluation of the board of directors and relevant committees were presented to the first board meeting in 2020, and published on the company website: [HTTPS://WWW.LITEON.COM/EN-US/GLOBALCITIZENSHIP/554](https://WWW.LITEON.COM/EN-US/GLOBALCITIZENSHIP/554)

Note: "Rules for Evaluating Board of Directors and Functional Committee Performance" can be found in the website: [HTTPS://WWW.LITEON.COM/EN-US/INVESTOR/CORPORATEGOVERNANCE](https://WWW.LITEON.COM/EN-US/INVESTOR/CORPORATEGOVERNANCE).

## 2.4 Corporate Risk Management and Policy

To counter the challenges of a fast changing global economy and the sustainability risk, LITE-ON adopts a robust risk management framework and an effective implementation roadmap that approach in three aspects, which are the economy(including governance), environment, and social, to identify and manage potential risks that may have an impact on a company's sustainable development. In addition, LITE-ON implements management strategies and takes measures to transfer, mitigate, minimize, or even eliminate risks entirely and turn them into business opportunities.

Hence, LITE-ON's risk management policy defines risks according to the company's overall business plan. The policy also sets up risk management mechanisms for early identification, accurate assessment, effective supervision, and rigorous control to prevent possible losses and adjust with improvements of best risk management practices constantly to reflect changes in the internal and external environments under certain affordable risks. The goal is to protect the interests of LITE-ON's employees, shareholders, partners, and clients and to create more value and achieve optimal resource allocation for the company.

### 2.4.1 The Risk Management Framework

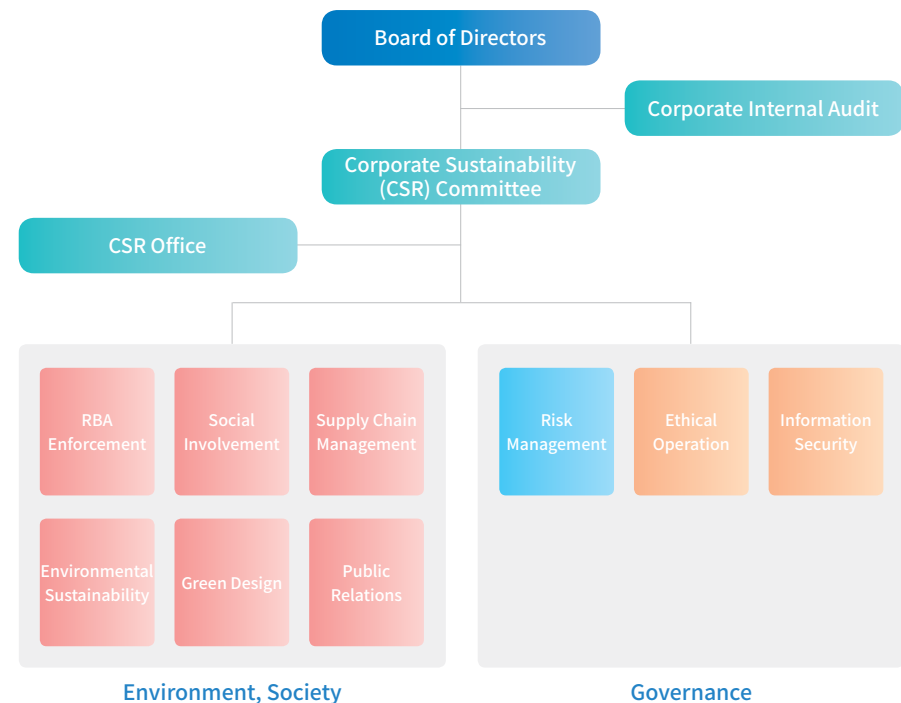
LITE-ON's Board of Directors sits at the top of its risk management system. Its mission is to comply with the laws and regulations and implement and enforce risk management in the company as a whole. The Board shall have a clear understanding the risks of company operation, maintain the validity of the risk management system, and take ultimately responsibility for risk management performance.

The Corporate Sustainability Committee is a functional committee that LITE-ON places under the Board of Directors. There are 2 categories: “Corporate Social Responsibility (E&S)” and “Sustainability Governance and Ethical Management (G).” Nine subcommittees under the committee include a Risk Management subcommittee led by the head of the Operation Management Department. The Risk Management subcommittee is the unit responsible for conducting risk management and reporting results of risk management activities regularly to the Corporate Sustainability Committee.

Given the increasing attention to risk management issues since 2019, the CSR Office and the Risk Management subcommittee follow the existing risk management framework and internal

control system, and manage the risks associated with its operations in the most cost-effective manner. LITE-ON puts all heads of functional units(or departments) in charge of overseeing risk management and analyzing and monitoring risks in their own units in order to ensure effective execution of risk controls and procedures. Meanwhile, Internal Audit department is responsible for assessing risks and presenting annual audit plans accordingly. The Internal Audit is also responsible for delivering reports on risk management performance to the Audit Committee.

LITE-ON's risk management framework is shown as follows:



## 2.4.2 Risk Management Process and Cycle

The risk(including emerging risks) management process covers risk scope identification, risk assessment, risk monitoring, risk reporting and disclosure, and risk response.



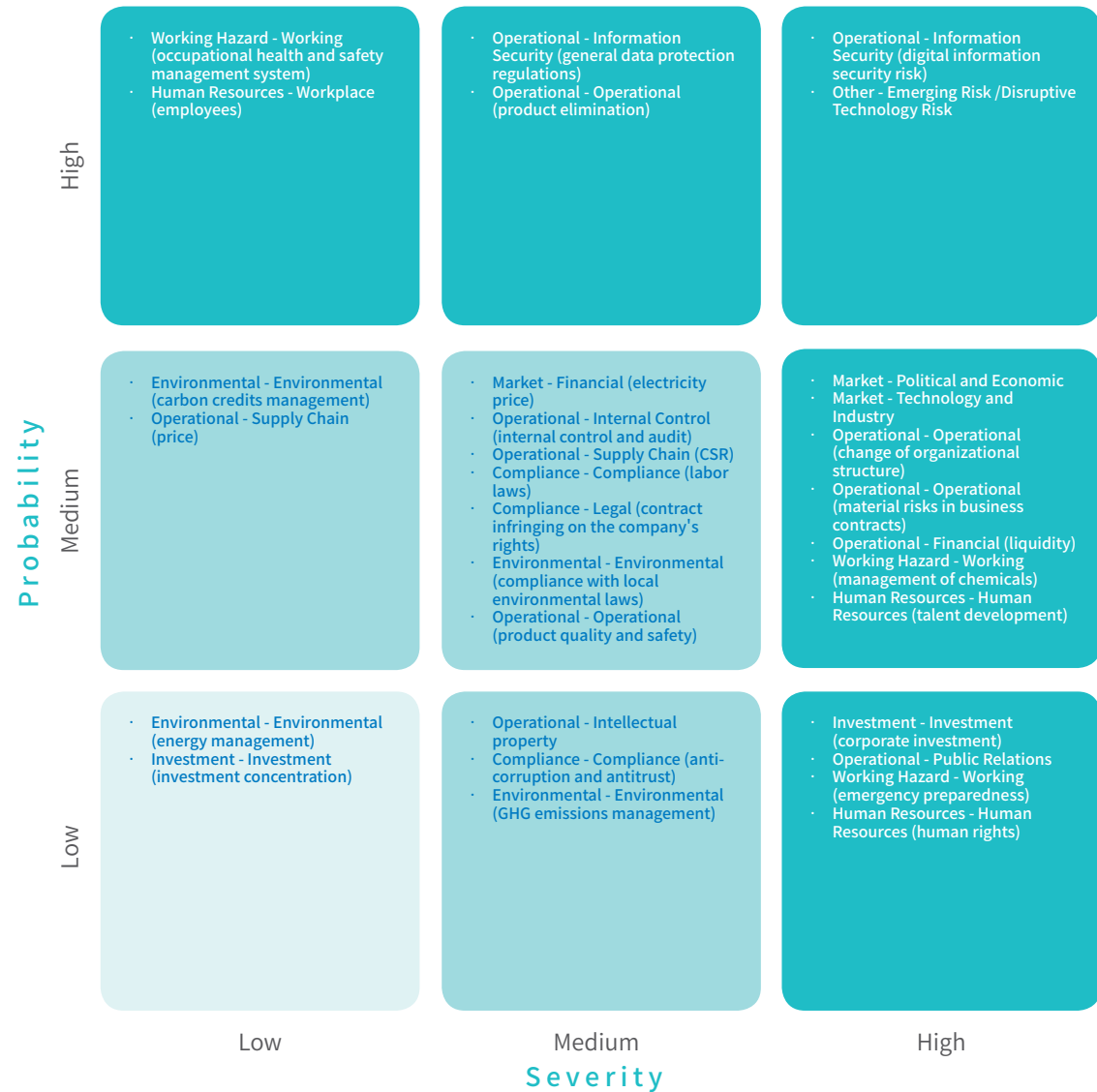
### 2.4.2.1 Identification of the Scope of Risk

LITE-ON has been able to develop a comprehensive and robust risk management framework with task functions and responsibilities clearly segregated for risk identification purposes. The LITE-ON Risk Management subcommittee follows the materiality principle and divides risks into 8 categories by economic (including corporate governance), environmental, social and other aspects as shown in the table below.

Aspect	Risk type	Risk description
Economic (including corporate governance)	Market Risk	<ul style="list-style-type: none"> <li>Political and Economic: covering domestic and international political, economic, and regulatory requirements and the risk of adverse effects to the company's finance or sales.</li> <li>Technology and Industry: covering domestic and international changes in technology and industry and the risk of adverse effects to the company's finance or sales.</li> <li>Financial: covering volatility in the company's financial assets or liabilities (including assets and liabilities on and off the balance sheet) due to market risks(interest, exchange rate, stock price, merchandise price and power price, etc.) and the risk of value changes and various losses.</li> </ul>
	Operational Risk	<ul style="list-style-type: none"> <li>Operational: coverage the risk of adverse effects to the company as a result of change of the business model, modification of the organization, excessive concentration of sales/procurement, product elimination, design and quality control for products and services, and management of material risks in business contracts.</li> <li>Financial: covering the risks to the company arising from asset valuation, credit standing and solvency risk, liquidity risk, and accounting policies or accounting risk.</li> <li>Internal Control: covering risks associated with internal control.</li> <li>Intellectual Property: such as patent application and maintenance, intellectual property protection and so on.</li> <li>Supply Chain: covering supplier quality, price, delivery date, and CSR issues and the risk of adverse effects to the company.</li> <li>Information Security: such as digital information security and general data protection regulations and the risk of adverse effects to the company.</li> <li>Public Relations: covering public relations issues, such as brand management and corporate image building and maintenance and the risk of adverse effects to the company.</li> </ul>
	Investment Risk	<ul style="list-style-type: none"> <li>Investment: covering risks arising from investment excessive concentration, high risk and highly leveraged investment, derivatives trading, price volatility in financial plans and other short term investments or risks in management of operational guidelines of long term subsidiary investment, and the risk of adverse effects to the company.</li> </ul>
	Compliance Risk	<ul style="list-style-type: none"> <li>Compliance: covering the risk of failure to comply with the laws and regulations, including but not limited to labor laws, the Company Act and securities trading laws, import/export regulations and controls, industrial code of conduct, and anti-corruption and antitrust regulations, and potential risks arising therefrom.</li> <li>Legal: covering potential risks arising from failure to comply with the laws and regulations or various legal risks that may infringe on the company's rights.</li> </ul>
	Environmental Risk	<ul style="list-style-type: none"> <li>Environmental: covering risks related to issues deriving from climate change and natural disaster issues, such as GHG emissions, carbon credits management, and energy management; and risks related to the need to comply with international and local environmental regulations, such as air/water/waste/toxic/noise/emission pollution management or environmental evaluation requirements.</li> </ul>
Social	Working Hazards Risk	<ul style="list-style-type: none"> <li>Working: covering risks to the company arising from occupational health and safety, management of chemicals, safety and protection and emergency preparedness, and other inappropriate operations or human errors.</li> </ul>
	Human Resources Risk	<ul style="list-style-type: none"> <li>Human Resources: covering risks arising from human rights issues related to employees or suppliers, including but not limited to employees-employer relations, child labor, and force labor; and risks arising from talent pool development and management issues such as recruitment, retention, and talent development mechanisms.</li> <li>Workplace: covering risks arising from issues related to employee or supplier safety in the workplace.</li> </ul>
Other	Other Risks	<ul style="list-style-type: none"> <li>Other: referring to risks that are not listed above but will cause the company significant losses, such as emerging risks, major external hazards, model risks, and tail risks following extreme events. Furthermore, adequate risk control and response procedures should be implemented for any other risks depending on the risk attributes and the degree of impact.</li> </ul>

Each risk is further evaluated by probability and severity to determine critical material risks, and then mapped onto a risk map for ease of identification in 2019 by Risk Management subcommittee. This enables LITE-ON to take further steps to transfer, accept, mitigate, or avoid the identified risks. By executing the PDCA (Plan-Do-Check-Act) cycle, the company is able to improve its control over various risk factors and reduce the chances of risks occurring and the impact they might create.

Furthermore, as more categories are being added to emerging risks around the world and the probabilities keep rising, we have also made identification and management of long-term emerging risks part of the enterprise risk management plan. In 2019, we identified new critical material risks/emerging risks including (1) disruptive technology risk; (2) digital information security risk; and (3) human resource risk (human resource development system), and others.



### 2.4.2.2 Risk Assessment

The functional units, having identified potential risk factors, should implement adequate assessment methods to provide a basis for risk management.

- Risk assessment covers risk analysis and evaluation. It analyzes the probabilities of risk incidents and the degree of adverse impact in the event of such an incident. The goal is to evaluate the effects of risks on the company so to provide a basis for deciding priorities in risk control implementation and response selection.
- Rigorous statistical methods and techniques should be deployed to analyze and manage quantitative risks.
- Qualitative methods will be used to assess other risks more difficult to quantify. Qualitative risk assessment refers to the use of words to describe the probabilities of risks and the degrees of impact.

### 2.4.2.3 Risk Monitoring

The functional units(departments) should monitor risks in their business activities. The departments should propose countermeasures as appropriate, and submit the risks and their countermeasures to the Risk Management subcommittee to be presented in routine meetings of the Corporate Sustainability Committee.

### 2.4.2.4 Risk Reporting and Disclosure

To record risk management procedures and results in detail, the Risk Management subcommittee should update the Corporate Sustainability Committee regularly on relevant risks.

### 2.4.2.5 Risk Response

The functional units, having assessed and summarized the risks, should take appropriate actions in response accordingly.

### 2.4.3 Risk Management Projects and Culture

In order to address high probability high impact external and operational risks, LITE-ON has made the risk management plan an integral part of the risk culture. The plan focuses on "raising safety awareness", "improving critical asset protection", and "establishing safety systems and rules", all of which are interconnected.

- **Raising safety awareness**

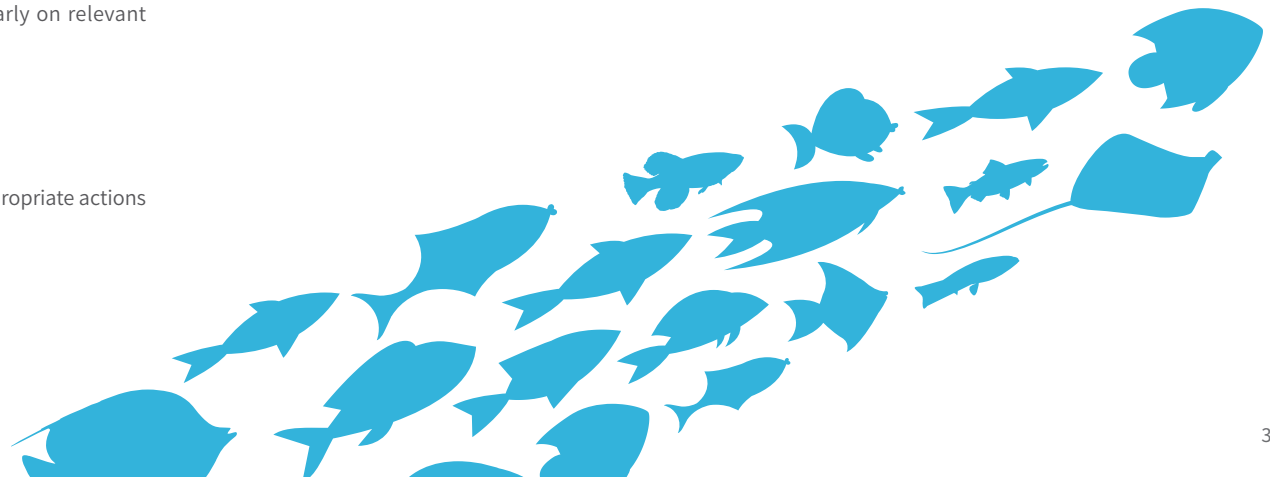
The Risk Management subcommittee arranges regular training and seminars to help employees learn from past mistakes, and hence raise their awareness towards safety and risk management.

- **Improving critical asset protection**

Important equipment, logistics processes, and final products are inspected every year in order to examine the practices at individual business units from product design and production to liability risk management after sales.

- **Establishing safety systems and rules**

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.



## 2019 Risk Identification and Control Measures

Concerns	Risk Identification	Risk Control Measures
Economic Concerns	Finance	<ul style="list-style-type: none"> <li>The information can be found in Section 7.6 Analysis of Risk Management (p 112) of Section 7 "Review of Financial Conditions, Financial Performance, and Risk Management" of the 2019 Annual Report.</li> </ul>
	Operational Management	
	Legal & Compliance	
	Internal Audit & Internal Control	
	Corporate Investment	
	Public/Investor Relations	
	Product Quality and Safety Management	<ul style="list-style-type: none"> <li>Approach product design by international standards and brand clients' specifications</li> <li>Strengthen technical teams</li> </ul>
	Supply Chain Management	<ul style="list-style-type: none"> <li>Ensure products and supply chains do not contain illegal conflict minerals</li> <li>Guidelines for selecting new suppliers</li> <li>Supplier training</li> <li>Differentiate management and assistance for suppliers by characteristics and by risk attributes</li> </ul>
	Ethics and Anti-corruption	<ul style="list-style-type: none"> <li>Establish the LITE-ON Code of Conduct, the Ethical Management Principles, and the Ethical Procedures and Code of Conduct</li> <li>Provide training on ethics and anti-corruption campaigns on an ongoing basis</li> <li>Implement complaint and reporting channels that bypass the management</li> </ul>
	Digital Information Security Risk	<ul style="list-style-type: none"> <li>Create a cross-departmental and cross-functional information security committee to support information security management tasks</li> <li>Follow ISO27001: 2013 standards to implement information security management documents</li> <li>Use the PDCA cycle to create, implement, maintain, and improve information security management systems</li> <li>Perform regular internal information security audits in order to confirm the status of information security management practices</li> <li>Implement InfoSec technology controls to prevent external hacker attacks and internal confidential information leakage</li> <li>Provide InfoSec education and training and raise awareness</li> </ul>

Concerns	Risk Identification	Risk Control Measures
Environmental Concerns	Climate Change Risks	<ul style="list-style-type: none"> <li>Develop green, innovative, and energy efficient products</li> <li>Develop green, advanced production techniques</li> <li>Establish a green factory management system</li> <li>Conduct energy-saving and carbon emission reduction project</li> <li>Take energy consumption inventory and perform traceability management</li> </ul>
Social Concerns	Workplace Safety	<ul style="list-style-type: none"> <li>Comply with the regulations and establish operations management guidelines</li> <li>The Workplace Health and Safety Committee regularly reviews compliance with environmental regulations.</li> </ul>
	Human Resource Risk Management	<ul style="list-style-type: none"> <li>Perform regular human resource inventory and audits</li> <li>Design and implement employee training and career development</li> <li>Devise competitive compensation and benefit packages</li> <li>Formulate plans for full training and cultivating local talent</li> </ul>
Other	Disruptive Technology Risk	<ul style="list-style-type: none"> <li>Complete business transformation by change of operating model and product portfolio</li> </ul>

Details of risk management in terms of financial, environmental, and social concerns above are shown in the annual report and appropriate chapters of this report.

## 2.4.4 Management of Long Term Emerging Risks

### Disruptive technology risk

To adapt to emerging/disruptive technologies and create good sources of profits, LITE-ON continues to complete business transformation by change of operating model and product portfolio. In addition, the business group transformation project focuses on cloud computing, LED/outdoor lighting, automotive electronics, smart manufacturing and IoT, all of which are aimed at creating a safer, friendlier, and more energy efficient user experience. IoT, for example, takes the concept and uses sensors to connect manufacturing and transport equipment and create awareness. Systems are able to perform identification, analysis, deduction, decision making, and control. Manufacturing products of this kind can be said to be an extensive integration of advanced manufacturing technology, information technology, and smart technology. The entire process from placing an order to finishing a product and entering it into the warehouse is shown in on-line database. In the event of an irregularity in the production process, a controller will be able to react quickly, thereby facilitating more effective operation and production in a factory.

### Digital information security risk

While driving digital transformation in the company, LITE-ON came to identify digital information security as a major risk and an important opportunity. It has created a cross-departmental and cross-functional InfoSec organization to perform InfoSec tasks. The Information Security Policy has been implemented to provide the basis for management and compliance with ISO 27001: 2013 standards. Meanwhile, InfoSec tools and ongoing improvements are being introduced alongside regular internal InfoSec audits and training to ensure effective information security and privacy protection. Please see 2.6. Information Security and Privacy Management for more details on strategies and response measures.

### Climate change risk management

LITE-ON sees climate change as a major risk and an important opportunity. The Climate Change Risk Task Force is in place to identify potential physical risks and transformation risks for LITE-ON to arise from climate change. We take further steps to analyze climate related risks and opportunities and assess the probability and severity of each. We also follow the Task Force on Climate-related Financial Disclosures (TCFD) and disclose climate change data and the associated risks and opportunities. Please see 4.2. Climate Change and Energy Management for more details on strategies and response measures

### Supply chain risk management

As part of its effort to build a sustainable supply chain, LITE-ON performs supplier sustainability risk survey every year. LITE-ON screens supplier risks on a preliminary basis by analyzing potential risks in terms of location of a supplier, amount of procurement, and production process of a supplier. Furthermore, to better understand a supplier's risks, we send sustainability risk questionnaire surveys to critical suppliers, and identify high risk suppliers based on the results of these surveys, confirm the supplier's risk status and continue to reduce risk with onsite audits or be required to complete the RBA Validated Audit Process (VAP). The risk assessments above are performed to identify potential economic, environmental, and social risks in the supply chain as well as suppliers with potentially higher risks. We target suppliers with potentially higher risks and perform audits and provide assistance to ensure their risks are effectively kept under control and minimized. Please see 3.2 Sustainable Supply Chain for more details on strategies and response measures.

### Human resource risk management

According to reports released by research institutions, the changing global environment and the rise of social enterprises are transforming the labor market and altering the landscape in human capital. For example, employers have to recruit through a wider range of channels, provide more comprehensive training, and offer more flexible and more competitive benefit and compensation packages. LITE-ON is aware of the importance of the current transformation. For recruitment, we have started exploring talent through industry-academia cooperation in addition to the conventional recruitment channels. Please see 6.3 Supporting Internships for more details. The training system is built on four tiers, new employees, field of training, level of authority, and self-development. The learning blueprint consists of 12 modules aimed at helping employees to improve and adapt to a company's constantly changing social role. Please see 5.3 Employee Development and Training for more details

## 2.4.5 Tax Management

LITE-ON takes a cautious approach and adopts a stability and sustainability oriented tax management policy. The policy is reviewed regularly and supported by management approved monitoring mechanisms. When the local tax rules and regulations change for one of the offices, LITE-ON will re-examine the tax policy to ensure LITE-ON complies with the applicable laws and regulations in the appropriate regions.

LITE-ON's tax management policy is as follows:

- Comply with local tax regulations and disclosure requirements.
- Create more sustainable value for stakeholders.
- Training tax professionals on an ongoing basis, and strengthen tax management in the company.
- Perform effective risk management and control.
- Be tax efficient without modifying the tax structure or seeking tax havens.

### Tax risk management

LITE-ON has a full-time tax unit in place to handle tax management related matters, such as

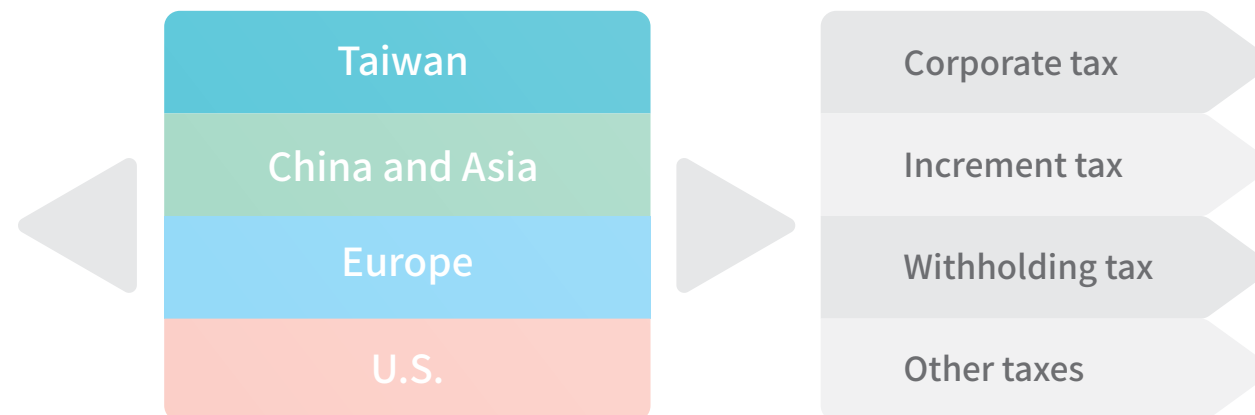
tax administration and tax risk management. The tax unit reports regularly to the GCEO on tax management practices and results in order to keep the management team up to date on implementation of the company's tax policy.

Regarding tax risk, LITE-ON has offices worldwide that are exposed to tax risk and complicated tax compliance issues. In addition to a professional team of tax experts that coordinate planning and perform tasks, LITE-ON hires external tax consultants to provide assistance as needed.

LITE-ON's risk management mechanisms are as follows:

LITE-ON complies with local tax regulations applicable to its offices. LITE-ON works with local tax authorities on the principle of fair taxation, and install channels for effective communication. Meanwhile, LITE-ON follows local regulations and complete filing procedures and pay taxes as required. If a local tax authority raises a question, LITE-ON always makes the best effort to provide answers and necessary documents.

- Uncertainties and ambiguities in tax regulations, such as the lack of clarity in the restructuring regulations in China.
- Government officials' varying interpretations of the tax law, such as federal and state tax authorities having different interpretations of the regulations.
- Inadequate execution of tax management strategies will lead to incomplete transfer of tasks between employees in the tax department.
- Changes in tax regulations or incentives may cause adverse effects.



## 2.5 Compliance, Ethics, and Anti-Corruption

LITE-ON pledges to uphold honesty and integrity in business management, and to obey the laws and ethical standards of the countries in which it carries out its business activities. LITE-ON also commits itself to making complete compliance with one of its key policies. LITE-ON has implemented a well-designed management system and has deployed regulation identification with training programs to strengthen compliance on an ongoing basis.

The Legal Department at LITE-ON has built an extensive compliance system and devised compliance policies. The department regularly monitors changes in domestic and foreign regulations that may have a potential impact on the company's business operations. In the presence of such changes, the appropriate local legal department will proceed to perform regulation identification to ensure all business activities around the world comply with the local and international laws and regulations. Meanwhile, LITE-ON's management structure provides a robust risk management framework and an effective implementation roadmap for identifying and managing the risks that require the attention of business managers. Besides, LITE-ON's internal control mechanisms prevent potential fraud and inappropriate behaviors to minimize risks. Internal interdepartmental reviews and external inspections are in place to ensure compliance of implementation and performance. Task forces will be created for large investment projects to apply certain processes to manage and prevent the risk of fraud and prevent illegal activities. A major key event in terms of compliance is defined as it is in the Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities. A single event on which a total amount of no less than NT\$1 million has been imposed in penalties is a major event. Major events, if any, are disclosed in the appropriate chapters of this report.

LITE-ON requires that its employees, supervisors, managers, and directors not engage in or use any reason to instruct another to engage in any illegal or unethical behavior. The rules of integrity must be established explicitly and strictly adhered to the employee code of conduct in areas including professional ethics, laws and regulations, employee relations, gifts and hospitality, client privacy, intellectual property rights, discrimination, bribery, conflict of interest, protection of corporate assets and reputation and other rules to be observed by employees. Compliance is implemented throughout every operational level of the business activities, such as product design, procurement procedures, and discipline is strictly enforced. We explicitly state prohibition of offering or taking of bribes; offering of illegal political donations, inappropriate sponsorship or charity donations, and improper gifts, treatments, or other unjustified benefits; infringement of intellectual property rights; and unfair competition as well as prevention measures and procedures that prevent products or services from causing damages to stakeholders in the Ethical Corporate Management Best Practice Principles. The

rules are intended to protect the rights of customers and prevent loss of assets, penalties, and damage to reputation.

LITE-ON requires new employees to sign a statement of commitment to ethical conduct upon onboarding to help them understand the importance and necessity of ethical conduct. Furthermore, LITE-ON requires employees to complete anti-corruption training. To raise awareness of integrity and self-discipline, the company advocates compliance education and training regularly, and in addition to various seminars from time to time, organizes courses that help participants learn about the laws and key compliance issues, including LITE-ON work ethics, anti-corruption, insider information, and anti-trust issues. The Responsible Business Alliance (RBA, formerly EICC) offers the following in-person courses: business integrity, avoidance of illegitimate gains, protection of confidential information, protection of intellectual property, intellectual property rights, advertising and competition, contract risk management, fair trade, anonymity and confidentiality, anti-corruption, conflict-free minerals (metal procurement), environmental protection, privacy, and the prohibition against retaliation. The courses are provided to raise awareness of ethical standards in the workplace. (Please see the chapter on Employee Development and Training for details of related training.)

As part of the internal control and audit system, internal inspections and reviews are conducted in individual units and subsidiaries, and the updates and results are disclosed in the annual report. Please refer to Page 58 for the results of internal control in the 2019 Annual Report.

### Reporting mechanisms

LITE-ON upholds honesty and integrity in business management and complies with the laws and ethical standards of the countries in which it conducts business. To strengthen compliance and corporate governance practices, the board of directors passed the Corruption Reporting Guidelines. The guidelines require that the Office of Chairman handle reports in accordance with the guidelines and related procedures. Details of the reporting mechanisms and processes are as follows:

#### 1. Ethics complaint filing and reporting channels:

The LITE-ON reporting channels are monitored by a dedicated staff responsible for accepting and processing reports. The staff also makes regular status reports to the Audit Committee. LITE-ON keeps informants' identities and their reports confidential and takes action to investigate and handle the cases.

Discovery of any unethical behavior or violation of the code of conduct may be reported by using one of the hotlines and mailboxes below.

Telephone: +886-2-8793 6833

By email: ETHIC.HOTLINE@LITEON.COM

Mailbox: Office of Chairman Reporting Mailbox at PO Box 156-21, Jiangnan Post Office, Neihu District, Taipei City 11499. Other channels available to employees in the company are the existing internal reporting extension at 1234 and the email address 1234@LITEON.COM.

The above information is published on the company website:

[HTTPS://WWW.LITEON.COM/EN-US/GLOBALCITIZENSHIP/361](https://www.liteon.com/en-us/globalcitizenship/361)

## 2. Process:

Reports that are accepted by the task force will be assigned to the appropriate units for review according to the report and complaint processing procedures. If a complaint is confirmed to be valid, a committee consisting of department representatives and experts will be created to review and rule on the complaint. Employees who are confirmed to have violated the ethical corporate management best practice principles will be subject to administrative disciplinary action, recourse against unlawful gains, or further legal actions as appropriate.

## 3. Internal controls:

Regular internal audits and training are performed to strengthen internal control. Furthermore, task forces will be created for large investment projects in order to apply certain processes to manage and prevent the risk of fraud and prevent illegal activities.

(1) A campaign to raise awareness of the LITE-ON Ethical Management Policy takes place every year. The objective is to ensure the directors, managers, and employees understand fully and adhere to the ethical management regulations. Related training courses are also organized to reinforce compliance awareness.

(2) To raise awareness of integrity and self-discipline, LITE-ON requires new employees to sign a statement of commitment to ethical conduct when they join the company so to help its employees understand the importance of ethical conduct and the need for it.

## Complaints received in 2019

11 complaints were received through the channels, including one submitted by mail and 10 by email. The Office of Chairman report investigation task force immediately launches an investigation every time it receives a report. So far, nine of the cases were closed, and two are still under investigation. Of the nine cases closed, six were found to be unsubstantiated. Two cases involved two employees who violated the company's employee code of conduct and were dismissed. One case involved one person who was given a verbal warning and reassigned to the current position.

## Case studies in lawsuits involving employee corruption

- (1) Case 1: A deputy plant manager under a certain business unit was reported to have asked a supplier for inappropriate entertainment. The case was investigated and found true, and the result was made known to the head of said business unit. The deputy plant manager was dismissed given the severity of the case.
- (2) Case 2: A senior procurement manager under a certain business unit was reported to have bribed the head of the equipment department. The case was investigated and found true, and the manager was reassigned. An anti-corruption campaign was conducted to raise awareness in the factory under said business unit.

The cases above were summarized and presented regularly to the Audit Committee. In addition, assistance was given to respective business units in taking appropriate disciplinary actions, and said disciplinary actions were announced accordingly.

For effective implementation of sound ethical management practices, LITE-ON created the Integrity Management Subcommittee in 2017. The team is responsible for formulating, implementing, and supervising the ethical management policy and prevention plans. A full-time unit is in place to report the results from the past year and the work plans for the coming year to the board of directors every year. The Integrity Management Subcommittee established the Ethical Management Policy in 2017. It is listed as one of the mandatory courses for new employees. It is also often referred to in meetings inside the company to raise awareness. The Employee Code of Conduct was amended in 2018, which provides a basis for ethical management behaviors. Courses aimed at strengthening ethical management practices are also made part of the mandatory annual training for all employees in 2019.

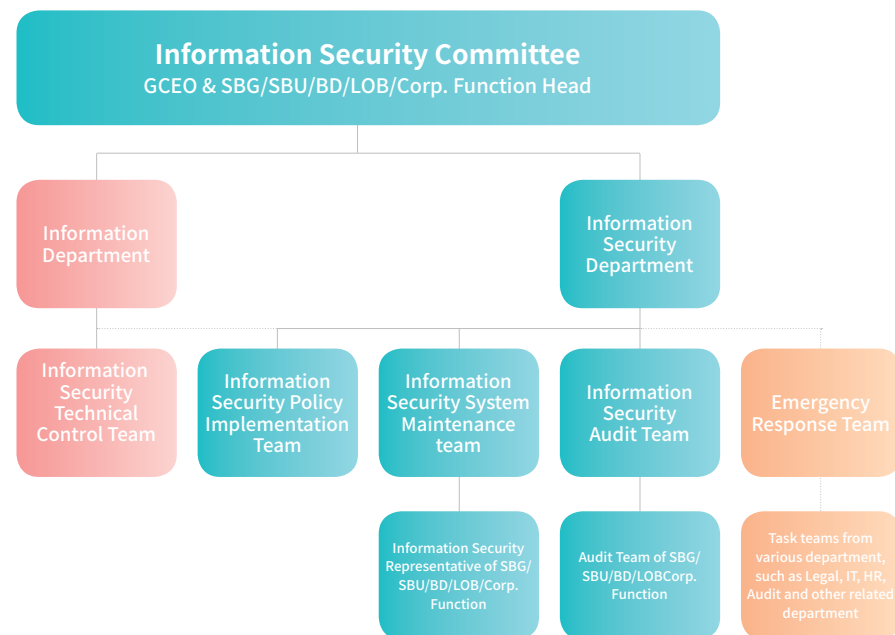


## 2.6 Information Security and Privacy Management

LITE-ON seriously take security and privacy of its operation related information assets as well as stakeholders, including employees, external business partners (customer, supplier, consultant etc.) and shareholders. Started from 2018, LITE-ON implemented the Information Security Management System (ISMS) and made the Information Security Policy of LITE-ON. The Information Security Policy and its management procedure are set referring to the ISO 27001:2013. Through the Corp. Function of the InfoSec Team, the Information Security Policy and its management procedures have been implemented in all LITE-ON offices worldwide. At the same time, LITE-ON continually introduce the management tools of the information technology and strengthen the management mechanisms of information security. Therefore, through the continually operation, the mechanism for the information security management and privacy is effectively implemented. In 2019, there were no complaint for client privacy invasion or client data loss.

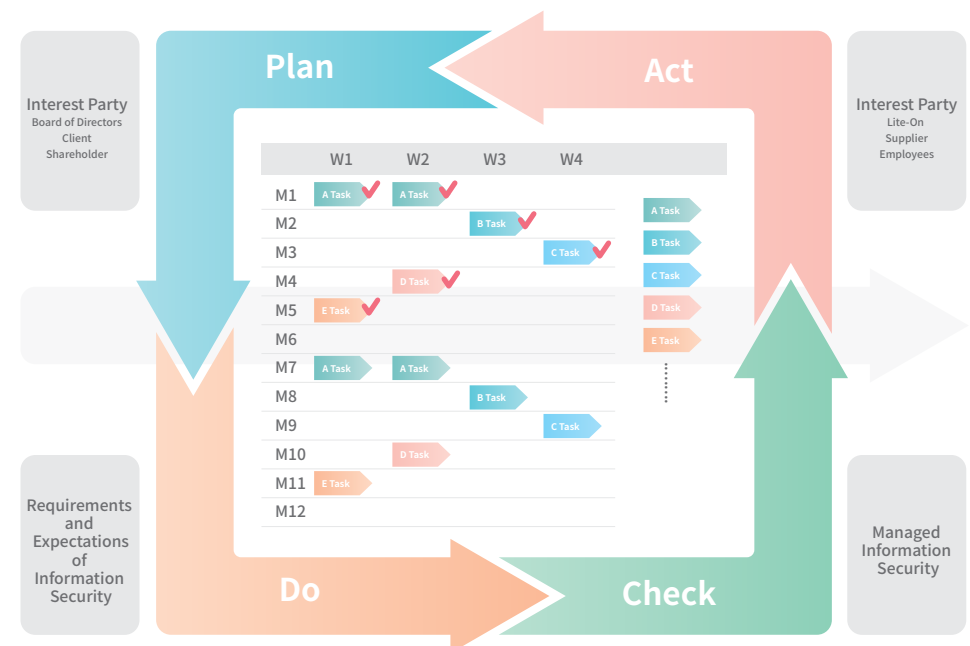
### Information security organization structure

In 2018, LITE-ON established the Information Security Committee. The committee convener is GCEO and the committee members are included SBG, SBU, BD, LOB and Corp. function head. Moreover, in 2020, the Information Security Department will be established under the Information Security Committee. The department mission is to perform the related task of the information security protection, the response and recovery ability of the information security incident, preventing the information security incident, and reducing the loss from the information security incidents.



### Information security management and audit mechanisms

In order to implement the management mechanism of the information security and ensure the Confidentiality, Integrity and Availability of the information assets, LITE-ON make the Information Security Management System referring to the ISO 27001:2013. The ISMS maintenance which is established, implemented, maintained, and improved is through the PDCA cycle operation mode. Moreover, in 2020, LITE-ON plans to cultivate an information security audit team and encourage the individual team member to take the exam to obtain the ISO 27001:2013 LA certificate.



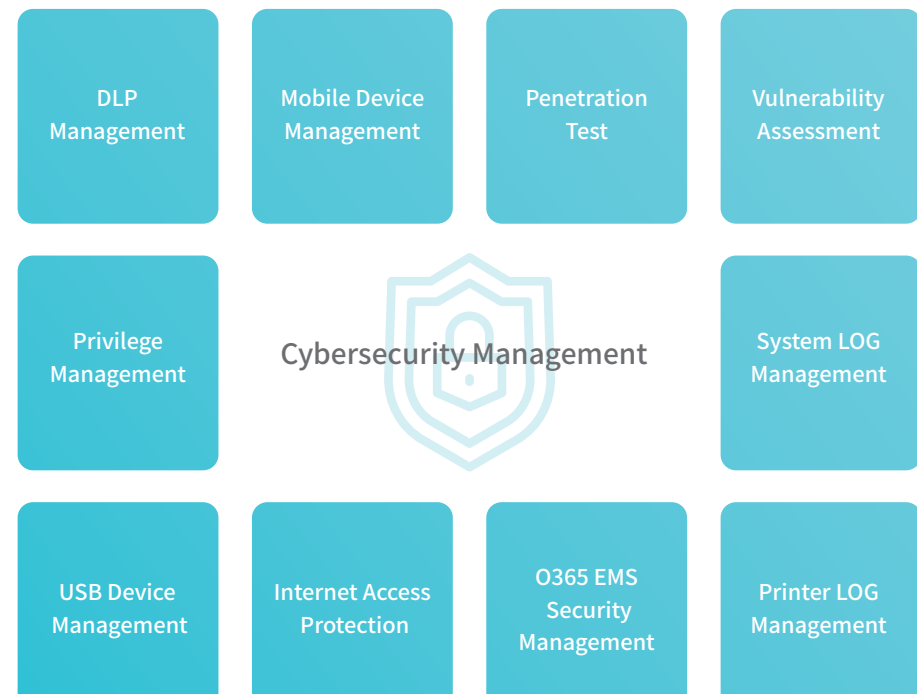
## Establishment of information security technology

1. In order to effectively prevent hackers and loss of the confidential data, LITE-ON establish the monitoring system of the information security and perform the system vulnerability scan. Moreover, in order to implement data protection for employee, company, customer, and supplier, LITE-ON establishes the complete protection of the information security. The protection scope is included computer room, network equipment, network connection, and personal information equipment such as PC, laptop, tablet, and smart phones etc.
2. In order to ensure the data protection, LITE-ON introduces the Microsoft Azure Information Protection (AIP) mechanism which is used the cloud-based tools such as the Microsoft Office 365, encryption mechanism, Identification, and authorization principles to protect the confidential information of employee and corporation.

## Information security training

In order to enhance employee sensitivity and awareness of the information security, LITE-ON made the ISMS-R-002 Organizational information security awareness and training management standard. The important regulation content is as follows.

1. Information security awareness propaganda: In order to improve the information security awareness of employee, LITE-ON proceed the related announcement and propaganda of the related information security through various occasion and meeting.
2. Information Security Training:
  - (1) In order to understand the information security policy of LITE-ON and its requirement, when new employee is on board, the employee has to sign the professional ethics service agreement of employee and take the information security course.
  - (2) According to the Information Security Policy of LITE-ON, all employee has to take the information security training course at least one hour every year. Moreover, LITE-ON also planned 6 training courses of the information security for different roles and professional personnel in 2019. Therefore, LITE-ON continually enhance the employee awareness of the information security and internalize the information security in various operation through continuous training course.
  - (3) In addition to the training course of the information security provided by LITE-ON, (chief) information security representatives and information security auditor have to take outside training which is related the information security or seminars to improve their information security knowledge and the latest attack patterns. Therefore, LITE-ON enhance and improve the information security protection capacity.



# 3

## Product Green Design and Sustainable Supply Chain

Adopt sustainable designs, and improving product performance

Improve product energy efficiency, reduce Product Environmental Footprint (PEF), and facilitate circular economy of products

Work to fulfill corporate social responsibility with supply chain increase sustainable competitiveness for a sustainable future



Energy conversion efficiency for power supply products improved 1.80%



UV-LED energy efficiency to increased 21.15%



Completed development of two products made from recycled Styrofoam marine waste



100% of products compliance with environmental directive



Led the industry in completing power supply Product Environmental Declaration (EPD) PCR 2019: 2.0



Sustainable supply chain 100% compliance with LITE-ON COC



## 3.1 Product Green Design and Management



### Vision and commitments

LITE-ON follows SDG12, and promises to practice Responsible Consumption and Production. Take the sustainable sustainability of the earth as the company's sustainable development vision. It is the company's goal to develop green products with low energy consumption and less environment-related substances by improving energy conversion, energy efficiency, and the recycling for products.

### Management policy

The LITE-ON CSR code of conduct is based on Life Cycle of Thinking (LCT). The approach to green product design follows the 3R principles (reduce, recycle, and reuse), and adheres to the promise to reduce the impact of raw materials on the environment. LITE-ON keeps environment-related substances under effective control, and develops nontoxic, easy to assemble/disassemble, and environmentally friendly products with extended life and low environmental impact.

### Strategy and policy

In addition to complying with international regulations, safety standards, and environmental regulations (e.g. RoHS, REACH, ErP, WEEE), LITE-ON products are designed explicitly to meet the demand for compliance with environmental certification standards (e.g. EPEAT, Blue Angel). This is one of the ways by which LITE-ON conducts green product management.

### Results in 2019

Targets for 2019	Progress
Continued effort to make raw materials and other supplies 100% compliant with the EU RoHS and REACH Hazardous Substances Directive	100%
Energy conversion efficiency for power supply products to increase by 2% (SBT) by 2023 compared to 2016	1.80 %
UV-LED energy efficiency to increase by 60% by 2025 compared to 2018 <sup>1</sup>	21.15%
Increased the percentage of PCR resin in enclosure products by 28% or more	35%
Completed development of 1 product made from recycled styrofoam marine waste	2 items
Total prohibition of the use of Diisobutyl phthalate (DIBP)	Completed in January 2019

### Setting future targets

Future goals	Completion
Continued 100% compliance with international Hazardous Substances Directive for raw materials	Ongoing maintenance
Improved energy conversion efficiency for power supply products by 2%(SBT) compared to 2016	2023
Improved UV-LED energy efficiency by 60% compared to 2018 <sup>1</sup>	2025
Reduced plastic in packaging by 20% compared to 2018 (1,000 tonnes per year down to 800 tonnes)	2025
Continued development of recycled and reused materials of a circular economy, and completion of three product applications.	2025

Note 1: The existing visible LED technology was close to being fully developed in 2018. Therefore, the market strategy turned to focus on developing ultraviolet (UV) products and on improving energy efficiency for products.

### 3.1.1 Product Life Cycle Assessment

LITE-ON take inventory for product life cycles by stage through raw materials, production, transportation, use, and disposal according to the ISO 14040/44 standards. Meanwhile, At the same time, LITE-ON is designed according to the environmental consciousness of the IEC 62430 standard, and it is integrated into the product design, and environmental considerations are made for each stage of the product life cycle.

Stage in the product life cycle	Standards and guidelines	Results and benefits
Raw material stage	<ul style="list-style-type: none"> <li>· IECQ QC 080000</li> <li>· LITE-ON Product Green Design Criterion</li> <li>· LITE-ON environmental control and standards on hazardous substances (LS301)</li> <li>· LITE-ON management procedures for restricted substances</li> <li>· LITE-ON management procedures for design development</li> <li>· LITE-ON green procurement guidelines</li> </ul>	<p><b>Reduce :</b></p> <ul style="list-style-type: none"> <li>· For power supply products for laptop computers, LITE-ON works with upstream IC suppliers to develop a new generation of synchronous rectification IC. It combines components including resistors, multilayer ceramic capacitors, and metal-oxide-semiconductor field-effect transistors in one unit to cut 33 million or more pieces of active and passive components and reduce carbon emissions from raw materials by 1,000 tonnes CO<sub>2</sub>e or more at the same time.</li> <li>· LED products use adhesion promoters developed in-house instead of traditional adhesion promoters. The approach not only increases yield to 11.79%, but saved the use of silica gel by 2.38 tonnes in a total of 13.3 million pieces Shipment quantity in 2019. It also reduces carbon emissions by 293 tonnes CO<sub>2</sub>e.</li> <li>· Office machines are made more compact and their frames made thinner by removing the control panel and LED screen module. The material reducing design not only cuts the volume and weight of a product, but also saves the use of packaging materials by 140 grams. With the compact design, the carbon emission from each machine is reduced by 7.82 kg CO<sub>2</sub>e. Based on the production volume in 2019, the total carbon emission can be cut by 735.3 tonnes CO<sub>2</sub>e.</li> <li>· Optical disc drives relies on FW design to control spindle brakes. Removing foam padding for spindles creates a material saving of 0.65 tonnes and carbon reduction of 101.7 tonnes CO<sub>2</sub>e.</li> </ul> <p><b>Recycle :</b></p> <ul style="list-style-type: none"> <li>· Up to 35% of the materials in product casing is PCR plastics. It helps reduce the use of virgin plastics by 12.36 tonnes or more (carbon reduction by 38.7 tonnes CO<sub>2</sub>e). In addition, a number of products have helped brand name clients become EPEAT registered.</li> <li>· Cardboard boxes for street lighting products are made of recycled pulp. In 2019, it reduced the use of virgin pulp by a total of 32 tonnes or more and carbon emissions by 169.6 tonnes CO<sub>2</sub>e.</li> <li>· The process of turning styrofoam marine waste into recycled plastics has been fully developed and certified with 76% PCR. If it for every 100 tonnes in production volume per year, The carbon emissions from raw materials can be reduced by 327.8 tonnes CO<sub>2</sub>e.</li> </ul>
Production	<ul style="list-style-type: none"> <li>· LITE-ON green product design guidelines</li> </ul>	<p><b>Reduce :</b></p> <ul style="list-style-type: none"> <li>· The compact design in smart office machines reduces material use and structural complexity and cuts production hours by 7.3%, which translates to a power saving of 108MWh and carbon reduction of 108 tonnes CO<sub>2</sub>e.</li> <li>· The use of adhesion promoters developed in-house for LED products instead of traditional adhesion promoters not only increases yield, but makes the Encapsulation process more efficient. The improvement translates to a power saving of 159MWh and carbon reduction of 158 tonnes CO<sub>2</sub>e.</li> </ul>
Shipping and distribution	<ul style="list-style-type: none"> <li>· LITE-ON green product design guidelines</li> <li>· Pallet standards (GB/T)</li> <li>· Container standards (GB/T)</li> <li>· Packaging standards (GB/T)</li> <li>· Loading, unloading and handling standards (SJ/T, JT/T, TB)</li> </ul>	<p><b>Reduce :</b></p> <ul style="list-style-type: none"> <li>· The MFG Portal system are combined with shipping documents system of SAP to effectively manage logistics The Increase the loading rate of trucks or containers from the original 20% to 50% to more than 90%. It helps reduce energy consumption and carbon emissions during distribution and shipping.</li> <li>· The design of packaging materials for street lighting, enclosures, and optical disc drives products are improved to reduced the amount of cardboard boxes, cushioning materials, plastic bags and other materials used in packaging. The improvement also reduces carbon emissions. The reduction, based on the shipments in 2019, can be as high as 7,774 tonnes CO<sub>2</sub>e.</li> </ul>

Stage in the product life cycle	Standards and guidelines	Results and benefits
Product application	<ul style="list-style-type: none"> <li>· IEC 62430</li> <li>· ErP</li> <li>· LITE-ON green product design guidelines</li> </ul>	<p><b>Reduce :</b></p> <p>I. Products energy efficiency:</p> <ul style="list-style-type: none"> <li>· Energy conversion efficiency for power supply products increased by 1.8% compared to 2016. The improvement, based on the shipments in 2019, can help users worldwide save close to 466 GWh in electricity and reduce carbon emissions by 248,000 tonnes CO<sub>2</sub>e per year.</li> <li>· UV-LED energy efficiency improved by 21.15% compared to 2018. The improvement, based on the useful life of a product and application scenarios, is the equivalent of 7 GWh in power saving and 3,800 tonnes CO<sub>2</sub>e in carbon reduction.</li> <li>· Smart shutter: With the following energy efficiency designs, carbon reduction can reach 3,480 tonnes CO<sub>2</sub>e over the product lifespan. <ul style="list-style-type: none"> <li>■ The combination of AI learning algorithms and smart daylight control effectively reduces the room temperature by 10% to 20%, which cuts the user's cost of air conditioning in the summer by close to 2.1 MWh.</li> <li>■ Meanwhile, the product is recharged by solar power. Charging can take place with as little sunlight as 300 lux. Compared to other similar products, the product can save 18 kWh in power consumption before becoming fully charged.</li> <li>■ In the absence of the mobile app, the product does not require a network gateway to control, and saves gateway power consumption by 260 kWh.</li> <li>■ In addition, the energy saving design in the remote control extends the battery life by three times compared to other similar products. This is equivalent to a saving of 90 CR2032 batteries.</li> </ul> </li> <li>· Smart office machine: The two energy saving designs below, based on the shipments in 2019, saved a total of 19.06 GWh in power consumption during product use, and reduced carbon emissions by 18,980 tonnes CO<sub>2</sub>e. <ul style="list-style-type: none"> <li>■ The product, while in operation, consumes less energy than China's Grade 2 requirement. Each unit of the product saves 29.59 kWh in power consumption per year.</li> <li>■ The design of remote operation via a virtual panel on a computer or mobile phone enables setup to be completed without waking up the machine. The approach reduces energy consumption during operation by 173.18 kWh.</li> </ul> </li> <li>· Energy efficient LED streetlights: Provided luminous flux is identical, LED lighting is used to replace traditional high-pressure sodium (HPS) lamps in streetlights. Energy efficiency is improved significantly by 75% or more, and the product lifespan is 5 times that of an HPS streetlight. The energy saving, based on a total shipment of 40,000 units in 2019, is 52.6 GWh and the carbon reduction is 28,000 tonnes CO<sub>2</sub>e per year.</li> </ul> <p>II. Consumable reduction</p> <p>Optimized product design enables fewer batteries to be used for wireless mice. A user can save at least 4 batteries over a period of three years. The carbon reduction, based on a total shipment of 24 million units over three years, is 10,200 tonnes CO<sub>2</sub>e.</p>
Disposal & recycling	<ul style="list-style-type: none"> <li>· Waste Electrical and Electronic Equipment Directive (WEEE)</li> <li>· LITE-ON green product design guidelines</li> </ul>	<p><b>Recycle :</b></p> <ul style="list-style-type: none"> <li>· Given LITE-ON manufactures primarily optoelectronics and key electronic components and some ODM/OEM terminal systems, 95% or more LITE-ON products have to rely on brand name clients for recycling and reuse. Therefore, LITE-ON's approach to green design is to make its products easy to assemble and disassemble and made of recycled materials. The goal is to help customers recycle more effectively as end users.</li> <li>· The recycling rate for power supply products (currently 95% or above) are above the standard under the WEEE Directive, which requires the recycling rate be 85% or above. The success makes it easier for brand name clients to recycle system products.</li> </ul>

LITE-ON offers a wide range of products, including power supply, optoelectronics parts, automotive electronics, computer peripherals, network communication, and industrial automation equipment. To make products more energy efficient and reduce their impact on the environment, LITE-ON makes decisions taking account into the entire life cycle. The decision making process may involve assessing environment-related substances in the raw material stage and evaluating environmental benefits through production, transportation, use, and disposal. Meanwhile, measures are taken to reduce the space and materials used in products and increase reuse in order to achieve the targets of zero toxins, zero waste, and zero carbon footprint.

## 3.1.2 Product Environmental Labeling and Declaration

### Environmental product labeling

Environmental labels<sup>1</sup>, according to ISO14024, are awarded by governments to products that, categorized under the existing system, have been certified by third parties to be compliant with or exceed the regulatory requirements. For example, Taiwan's Green Mark, it is awarded to quality products ranked in the top 20% to 30% among their peers in terms of environmental performance. Other environmental labels follow similar rules. Given most LITE-ON products are not used by end consumers, most Type I label applications are made on behalf of customers. Applications made by LITE-ON itself are listed as follows.

Name	Product type and quantity
Taiwan energy efficiency label	 4 products, including street lighting equipment, received Taiwan's Green Mark.
Energy Star	 <ul style="list-style-type: none"> <li>A category of products, such as scanner, received the ENERGY STAR label.</li> <li>In addition, LED packaging arrays or modules have been certified by the US EPA Energy Star program.</li> </ul>
Electrical safety regulations	 <ul style="list-style-type: none"> <li>Two categories of products, such as storage product and inverter, received product certification labels in Taiwan.</li> <li>Two categories of products, such as scanner, MBdP, and inverter, received the China CCC label.</li> <li>Two categories of products, such as projector, MBdP, and inverter, received the European Union CE marking.</li> </ul>
China Ten-Ring Certification	 Scanners are certified by China Ten-Ring Certification.

Note 1: Environmental product labels are Type I under the international labeling system according to the ISO 14020 standards.

### Environmental product declaration

An environmental product declaration<sup>2</sup>, according to ISO14025, requires the completion of a full life cycle assessment (LCA) and quantification. It is unlike environmental labels and claims (ISO14021) <sup>3</sup>, which makes only qualitative representations or consider only one stage in the life cycle. LITE-ON, in fulfillment of its green product commitment, provides customers the most detailed environmental information on its products. For key products, LITE-ON has been completing environmental declarations and devising rules for related products. The results are described as follows.

Type III EPD product	LITE-ON led product category rules (PCR)
Power supply units PA-1600-5A Series	Power Supply - EPD PCR 2019:2.0 Disclosed at the Taiwan Electrical and Electronic Manufacturers' Association <a href="http://www.teema.org.tw/new-activity-detail.aspx?infoID=30298">HTTP://WWW.TEEMA.ORG.TW/NEW-ACTIVITY-DETAIL.ASPX?INFOID=30298</a>
	

Furthermore, all LITE-ON products comply with their directive of respective information and labeling requirements. In 2019, LITE-ON did not violate any product or service information or labeling regulations or receive any customer complaint regarding health and safety regulations for products and services.

Note 2: Environmental product declarations are Type III under the international labeling system according to the ISO 14020 standards.

Note 3: Environmental product claims are Type II under the international labeling system according to the ISO 14020 standards.

### 3.1.3 Environment-Related Substances Management

In 2010, LITE-ON formulate and implemented the LITE-ON Standard of Controlled Hazardous Substance (LS301) by following the IECQ QC 080000 system and taking into account the latest trends in other countries, regulations, and customer needs. The LS301 standards apply to all products, and currently lists a total of 310 restricted substances. In addition, LITE-ON updates the rationale of restricted substances as needed. The LS301 standards are also revised as needed to reflect environment-related substances which LITE-ON promises to monitor or ban. The Green products Management System (GMS) works with the "restricted substances" and "product design and development" procedures already in place for hazardous substance management. LITE-ON requires that suppliers comply with the LITE-ON Green Procurement Guidelines and upstream suppliers (or contractors) submit the Guarantee letter (CoC letter) of Restricted Substances Compliance for material, part acknowledgment and internal control. In addition, LITE-ON states explicitly the requirements for materials, parts, or semi-finished goods in all procurement contracts to ensure they comply with or better than RoHS, REACH, California Proposition 65, and Montreal Protocol. With the implementation of green supply chain management, we hope to bring customers low-toxicity and low-pollution products to minimize any harmful impact they may have on the human body or the environment, and achieve the goal of being environmentally friendly through material selection.

#### LITE-ON standards on hazardous substances (LS301)

##### 113 restricted substances (including 13 future banned or restricted substance)

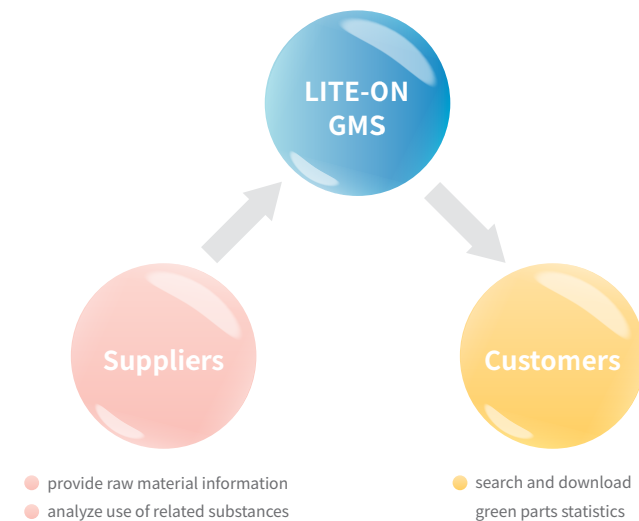
- Lead (Pb) and compounds
- Cadmium (Cd) and compounds
- Mercury (Hg) and compounds
- Hexavalent chromium (Cr(VI)) and compounds
- Polybrominated biphenyls (PBBs)
- Polybrominated diphenyl ethers (PBDEs)
- Phthalate esters (DEHP/DBP/BBP/DINP/DIDP/DNOP)
- etc

##### REACH 197 substances of very high concern

- EU REACH SVHC 1-197
- Beryllium (Be) and compounds
  - Bismuth (Bi) and compounds
  - Medium chain chlorinated paraffins (MCCPs) (chlorinated paraffins)
  - Dimethyl fumarate (DMF)
  - etc

LITE-ON installs the Green products Management System (GMS) to effectively manage and review compliance with the LS301 standards for raw materials, parts, or semi-finished goods provide by the suppliers. GMS combines material requirements, international laws and guides, customer policies, and supplier information. Suppliers file product testing and analysis results and applicable guidelines and instructions. LITE-ON will summarize and analyze the data, and check the degree of compliance with the LS301 standards. Furthermore, GMS not only actively delivers information on green product management at LITE-ON to customers, but also feeds environmental requirements or provisions for green products, such as ErP, WEEE, and 3R, from customers into the management system to provide a basis for green product design.

LITE-ON made a running change to replace materials, parts, and modules containing diisobutyl phthalate (DIBP). The substance ceased to be used in any of the products in January 2019.



## 3.2 Sustainable Supply Chain



### 3.2.1 Sustainable Supply Chain Management Policy and Targets

#### 3.2.1.1 Sustainable Supply Chain Management Policy

The products and services provided by suppliers may cause direct and tangible damages to LITE-ON's products, services, and business activities. Meanwhile, the CSR practice of a supplier may cause indirect impacts or effects to LITE-ON's intangible reputation or turn into potential risks. Therefore, LITE-ON takes traditional supply chain management and associates domestic and international regulations and industrial requirements to build a strong and sustainable supply chain management framework. The framework makes issues such as labor rights, environmental protection, health and safety, and ethics and management systems along the supply chain part of the key elements in supplier evaluation, selection and audit, in order to create supply chain risk control items and to identify high risk suppliers. Improvement measures are based on evaluation results and designed to help suppliers make progress on an ongoing basis. We hope to improve the soundness of sustainable management on the supply chain and reduce operational risks on said supply chain. We also hope to develop partnerships based on sustainable growth.



All members of the supply chain are important partners for LITE-ON on the path to sustainability. With equal emphasis on quality, costs, delivery, and service, LITE-ON looks forward to working with the supply chain in fulfilling corporate social responsibility and increase sustainable competitiveness for a sustainable future.



- Ensure effective identification and management of ESG risks to enhance sustainability of the supply chain
- Strengthen management of conflict minerals to ensure no illegal minerals from conflict-affected areas and responsible procurement practices are in place
- Promote a green supply chain and encourage suppliers to reduce the operational or environmental impact of their products or business activities

#### 3.2.1.2 Sustainable Supply Chain Management Targets

LITE-ON formulated supply chain management targets and strategy actions for the year of 2018 and 2019 by following the abovementioned LITE-ON sustainable supply chain management policy. Suppliers responded well, and all targets were met.

Management Target	Strategy Action	Progress	
		2018	2019
100% compliant with the LITE-ON supplier's code of conduct regarding labor, human rights, and environmental issues.	<ul style="list-style-type: none"> <li>- Performed supplier assessments and audits, and followed up until key areas were improved</li> <li>- Provided supplier training</li> </ul>	100% compliant	100% compliant
100% no use of illegal conflict mineral	<ul style="list-style-type: none"> <li>- Required suppliers to commit to procurement of conflict free minerals or promise of no using illegal conflict minerals</li> <li>- Proceeded according to the OECD Due Diligence Guidance</li> </ul>	100% compliant	100% compliant

Hence, the supply chain management team has further reinforced past supply chain management targets, and followed the Sustainability Strategy and Blueprint to create new short-, medium-, and long-term KPIs for our sustainable supply chain. These KPIs are to become effective in 2020 and expected to become more aligned with the UN SDGs in the future. They had been approved by LITE-ON's Corporate Sustainability Committee in November 2019. LITE-ON will continue to monitor the progress and make rolling improvement.

Sustainable Supply Chain Management Target (KPIs)	2020	2025	2030
Completion of code of conduct training for Tier 1 suppliers	100%	100%	100%
Response rate of Tier 1 supplier risk self-assessment questionnaire	70%	100%	100%
Percentage of no using illegal conflict mineral products	100%	100%	100%
Supplier training provided to help partners develop sustainability capabilities	5 sessions	30 sessions in total	55 sessions in total

### 3.2.1.3 Supply Chain and Localized Purchasing

LITE-ON offers a diverse range of flexible product portfolio that can be used widely in power supply management, communication systems, IoT, personal and industrial computers and peripherals, consumer electronics, mobile and wearable devices, automotive electronics, LED lighting and advanced applications, cloud computing, and industrial automation. As a result, the supply chain is active, vivid and diversified with a closely interconnected network. Raw materials involved in the supply chain include IC, PCB, electronic components, cables, plastic parts, metal parts, packaging materials and so on. LITE-ON works with more than 1,600 suppliers of raw materials worldwide. They are categorized roughly into direct material suppliers and indirect material suppliers based on the counterparty in the transaction. Direct material purchases have been the bulk of all purchases for most of the time over the years. Direct purchases amounted to NTD107.7 billion in total, or 92.21% of all purchases, in 2019.

Furthermore, most of LITE-ON's production sites and suppliers on the supply chain are located in Taiwan, China, and Thailand. Local purchases amounted to NTD98.5 billion in total, or 84.32% of all purchases, in 2019.

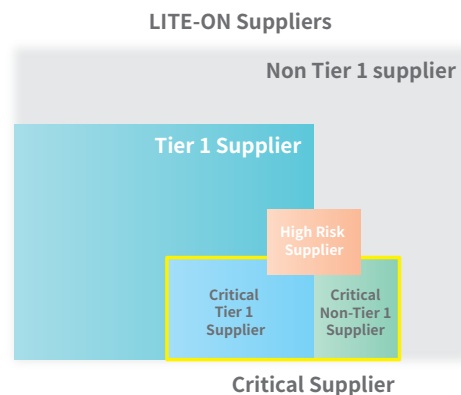
Note 1: Direct purchase is defined as a purchase made directly from a manufacturer, dealer, or distributor.

Note 2: Local or decentralized purchasing is determined by whether LITE-ON <places an order and receives the shipment> and the supplier <receives the order and dispatch the shipment> in the same geographic region and by whether the process contributes to the local economy, creates jobs, or reduces the carbon footprint during shipping.

### 3.2.1.4 Selection of Suppliers and Identification of Critical Suppliers

#### Supplier classification

LITE-ON divides suppliers into groups according to their attributes, and label them for better management. LITE-ON suppliers can be divided generally into Tier 1 Suppliers and Non Tier 1 Suppliers, Critical Suppliers (Critical Tier 1 Suppliers and Critical Non Tier 1 Suppliers), and High Risk Suppliers as illustrated below.



#### Supplier selection and green procurement

For effective supplier management, LITE-ON applies stringent screening criteria to the supplier selection process. In addition to the criteria for quality, cost, timely delivery, service, and technological capability, LITE-ON has implemented a green supply chain oriented procurement management system. The following principles are applied to evaluate all suppliers (and new suppliers):

- LITE-ON's material suppliers must fully comply with local laws and regulations, and have risk control practices in place to ensure compliance.
- LITE-ON's suppliers should build up management systems for quality, environmental protection, health and safety, and for no use of hazardous substances.
- Meet "LITE-ON Standard of Controlled Hazardous Substance" (LS-301)
- Provide adequate and regularly updated declarations or proofs as required under LITE-ON's Restricted Substance Management Program

#### Identification of critical suppliers

In order to perform better and effective supply chain management, LITE-ON has identified "critical suppliers" additionally to be the foundation of critical management. The following principles were applied to identify critical suppliers based on the products, production processes, and sales characteristics of individual business groups in 2019:

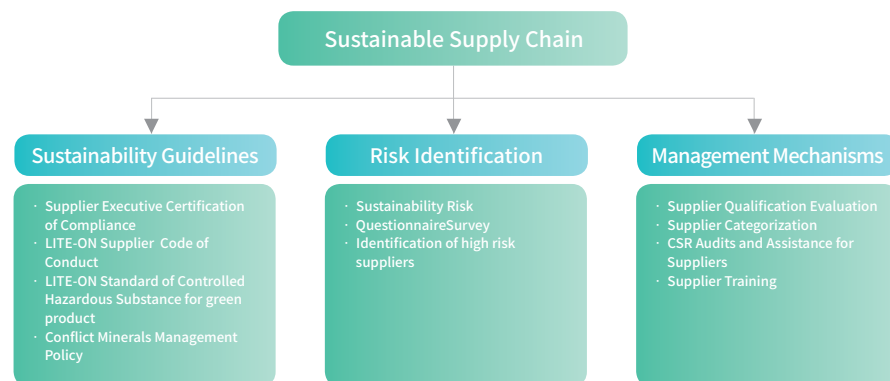
- High proportion to total revenue of procurement
- Critical parts or components
- Exclusive or non-substitutable
- Highly polluting production processes

## 3.2.2 Supply Chain Sustainability Management

### 3.2.2.1 Sustainable Supply Chain Management Framework

LITE-ON lists three mainstreams of sustainable supply chain management: sustainability guidelines, risk identification, and management mechanisms. LITE-ON starts by establishing basic sustainability guidelines and requiring supply chain members comply with the guidelines, uses risk identification tools to find high risk factors and industries, and then deploys various management mechanisms to manage the entire supply chain.

### 3.2.2.2 Sustainable Supply Chain Guidelines



LITE-ON has implemented the "Supplier Executive Certification of Compliance" by referring the Responsible Business Alliance (RBA) Code of Conduct, United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights. The Supplier Executive Certification of Compliance is a kind of declaration or statement which requires the suppliers to conduct all business activities in compliance with the rules therein regarding workers/labors, health and safety, the environmental protection, business ethics, and management systems. It also requires suppliers comply fully with the laws and regulations in the countries/regions where they operate their businesses. Meanwhile, LITE-ON requires Tier 1 suppliers impose the same guidelines and requirements on suppliers on the next tier.

### 3.2.2.3 Identification of Supply Chain Risk

#### Risk assessment process

LITE-ON considers supply chain risk management as one of a company's competitive advantages. The process begins with screening the factors such as the place of manufacture, the nature of service, being a critical supplier or otherwise, to survey supplier status initially. The preliminary supplier assessment assigns key control points on the issues of labor rights, environmental protection, and health and safety practices along the supply chain, and conducts a sustainability risk questionnaire survey on critical suppliers. At the end, high risk suppliers are identified when the survey is completed. Onsite audits have been performed first on high risk suppliers. Improvement measures are implemented and followed up to ensure defects are corrected adequately to reduce risks. 2 suppliers were classified as high risk suppliers and placed at the top of the list of onsite audits in 2019. Improvement measures were implemented and followed up to ensure errors were corrected adequately to reduce risks.

#### Aspects of risk assessment

LITE-ON assesses risks in three aspects: economy, environment, and society. The factors in the risk assessments include the following.

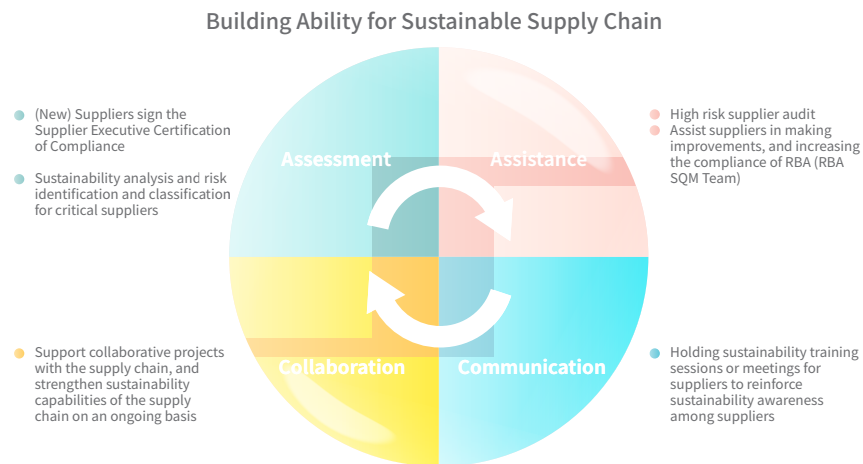
Economy	Environment	Society
<ul style="list-style-type: none"> <li>Quality, costs, delivery date, services and technical capabilities</li> <li>Business Ethics</li> <li>Business integrity</li> <li>Exclusive or critical source</li> <li>Supplier's automation capability</li> </ul>	<ul style="list-style-type: none"> <li>Environmental law compliance</li> <li>Environmental management systems</li> <li>Climate change</li> <li>Water resource management</li> <li>Waste and air pollution management</li> </ul>	<ul style="list-style-type: none"> <li>Employee health and safety</li> <li>Human rights</li> <li>Labor practices</li> <li>Conflict minerals management</li> <li>Work hours</li> </ul>

#### High sustainability risk factors and high risk supplier categories in 2019

	Economy	Environment	Society
	<ul style="list-style-type: none"> <li>Exclusiveness</li> <li>Supplier's automation capability</li> <li>Business integrity</li> </ul>	<ul style="list-style-type: none"> <li>Environmental law compliance</li> <li>Water resource management</li> <li>Climate change</li> </ul>	<ul style="list-style-type: none"> <li>Employee health and safety</li> <li>Work hours</li> </ul>
Category of high risk supplier	IC	Printed circuit board/power supply products/cables/enclosure	Printed circuit board/power supply products/cables/enclosure

### 3.2.2.4 Supply Chain Management Mechanisms

As part of the commitment to responsible production and the development of suitable members for a sustainable supply chain, LITE-ON employs 4 tools, assessment, assistance, communication, and collaboration, and the corresponding elements in the sustainable supply chain management framework to ensure all important issues in the framework are monitored by feasible procedures.



#### Audit and guidance on human rights - environment, safety, health, and management systems

LITE-ON has incorporated the RBA Code of Conduct into supply chain management. These rules help the company monitor suppliers on issues regarding Labor, Health and Safety, Environmental Protection, Ethics, and Management Systems. LITE-ON also encourages suppliers to develop materials and production processes that minimize environmental impacts. We utilize the RBA audit tools to review and evaluate supplier performance in fulfillment of their corporate social responsibility. In 2019, LITE-ON sent questionnaire surveys or onsite audited to 420 critical suppliers preferentially, and none was listed as an unqualified supplier for being in violation of CSR regulations.

#### Supplier training - supplier CSR related sessions or workshops

4 conferences and workshops on "Supplier CSR Enforcement" related issues were held in 2019 to explain the LITE-ON's CSR commitments including RBA Code of Conduct, Supplier Code of Conduct as well as Supplier Executive Certification of Compliance. Moreover, representative of executive management of suppliers were requested to sign "Supplier Executive Certification of Compliance" that require them to comply with "RBA Code of Conduct".

## 3.2.3 Conflict Minerals Management

### 3.2.3.1 Procurement Policy Regarding Conflict Minerals (Metals)

As a responsible corporate citizen of the world, LITE-ON has declared and committed to refrain from the use of metals sourced from illegal conflict mines. The company also requires that all its suppliers comply with LITE-ON's procurement policy regarding conflict minerals (metals):

- (1) Ensure the absence of "conflict minerals" from Congo and surrounding countries and regions in their products, and adhere to the applicable regional and international laws for the conflict mines.
- (2) All suppliers are required to complete a questionnaire to trace sources of all Gold (Au), Tantalum (Ta), Tin (Sn), and Tungsten (W) in the products, and follow the OECD Guidance to complete a survey to avoid directly or indirectly financing armed groups in conflict-affected regions.
- (3) The requirement should be conveyed to their upstream suppliers.

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

### 3.2.3.2 Conflict Minerals Management Process

LITE-ON has imposed full restrictions against the use of illegal minerals sourced from conflict mines in Africa since 2010, and adopted the tools recommended by the Responsible Minerals Initiative (RMI) to manage its commitments. Meanwhile, LITE-ON has implemented a due diligence structure in compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

#### Conflict minerals management process



# 4

## LITE-ON and the Environment

Implementing responsible production to  
reduce operational impacts  
Mitigating impacts on environment  
to create sustainable value

Developing environmental sustainability strategies around low carbon products  
and green operations to support climate change and energy management,  
water resource management, and waste management for building up  
LITE-ON's resilience in sustainability issues.



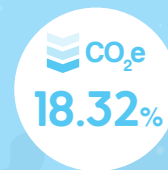
Science based  
targets (SBTs)  
approved by the  
Science Based  
Targets initiative  
(SBTi)



Water  
consumption  
reduced 8.13%  
against the  
base year



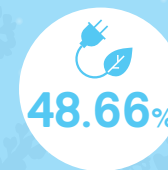
Waste generation  
decreased 14.89%  
against  
the base year



Greenhouse  
Gas (GHG)  
emission  
reduced 18.32%  
against  
the base year



CDP Climate  
Change "A-List"



48.66%  
renewable  
energy used in  
Taiwanese  
plants



A total of 6 plants  
acquired energy  
management  
certification

## 4.1 Commitment to Environmental Sustainability and Policy

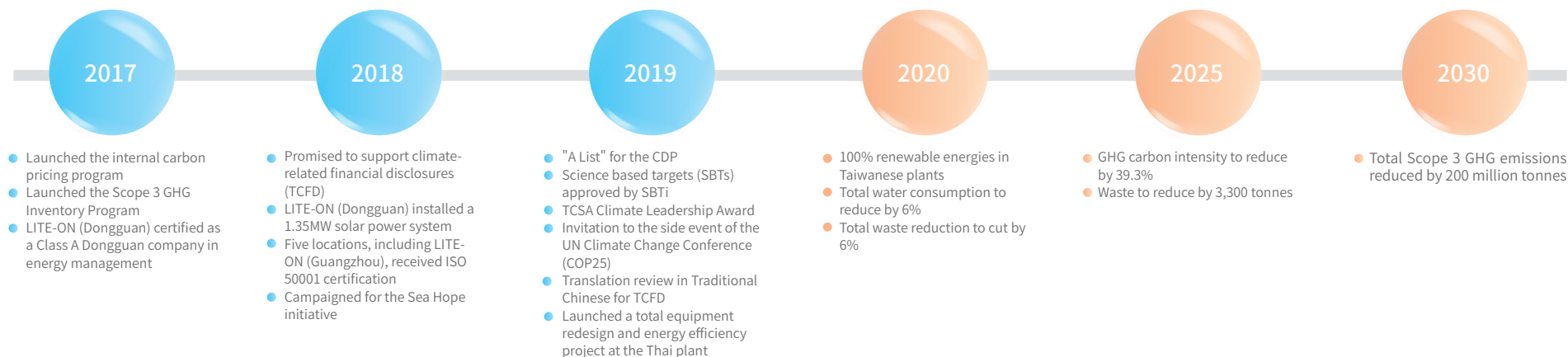


At LITE-ON, we believe that paying close attention to the interests of our stakeholders and the environment lays a solid foundation for fulfilling our vision of being "the best partner in optoelectronics, energy conservation and smart technologies". This is why we work hard to strengthen sustainable management and other sustainability-related governance mechanisms in the company. A resolution was passed to create the Corporate Sustainability Committee directly under the board of directors in April 2019. The committee is the highest authority in sustainability-related operations. Meanwhile, we also work to improve environmental management performance and environmental risk management to respond to UN SDGs.

As part of the commitment to a sustainable environment, LITE-ON adheres strictly to the responsible production strategy in the Sustainability Strategy and Blueprint, and develops environmental sustainability strategies around low carbon products and green operations. Meanwhile, LITE-ON continues to support climate change and energy management, water resource management, and waste management. The goal is to respond appropriately to stakeholder expectations on environmental issues and build up LITE-ON's resilience in sustainability issues at the same time.

### 2019 Achievement

- CDP Climate Change "A-List"
- Climate Leadership Award from Taiwan Corporate Sustainability Awards (TCSA)
- Industry leader in climate strategy on the Dow Jones Sustainability Index (DJSI)
- Science based targets (SBTs) approved by the Science Based Targets initiative (SBTi)
- The SEA HOPE initiative received an invitation to the side event of the UN Climate Change Conference (COP25)
- Translation review in Traditional Chinese for the Task Force on Climate-Related Financial Disclosures (TCFD)



## 4.1.1 Green Operations Action Plans

### Setting aggressive carbon reduction targets

- LITE-ON takes the Sector Based Approach of the SBT setting approach to set the aggressive targets to reduce operational (scope 1 and 2) and the value chain (Scope 3) GHG emissions. The operational target was set at a 39.3% carbon reduction per unit of revenue by 2025 with 2014 as the base year and the value chain target was set of a 2% improvement of energy conversion efficiency for power supply products by 2023 which is equivalent to a 28.8% reduction of GHG emissions per unit product, with the products and technologies developed in 2016 as the baseline. This SBT target was approved by the Science Based Targets initiative (SBTi) in April 2019, and allow LITE-ON to become the top 50 SBTi certified company in Asia and the second in Taiwan.
- To demonstrate the commitment to becoming a benchmark firm in carbon management, LITE-ON extends carbon management to value chain and set a value chain target to reduce the total Scope 3 GHG emissions by 2 million tons by 2030 with 2018 as the base year. LITE-ON works with value chain partners to combat climate change and global warming together.

### Promoting circular economy

- As a responsible corporate citizen, LITE-ON also supports SDG 14, which calls for the reduction of marine pollution. In 2018, this company launched the Penghu Coastal Styrofoam Waste Cleanup campaign, which was corporate with the Penghu County Government, to remove the marine waste of Styrofoam in Penghu. In 2019, this company removed 30 tons or more of Styrofoam marine waste and transformed the materials from polystyrene (PS) to high impact polystyrene (HIPS). Then, this material can be used as the PCR materials for the products which this company develops to reduce 327.8 tons of CO<sub>2</sub>e emission every year, based on 100 tons of Styrofoam marine waste this company used.

### Reducing the environmental impact of own business activities

- LITE-ON continues to develop optimized production processes and better plant operations. The aim is to enable more efficient energy and water utilization throughout the process of development, production, consumption, and disposal, then, to achieve minimum waste and maximum resource recycling and reuse.
- Our goal is to build highly adaptive smart factories where resources are fully integrated. We also achieve better operational performance through the in-house VFD hydraulic energy saving system, high-performance VFD controller, and inter-divisional collaboration. In 2019, the Thai plant launched a project to completely overhaul energy efficiency for equipment. The project deploys parallel VFD controllers and other measures, and expects to reduce power consumption by 2,170 MWh per year.
- LITE-ON was not involved in any significant environmental violation event in 2019. (A significant environmental violation event is defined as a situation where the administrative fines have over 1 million NTD as stated in the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities".

## 4.1.2 Environmental Management goals

Latest progress<sup>1</sup>

Item	Sustainable development target	2017	2018	2019
Carbon reduction target <sup>2</sup>	Reduce carbon emission (Scope 1+2) per million NT dollars of revenue by 39.3% by 2025 compared to the base year 2014	-12.77%	-15.22%	-18.32%
Energy saving target <sup>2</sup>	Reduce power consumption per million NT dollars of revenue by 6% by 2017 compared to the base year 2014	+0.67%	-	-
	Reduce power consumption by 6% on an absolute basis by 2020 compared to the base year 2017	-	+3.13%	+2.25% <sup>3</sup>
Waste reduction target	Reduce waste generated per million NT dollars of revenue by 6% by 2017 compared to the base year 2014	-6.92%	-	-
	<ul style="list-style-type: none"> <li>· Reduce waste by 6% on an absolute basis by 2020 compared to the base year 2017</li> <li>· Reduce waste by 3,300 tonnes on an absolute basis by 2025 compared to the base year 2017</li> </ul>	-	-2.62%	-14.89%
Water conservation target	Reduce water consumption per million NT dollars of revenue by 6% by 2017 compared to the base year 2014	-9.10%	-	-
	Reduce water consumption by 6% on an absolute basis by 2020 compared to the base year 2017	-	-1.39%	-8.13%
Renewable energies	Sourcing 100% from renewable energies in Taiwanese plants in 2020	56.69%	54.98%	48.66% <sup>4</sup>

Note 1: The Kaohsiung plant and the India plant were added to the data in 2019. The data cover a total of 23 bases worldwide.

Note 2: The camera modules SBG and the mobile device SBG were sold in 2018. For consistency in the calculation, the camera modules SBG and the mobile device SBG were removed from the 2017 and 2018 data, which were then recompiled accordingly.

Note 3: LITE-ON's global power consumption rose in 2019 due to the addition of the Kaohsiung plant and the India plant.

Note 4: The percentage of LITE-ON's renewable energy sourcing in Taiwanese plants fell in 2019 due to the addition of the Kaohsiung plant.

## 4.2 Climate Change and Energy Management



### 4.2.1 Climate Change Policy

LITE-ON includes climate change as one of the major sustainability issues and key risks, and monitors and analyzes developments in these areas on an ongoing basis. Therefore, LITE-ON works hard on climate change mitigation to increase climate resilience and lower the risks from climate change. For climate change mitigation, we continue to follow the SBT approach for carbon reduction and analyze and manage internal energy consumption. Meanwhile, we rely on green design, green factory, energy management, and high performance energy creation, conservation, and conversion products and solutions to meet the aggressive SBT target. For climate change adaptation, we observe the 2 degrees Celsius scenario released by the International Energy Agency, and identify potential short-, medium-, and long-term risks arising from climate change based on international research, industry trends, and results of internal and external studies as well as our own decisions and judgments. We also follow the Task Force on Climate-Related Financial Disclosures (TCFD) framework to disclose climate change information and related risks and opportunities. We make climate-related financial statements one of the means of stakeholder communication.

### 4.2.2 Overall Impact and Challenges of Climate Change

LITE-ON has a climate change risk task force in place to handle potential physical and transition risks arising from climate change. The task force identifies risks and opportunities, assesses the probability and severity of each risk, and formulates appropriate countermeasures. Main climate change risks listed in LITE-ON's assessment in 2019 came from the requirements of clients, investors and other important stakeholders for GHG reduction as a company and compliance with product energy efficiency standards. Main climate change opportunities are found in the wide range of green products and services in the sustainability trends. LITE-ON's disclosure of climate risks and opportunities follows the TCFD framework as shown in the table below.

Governance	Strategy	Risk anagement	Targets and goals
<ul style="list-style-type: none"> <li>The Climate Change Risk Task Force is an interdepartmental unit created in 2018. The task force is responsible for identifying climate risks, performing assessment within the scope of its responsibilities, and countering the effects of climate change.</li> <li>Results of climate change risks and opportunities identification, impact assessments, and management performance will be reported annually to the board of directors by the Corporate Sustainability Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Future effects of climate change are simulated based on the IEA 2DS. The results are used to set the GHG reduction SBT.</li> <li>Develop a wide range of products in the sustainability trends, to satisfy the market demands for new markets.</li> </ul>	<ul style="list-style-type: none"> <li>Gather information on climate developments and trends in terms of external market, regulatory, technical and physical factors, evaluate the probability and severity of impact, and identify major climate risks and opportunities with potential impact on the business.</li> <li>Follow the PDCA model to refine environmental management systems, and combine the climate change risk management system and the consolidated corporate risk management system.</li> </ul>	<ul style="list-style-type: none"> <li>Having been taking GHG inventory Scope 1 and Scope 2 and obtain ISO14064 certification since 2008. The scope of inventory was expanded to include Scope 3 in 2009. A full inventory of 15 categories in Scope 3 was taken and verified, disclosed on CDP Website in 2018.</li> <li>Work to improve energy efficiency for the company and its clients. Apart from SBT target, waste reduction, water conservation targets were also set to mitigate the environmental impact</li> </ul>

### 4.2.3 Climate Change Response Measures

In terms of its climate change response strategy, LITE-ON continues to follow energy creation, energy conservation, and energy conversion as the means for mitigation, and focuses on renewable energies, energy management systems, process optimization, and plant operation improvement as key strategies. LITE-ON also makes plans for internal carbon pricing to provide a basis for investment strategies and risk management and to make a head start on preparations for potential effects of climate change. Regarding climate change adaptation, LITE-ON starts by identifying climate risks and opportunities, and develops low carbon products and automated energy saving technologies on an ongoing basis to stay alert to climate opportunities arising from global low carbon trends.

#### Development of renewable energy

LITE-ON supports the development of renewable energies. Going forward, LITE-ON will keep seeking suitable renewable energy suppliers, enter into green power purchase agreements, or promote public providers of renewable energies in order to achieve low carbon manufacturing. With the 1.35MW rooftop solar power system at the LITE-ON (Dongguan) plant completed in 2018, LITE-ON consumed 2,062 MWh of self-generated solar power in 2019. The amount was 42.5% higher than in 2018. The total consumption of renewable energy reached 45,062 MWh, which was 13.08% of total power consumption by the group.

#### Greenhouse gas emissions reduction measures

LITE-ON continues to work on improving efficiency of energy saving and business equipment in plants and offices. LITE-ON worked on upgrading and improving management of the lighting systems at the plants; improving production processes; upgrading air conditioning units; and improving management systems and other energy saving measures in 2019. In particular, the project to completely overhaul energy efficiency for equipment at the LITE-ON Thai plant made extensive use of the new in-house VFD hydraulic energy saving system, high-performance VFD controller and parallel control mechanisms, and power output monitoring by VFD. It was made possible for a 39 inverter to control a 49 motor, which achieved power efficiency and an expected power saving of 2,170 MWh per year.

## Climate change mitigation strategies

### Energy creation

- Develop renewable energies and increase the energy use from renewable sources

### Energy conservation

- Optimize production processes and improve plant operations to effectively achieve energy and water conservation, waste reduction, and air pollution prevention
- Devote efforts to minimizing the impact of product packaging and business activities on the environment
- Improve energy conservation and environmental protection performance at all plants

### Energy conversion

- Implement green design to improve energy efficiency for products and reduce the impact of product use on the environment
- Continue to encourage suppliers to explore innovative means of operation that have less impact on the environment



**45,062**  
Renewable energy  
consumption (MWh)



**13.08**  
Percentage of renewable  
energy used in worldwide



**46,665**  
Carbon reduction  
compared to base year  
(tons) CO<sub>2</sub>e



**6**  
Acquisition of energy  
management certification  
for production bases

## Climate change adaptation strategies

- Develop and expand the range of low carbon products and services
- Developing automated energy saving technologies and clean energy innovations
- Identification and financialization of climate change risks and opportunities

## Identification of climate change risks and opportunities and financization

LITE-ON promises to support the Task Force on Climate-Related Financial Disclosures (TCFD) and follow the TCFD framework to disclose climate change information and related risks and opportunities. In 2019, we gave support for a translation project initiated by Ernst & Young Taiwan by performing translation review in Traditional Chinese for the TCFD. The work was intended to help companies and investors gain a better understanding of climate-related financial disclosures and their applications, thereby facilitating a sustainable banking and governance environment.

Furthermore, LITE-ON continues to follow international carbon trading issues. The company adopts the shadow carbon pricing methodology for key offices in Taiwan and China to determine internal carbon prices and for business units to communicate internally with each other. It is also part of LITE-ON's effort to start early in anticipation of changes in the energy market after new carbon reduction and carbon trading regulations and in mitigation of business risks.

## Development of automated energy saving technologies

LITE-ON reconstructs quality manufacturing through automation and digital transformation. In 2015, the company was the first manufacturer in the country to introduce the first unmanned LED lighting production line. In 2017, it started implementing big data and IoT remote monitoring, and installed a large number of smart manufacturing systems. The shift toward use of family materials, family molds, and family jigs in production also helps to reduce the energy and resource input per unit product.

In 2019, for the purpose of accelerating the development of production equipment and recyclability and reusability of key machine parts, LITE-ON implemented standards for equipment design and data collection, including structuration of standard modules, standardization of machine testing procedures, and automated switching. The hard drive tray, for example, can have the hourly production rate raised by 54% and the percentage of automated assembly brought up to 95%.

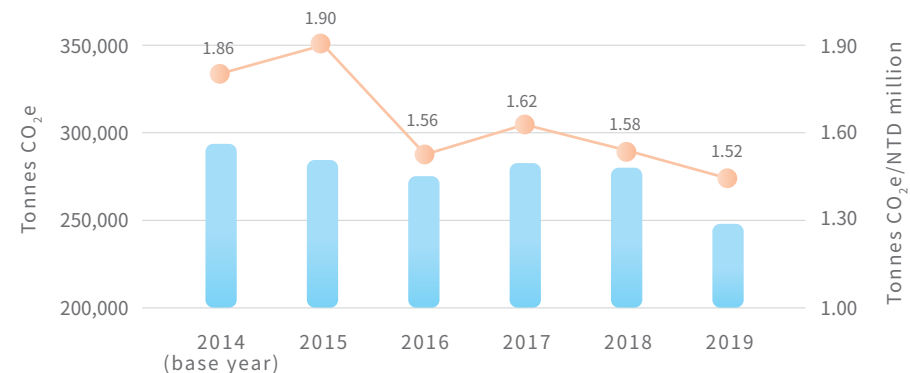
Regarding implementation of automated production processes, LITE-ON is currently capable of simultaneous operation with products, processes and equipment installed on the same platform. The structure is equipped with difficult, high precision automatic assembly, testing, and visual/mechanical inspection for complete control and data collection. The company has developed the capability to create differentiated design and production processes for manufacturing facilities, and will strive to achieve high speed unmanned operations in the future.

## 4.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)

In 2019, LITE-ON removed previously transferred camera modules department and mobile devices department, and added the Kaohsiung Operations Center and LITE-ON (India) to the ISO 14064-1 GHG verification before recalibrating the base year emissions. LITE-ON's Scope 1 and Scope 2 GHG emissions were 245,166.65 tonnes CO<sub>2</sub>e (Market-based). The CO<sub>2</sub> emission reduction was 26,986.38 tonnes CO<sub>2</sub>e (9.92%) compared to 2018 or 46,665.01 tonnes CO<sub>2</sub>e (15.99%) compared to 2014 (base year). The carbon intensity was 1.52 tonnes CO<sub>2</sub>e/NTD million, 3.66% lower than in 2018 and 18.32% lower than the base year 2014 that are aligned with reduction pathways, 17.27% reduction in 2019, of our SBT target.

Note: The camera modules SBG and the mobile device SBG were sold in 2018. For consistency in the calculation, the camera modules SBG and the mobile device SBG were removed from the 2014 and 2018 data, which were then recompiled accordingly.

2019 LITE-ON GHG emission inventories



### GHG emissions in 2019

	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total
Volume of Scope 1 and Scope 2 emissions - by gas type	238,774.07	5823.42	5.26	2,077.89	0.00	0.00	0.00	245,166.65

### GHG emissions 2014-2019 <sup>1</sup>

	2014(base year)	2015	2016	2017	2018	2019
Greenhouse gas emission (Scope 1), Tonnes of CO <sub>2</sub> e <sup>2</sup>	11,321.17	14,929	14,297	13,578	11,771	10,135.79
Greenhouse gas emission (Scope 2), Tonnes of CO <sub>2</sub> e <sup>3</sup>	280,510.49	263,451	251,473	262,239	260,382	235,030.85
Greenhouse gas emission (Scope 1+Scope 2), Tonnes of CO <sub>2</sub> e	291,831.65	278,380.45	265,769.83	275,817.23	272,153.03	245,166.65
Greenhouse gas emission intensity, Tonnes of CO <sub>2</sub> e /NTD million	1.86	1.90	1.56	1.62	1.58	1.52

Note 1: The camera modules SBG and the mobile device SBG were sold in 2018. For consistency in the calculation, the camera modules SBG and the mobile device SBG were removed from the 2014-2018 data, which were then recompiled accordingly.

Note 2: Direct greenhouse gas emissions (Scope 1): fuel combustion in fixed equipment, production activities, fuel combustion in transportation equipment, and diffusion (e.g. fire extinguishers and refrigerants).

Note 3: Direct greenhouse gas emissions from energy use (Scope 2): purchased electricity and steam.

## 4.2.5 Greenhouse Gas Value Chain Inventory (GHG Scope 3)

To maximize the value of the LITE-ON value chain and to identify key factors in slowing down climate change, LITE-ON takes inventories of emissions from its own business activities as well as those from its entire GHG value chain. LITE-ON adopted the GHG Protocol Scope 3 Evaluator Tool to identify Scope 3 emissions in 2017. The company also followed the GHG Protocol Scope 3 Standard to establish related inventory methodologies. In 2018, LITE-ON completed a full inventory, verification, and disclosure of 15 categories in Scope 3. LITE-ON also followed emission hot spots along the value chain and extended carbon management over the entire value chain. In 2019, LITE-ON continues to work with value chain partners to combat climate change and global warming together and select 2018 as the base year to set a new target to reduce total value chain GHG emissions (Scope 3) by 2 million tonnes by 2030.

Scope 3 Categories	Category	Source identification	Scope of verification	Emission (Tonnes CO <sub>2</sub> e)
01	Purchased goods and services	✓	Carbon emissions from raw materials purchased by the Power Division and the Imaging Division	3,139,061.61
02	Capital goods	✓	Office computer equipment purchased for the LITE-ON Building in Neihu	6.60
03	Excluding Scope 1 or 2 fuel- and energy-related activities	✓	Fuels burned by contractors at key offices around the world	5,025.07
04	Upstream transportation and distribution	✓	Miles in upstream transportation and distribution of raw materials for LITE-ON (Guangzhou) - Enclosure Division	51.43
05	Waste generated in operations	✓	Carbon emissions from processing waste generated in operations at key offices around the world	9,502.22
06	Business travel	✓	Miles flown on business trips taken by employees at LITE-ON's Taiwan offices in a year	3,252.89
07	Employee commuting	✓	Miles of commuting by all employees at key offices around the world in a year	4,478.56
08	Upstream leased assets	-	All fuel consumption and emissions by leased facilities and vehicles	Note 1
09	Downstream transportation and distribution	✓	Carbon emissions from miles of transportation and distribution of products for LITE-ON (Guangzhou) - Enclosure Division	33,699.50
10	Processing of sold products:	✓	Carbon emissions from power consumed by outsourced processing service providers of LITE-ON Li Shin (Huizhou)	776.44
11	Use of sold products:	✓	Server power supply, power supply units (laptop power)	3,294,129.45
12	End-of-life treatment of sold products	✓	Server power supply products, power supply units, chargers	196.09
13	Downstream leased assets	✓	Carbon emissions from power consumed by tenants in the LITE-ON Building	1,085.77
14	Franchises	-	LITE-ON Group	Note 2
15	Investments	✓	Carbon emissions from subsidiaries beyond LITE-ON's operational control	3,515.56
Total				6,494,781.18

Note 1: Included in Scope 1 and Scope 2 emissions.

Note 2: No relevant business.

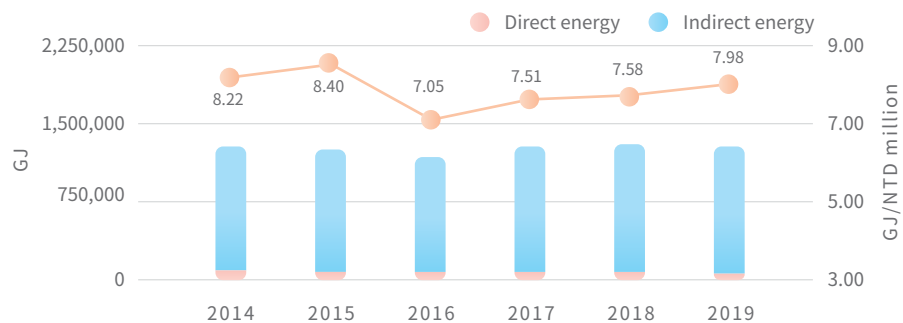
## 4.2.6 DIRECT AND INDIRECT ENERGY CONSUMPTION

95% or more of the total energy consumption at LITE-ON was indirect energy consumption that was primary provided by purchased electricity, and followed by steam. Fossil fuels under direct energy consumption include diesel, petrol, natural gas, LPG, acetylene, and alcohol liquids were used mainly in emergency power generators, forklifts, company cars, restaurants, and boilers in dormitories. In 2019, LITE-ON consumed a total of 1,288,405 GJ in energy that was 20,215 GJ lower than in 2018. The consumption intensity was 7.98 GJ/NTD million, 5.29% lower than in 2018 or 2.93% lower than in 2014 (base year).

	2014		2015		2016		2017		2018		2019	
	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh
Diesel	9,193	2,553	7,310	2,030	4,529	1,258	4,568	1,269	5,361	1,489	3,210	891
Petrol	14,949	4,151	15,533	4,314	13,355	3,709	13,396	3,720	11,165	3,101	11,535	3,203
Natural gas	36,170	10,044	22,606	6,278	22,235	6,175	26,353	7,318	23,533	6,535	19,398	5,387
Liquefied petroleum gas (LPG)	653	181	527	146	521	145	730	203	369	103	300	83
Acetylene	1	0	1	0	2	1	14	4	1	0	2	0
Alcohol liquids	1,985	551	2,822	784	4,572	1,270	4,266	1,185	3,798	1,055	1,776	493
Total direct energy consumption	62,951	17,481	48,800	13,552	45,215	12,556	49,327	13,698	44,227	12,282	36,220	10,058
Purchased electricity	1,212,236	336,723	1,163,899	323,296	1,137,935	316,084	1,213,069	336,954	1,251,097	347,517	1,240,318	344,523
Purchased steam	15,243	4,233	20,667	5,739	16,157	4,487	15,172	4,213	13,295	3,692	11,868	3,296
Total indirect energy consumption	1,227,480	340,956	1,184,566	329,035	1,154,092	320,571	1,228,240	341,167	1,264,392	351,209	1,252,186	347,819
Total energy consumption	1,290,431	358,437	1,233,365	342,587	1,199,308	333,127	1,277,568	354,865	1,308,620	363,491	1,288,405	357,877
Total energy consumption intensity (GJ/million revenue)	8.22		8.40		7.05		7.51		7.58		7.98	

Note: The camera modules SBG and the mobile device SBG were sold in 2018. For consistency in the calculation, the camera modules SBG and the mobile device SBG were removed from the 2014-2018 data, which were then recompiled accordingly.

### Energy consumption and intensity 2014-2019



Note: The camera modules SBG and the mobile device SBG were sold in 2018. For consistency in the calculation, the camera modules SBG and the mobile device SBG were removed from the 2014-2018 data, which were then recompiled accordingly.

## 4.2.7 Air Pollution Prevention

LITE-ON continues to take preventive measures through different management means, procedure improvement, and training in order to manage effectively volatile organic compound (VOC) emissions. Furthermore, LITE-ON has started implementing stronger outdoor air pollution emission controls at its plants in China since 2017. Inspection data from the plants, actual factory conditions and local environmental policies were taken into account in the design of two levels or more of comprehensive and reasonable emission treatment systems. LITE-ON made significant upgrades to air pollution prevention equipment in 6 plants in Changzhou in 2019. For example, the Human Input Solution plant, adopts a three level control system with precipitators, UV photocatalysis, and activated carbon based absorption. The system works with an electronically controlled emission treatment system to perform inspection, control, optimization, management, and decision making in the emission management process. The approach satisfies a range of requirements, including removal of VOC pollutants, optimized control, reduced consumption, and safety. NO<sub>x</sub> and SO<sub>x</sub> emissions from generators used for emergency or for testing in the plants and from hot water boilers in the living area were considered trace amounts.

## 4.3 Water Resource Management

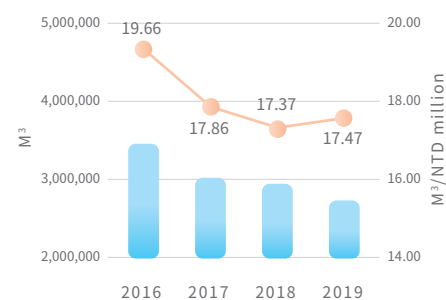
### 4.3.1 Water Resource Conservation

LITE-ON builds its water resource management system on ISO 14001 standards. A central control system monitors factory data in real-time, and tracks water management performance at main operation sites around the world. LITE-ON is constantly trying to implement more water resource conservation measures. These measures include replacement and update of old water pipes, spot check of water outlets, routine inspection of water usage, and implement water recycling and reuse projects. LITE-ON also strengthens daily management practices, such as implement an internal training to influence employees' behavior of water use and put the water cost into an internal management system, to reduce water consumption in plant facilities. In 2019, the total water consumption was 2,792,176 tonnes, and the intensity of water consumption was 17.47 m<sup>3</sup> per NTD million. The water use was 246,941 tonnes (8.13%) lower than in 2017 base year. The total volume of wastewater discharged, based on China's Code for urban wastewater and stormwater engineering planning, is estimated at 2,373,350 tonnes.

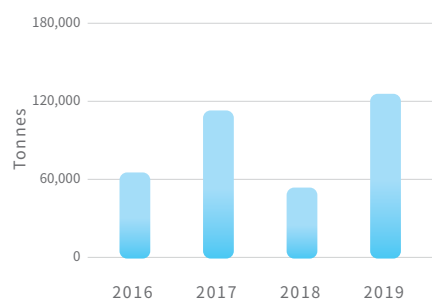
### 4.3.2 Wastewater Treatment and Resourcization

Water consumption at LITE-ON plants was sourced 100% from the local water system (i.e. tap water) and used primarily for employees' life-sustaining needs and for plant equipment. All wastewater produced is either properly treated or discharged into water treatment plants as required by law. A small amount of industrial wastewater is treated by the wastewater treatment facilities inside the plants (by methods such as sedimentation or chemical coagulation), and discharged when the treated wastewater meet the local regulatory requirements. The discharge of water should have no significant impact on the water body. To ensure effective wastewater treatment and resourcization, LITE-ON has been adding facilities for recycling and reuse of air conditioning condensation water and RO wastewater, recycling and reuse of pure water from facilities, and rain water recycling. The total volume of water recycled in 2019 was 126,337 tonnes, which was 1.48 times more than in 2018.

Water consumption and intensity in 2016-2019



Water recycling 2016-2019



## 4.4 Waste Management, Recycling and Reuse

LITE-ON follows the ISO 14001 procedures and install full-time units to be responsible for efficiently monitoring and managing waste production by source. To achieve effective management and waste reduction, LITE-ON adopts the principles of minimum waste and maximum recycling and reusing, and selects qualified recycling service providers equipped for waste treatment. Total waste generated was 20,207 tonnes in 2019, 3,534 tonnes (14.89%) less than in 2017 base year. The amount was 2,911 tonnes (12.59%) less than in 2018. The waste intensity fell by 10.34%.

2016-2019 Total waste by category

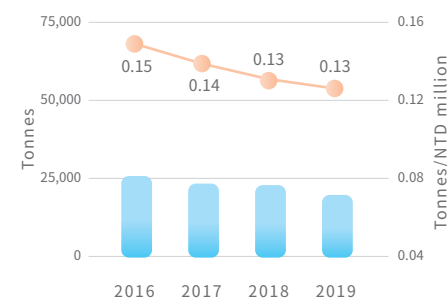
	General industrial waste (incineration)	General industrial waste (landfills)	Hazardous industrial waste	Waste from resources	Total waste
2016	239	4,098	1,492	19,850	25,679
2017	264	3,793	1,172	18,512	23,741
2018	300	3,900	1,613	17,305	23,118
2019	280	3,590	2,005	14,332	20,207

2016-2019 Total waste by processing method (tonnes)

	Landfill	Recycling and reuse*	Total waste
2016	4,098	21,581	25,679
2017	3,793	19,948	23,741
2018	3,900	19,218	23,118
2019	3,590	16,618	20,207

Note: Processed by recycling and reuse = General industrial waste by incineration (recycling) + Hazardous waste (recycling) + Waste from resources (recycling and reuse).

Total waste and waste intensity 2016-2019

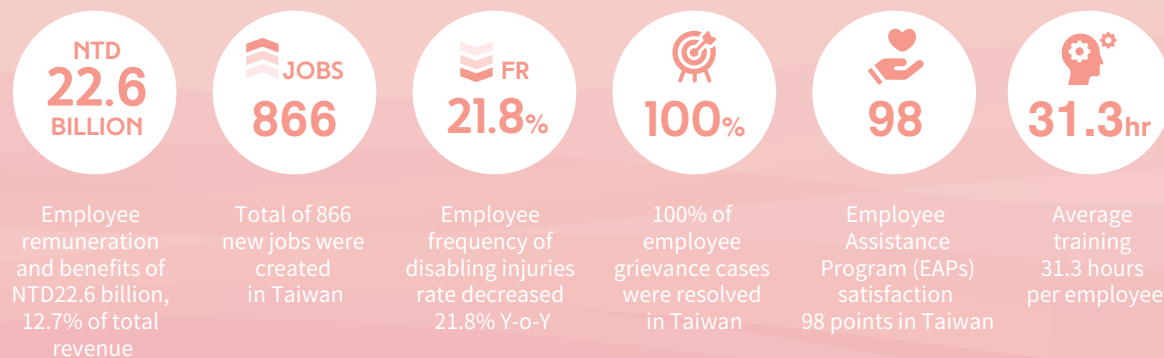


# 5

## LITE-ON and Employees

A workplace culture with Passion, Excellence, Innovation and Growth

Maximizing human capital, strengthening education and training, and creating an inclusive workplace with an entrepreneurial approach



## 5.1 Employee Policy



### Employee Remuneration and Benefits



2019: NTD22.6 billion

2018: NTD25.1 billion

2017: NT\$26.1 billion

Since its establishment, LITE-ON's success has been founded on LITE-ON Beliefs, which are "Customer Satisfaction," "Execution," "Innovation," and "Integrity." It is the company's goal 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, employees, and other stakeholders.

Employees are LITE-ON's most important partners in achieving world-class excellence and sustainability, for they are the key that helps the company grow and improve. Hence, LITE-ON always works side by side with its employees on the path to realize its vision of achieving LITE-ON's core values and sustainable development.

LITE-ON guarantees and protects the rights of all of its employees in the workplace. The company is constantly working to create a healthy workplace. It also complies with employment laws and international standards in all locations of operation, including giving employees the freedom of association and privacy while prohibiting all forms of forced labor, child labor, and discrimination.

2019 Targets	Results
30 training hours per person on average	31.3 training hours per person on average
Continue to develop 18 digital courses via industry-academia cooperation	18 courses completed under industry-academia cooperation
Hire quality experts to teach 30 in-house courses	34 courses completed
Monthly average rate of critical position retention at 97% or higher	critical position retention rate 87.3% <sup>1</sup>
Disability frequency and severity reduced by 10% each compared to previous year	Disability frequency reduced by 21.8% Disability severity reduced by 30.7% <sup>2</sup>

Note 1: - Key positions are those exposed to key manufacturing technologies in plants in Mainland China and Thailand. Such positions are reported by heads of the manufacturing and IE departments, reviewed by the quality control, engineering, and management departments, and approved by the highest-ranking management of the respective plants.

- The retention rate failed to reach the target due to improved technologies at the plants and higher standards for promotion to key positions as well as a shortage of tech talent and fierce competition among companies.
- Retention rate for key persons = Number of retained key persons at month end/Total number of key persons at month end.

Note 2: The results are mainly due to an increased number of days with a loss incident. For example, a worker who fell at the Tianjin Plant had a torn ligament and stayed home for 123 days in total.

Future Goals	Completion
30 training hours per person on average	2020
Continue to develop 20 digital courses via industry-academia cooperation	2020
Hire quality experts to teach 30 in-house courses	2020
Monthly average rate of critical position retention at 90% or higher <sup>1</sup>	2020
Disability frequency and severity reduced by 10% each compared to previous year	Ongoing

Note 1: The original targets were modified for higher standards definition to be key position due to technology upgrades at the plants.

### Employee care vision and strategy

- Comply with international regulations and local laws to effectively protect the rights of our employees.
- Provide a friendly workplace to ensure the rights of our employees are not violated.
- Promote different activities and employee care programs on an ongoing basis to help employees maintain a healthy balance between body and mind.

### Recruitment

Recruitment at LITE-ON always complies with local laws and RBA directives. Internal and external audits are performed, and the necessary due diligence reports are provided to stakeholders to ensure the company fulfills its corporate social responsibilities.

Such responsibilities include prohibition of child labor, forced labor, and having minors perform hazardous work. The discrimination free workplace policy is strictly enforced, and equal employment opportunities are given regardless of race, gender, religion, skin color, nationality, age, political affiliation, sexual orientation, pregnancy, mental/physical disability, and social background.

### Talent cultivation

LITE-ON is committed to training and investing in talent and providing a complete career path and blueprint to help employees realize their full potential and satisfy their needs and goals along their individual career paths. The company is also committed to offering competitive compensation packages while accumulating skilled and experienced human capital for the company.

### Protection of rights

LITE-ON respects the human rights of its employees. The company strengthens information security management systems and implements effective personal data and privacy protection. It also establishes guidelines and rules and utilizes two-way communication channels to effectively protect the rights of employees. LITE-ON supports its employees in organizing a union and respects their right to negotiate with the management.

### A healthy workplace

LITE-ON builds the workplace on a safety culture that puts people first. The company makes an effort to provide and maintain a workplace that pays attention to the mental and physical health of employees. It is constantly pushing for employee care programs that contribute the mental and physical health of employees and reduce health and safety risks in the workplace. Various motivational events are organized to help employees bond and raise work morale so that they may enjoy a balanced, healthy and joyful work life.

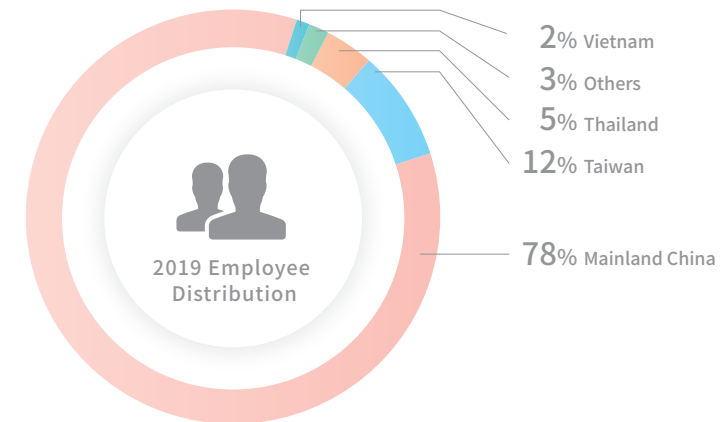
All LITE-ON's human resource policies have been based on "passionate, motivating, innovative, and growing", and are designed to give employees optimal care in work, life, and health. Treating every employee as a best partner, LITE-ON wishes to see employees enjoy their work and their goals are aligned to the company's to achieve greater success as well as a rewarding career.

## 5.2 Employee Profile

### 5.2.1 Employee Structure and Distribution

As at the end of 2019, LITE-ON had 38,676 employees worldwide; 56.3% of whom were male and 43.7% were female. There were 4,640 employees in Taiwan, while the remaining were located throughout Mainland China and other overseas (including Thailand, Mexico, Brazil, Vietnam, Singapore, Europe and USA etc.). 97% of employees were in Asia.

A total of 3,873 dispatched manpower were employed, accounting for approximately 9% of the total workforce. Considering the employment of direct labor in mainland China, dispatched manpower is not included in the report.



	Taiwan	Mainland China	Thailand	Vietna	Others	Total
Male	7.5%	44.8%	1.0%	1.1%	1.8%	56.3%
Female	4.5%	33.6%	4.0%	0.7%	1.0%	43.7%

#### Employee composition contract type

Region	Male			Female			Total
	Full Time	Part Time	Subtotal	Full Time	Part Time	Subtotal	
Taiwan	2,898	19	2,917	1,706	17	1,723	4,640
Mainland China	16,344	964	17,308	12,109	868	12,977	30,285
Thailand	398	0	398	1,559	0	1,559	1,957
Vietnam	443	0	443	265	3	268	711
Others	683	15	698	374	11	385	1,083
Worldwide total	20,766	998	21,764	16,013	899	16,912	38,676

Note: Full Time are permanent employees and Part Time are contracted employees.

#### Disabled and foreigner employment

Region	Disabled			Foreigner			Total
	Male	Female	Subtotal	Male	Female	Subtotal	
Taiwan	25	15	40	16	225	241	281
Mainland China	280	89	369	8	2	10	379
Thailand	0	0	0	0	0	0	0
Vietnam	0	0	0	0	0	0	0
Others	6	3	9	1	2	3	12
Worldwide total	311	107	418	25	229	254	672

Note: Foreign employees are non-national employees based on the employment contract.

### Recruiting local residents in high-level management

	Taiwan	Mainland China	Thailand	Vietnam	Other
High-level management employees	4.5%	1.8%	1.9%	0.1%	18.2%
Percentage of local residents recruited in high-level management positions	98.1%	98.4%	100.0%	100.0%	99.0%

Notes: 1. Director & above are defined as High-level management positions in Taiwan.

2. Deputy Manager & above are defined as high-level management positions in Mainland China, Thailand, Vietnam and other regions which are mainly manufacturing sites.

### Employee structure

#### Gender and age distribution by region

Region	Male					Female				
	<30	30-40	41-50	>50	合計	<30	30-40	41-50	>50	合計
Taiwan	11.7%	20.9%	23.1%	7.2%	62.9%	8.0%	13.8%	11.5%	3.8%	37.1%
Mainland China	36.7%	15.9%	4.1%	0.4%	57.2%	22.3%	14.4%	5.9%	0.2%	42.8%
Thailand	7.8%	6.4%	5.1%	1.0%	20.3%	23.1%	24.2%	27.2%	5.1%	79.7%
Vietnam	50.5%	11.1%	0.7%	0.0%	62.3%	28.1%	8.7%	0.7%	0.1%	37.7%
Others	35.2%	18.7%	6.0%	4.5%	64.5%	12.6%	12.7%	7.5%	2.8%	35.5%
Worldwide tota	32.5%	16.0%	6.4%	1.4%	56.3%	20.4%	14.7%	7.6%	1.0%	43.7%

#### Gender and education distribution by region

Region	Male			Female		
	Masters & above	Bachelor	Others	Masters & above	Bachelor	Others
Taiwan	34.1%	27.5%	1.2%	7.1%	24.0%	6.1%
Mainland China	0.2%	10.0%	47.0%	0.1%	6.6%	36.1%
Thailand	0.2%	11.8%	8.4%	0.3%	16.7%	62.7%
Vietnam	0.1%	11.4%	50.8%	0.0%	11.1%	26.6%
Other	6.0%	40.3%	18.2%	1.4%	25.6%	8.6%
Worldwide total	4.4%	13.1%	38.8%	1.0%	9.8%	32.9%

## Gender and grade distribution by region

Grade and Gender		Year					
		2017		2018		2019	
Executive management	Male	30	96.8%	55	94.8%	63	94.0%
	Female	1	3.2%	3	5.2%	4	6.0%
	total	31	100.0%	58	100.0%	67	100.0%
Senior manager	Male	216	88.5%	165	87.3%	159	85.0%
	Female	28	11.5%	24	12.7%	28	15.0%
	total	244	100.0%	189	100.0%	187	100.0%
Mid-level manager	Male	2,119	77.6%	1,867	76.5%	1,901	76.0%
	Female	610	22.4%	574	23.5%	599	24.0%
	total	2,729	100.0%	2,441	100.0%	2,500	100.0%

Note : 1. Executive management are Associate Vice President and above.

2. Senior manager are Director and above.

3. Mid-level manager are D. Manager, Manager, and Sr. Managers.

## General employee type by gender

Type & Gender		Year					
		2017		2018		2019	
Indirect labor (IDL)	Male	9,685	66.4%	8,301	65.4%	7,853	65.1%
	Female	4,896	33.6%	4,387	34.6%	4,218	34.9%
	Total	14,581	100.0%	12,688	100.0%	12,071	100.0%
Direct labor (DL)	Male	19,279	51.7%	15,079	51.8%	13,911	52.3%
	Female	18,019	48.3%	14,034	48.2%	12,694	47.7%
	Total	37,298	100.0%	29,113	100.0%	26,605	100.0%
All employees	Male	28,964	55.8%	23,380	55.9%	21,764	56.3%
	Female	22,915	44.2%	18,421	44.1%	16,912	43.7%
	Total	51,879	100.0%	41,801	100.0%	38,676	100.0%

Note : Indirect labor includes all managers as well as all executive management members.

## 5.2.2 Employee Retention

LITE-ON offers a comprehensive range of training courses and compensation and benefits to encourage employees pursue self-improvement and achieve career growth. Job descriptions given during interviews will remain consistent after recruits report for work. Managers and human resources officers will also try to reduce new hire turnover by interviewing new employees to find out how they are settling into their positions. New employees will be given assistance in the form of education and training to help them fit into the corporate environment. When an employee submits a resignation, the human resources department will conduct an interview and analyze key factors in retention and resignation in order to improve the retention rate.

In terms of compensation packages, LITE-ON has designed regular compensation reviews to

ensure the company is able to retain talent while ensuring all employees receive above-average compensation. LITE-ON also encourages individual departments to implement reward programs to boost morale and improve business performance, effectively creating a win-win situation.

In terms of talent management strategies, LITE-ON has implemented a human resources management blueprint and an education and training system to provide courses on core management competencies and essential professional skills. These programs are intended to broaden the horizon for employees, enhance management knowledge and skills for managers, develop a common management language, create a healthy corporate culture, and lay the foundation for sustainable development.

### 1. Employee turnover rate

#### 2019 Monthly average turnover rate (including voluntary and involuntary departures) - by age and region

Region	Type and Age		Direct Labor (DL)						Indirect Labor (IDL)							
	<30	%	30-40	%	41-50	%	>50	%	<30	%	30-40	%	41-50	%	>50	%
Taiwan	130	4.8%	131	5.1%	47	5.0%	4	1.2%	416	4.7%	498	3.0%	423	2.3%	80	1.5%
Mainland China	47,143	24.3%	9,155	13.0%	1,548	6.4%	20	1.6%	1461	4.0%	770	2.0%	114	1.1%	18	2.5%
Thailand	665	9.5%	353	5.1%	64	1.1%	6	0.7%	15	2.7%	13	1.4%	12	0.8%	6	1.3%
Vietnam	527	11.8%	69	6.2%	2	2.6%	0	0.0%	20	3.4%	12	3.7%	0	0.0%	0	0.0%
Others	17	1.1%	36	2.6%	7	1.7%	1	1.2%	16	0.5%	33	1.8%	18	2.0%	4	0.8%
Worldwide total	48,482	23.1%	9,744	11.8%	1,668	5.3%	31	1.3%	1928	3.9%	1,326	2.2%	567	1.8%	108	1.5%

#### 2019 Monthly average turnover rate (including voluntary and involuntary departures) - by gender and region

Type & Gender Region	Direct Labor(DL)				Indirect Labor(IDL)			
	Male	%	Female	%	Male	%	Female	%
Taiwan	67	8.26%	245	4.26%	979	2.85%	438	2.97%
Mainland China	39,104	24.06%	18,762	14.71%	1,577	2.89%	786	2.47%
Thailand	191	5.78%	897	5.16%	29	1.84%	17	0.88%
Vietnam	435	11.67%	163	8.42%	15	3.92%	17	2.99%
Others	28	1.57%	33	1.91%	47	0.96%	24	1.36%
Worldwide total	39,825	23.13%	20,100	13.03%	2,647	2.76%	1,282	2.52%

Notes: 1. The calculation of monthly average turnover rate: (monthly average number of departed employees in 2019) / (sum of month-end employee count from Jan to Dec/12) \* 100%.

2. The relatively high employee turnover in Mainland China is largely attributable to the local labor shortage as well as fierce competition in the industry.

## 2. Analysis of 2019 Employees on child-care long-term leave (Taiwan)

LITE-ON offers a variety of assistance to employees with child care needs, such as the option to take extended leave, choose different career paths, and receive subsidies. A total of 43 employees applied the child care long-term leave, and 71% of those who did come back to job in 2019. This is a testament to how employees approve of LITE-ON's policies.

### 2019 child-care long-term leave status

Items	Male	Female	Total
Number of employees eligible for childcare leave in 2019 (A)	469	292	761
Actual number of applicants in 2019 (B)	16	27	43
Expected number of reinstatements in 2019 (C)	14	21	35
Actual number of reinstatements in 2019 (D)	5	18	23
Actual number of reinstatements in 2018 (E)	2	15	17
Number of people who continued to work for one year or more after reinstated from childcare leave in 2019 (F)	2	12	14
Retention rate after parental leave (F/E)	100%	80%	82%
Reinstatement rate after parental leave (D/C)	36%	86%	66%

Note: 1. The number of persons eligible for parental leave is based on the number of employees who applied for maternity or paternity leave between January 1, 2016 and December 31, 2019.  
2. Parental leave cannot be implemented in China or Thailand.



## 5.2.3 Employee Recruitment



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 universities and colleges, summer internships (in Taiwan), the government's employment promotion programs, and R&D substitute service candidates.

The new hire rate below is calculated as: (sum of monthly number of new employees) / (sum of month-end employee count) in 2019\*100%.

### 2019 Monthly average new hire rate - by age

Type & Age Region	Direct Labor (DL)								Direct Labor (DL)							
	<30	%	30-40	%	41-50	%	>50	%	<30	%	30-40	%	41-50	%	>50	%
Taiwan	54	2.0%	24	0.9%	6	0.6%	0	0.0%	279	3.2%	309	1.8%	178	1.0%	16	0.3%
Mainland China	46,126	23.7%	8,569	12.2%	1,419	5.9%	14	1.2%	1,136	3.1%	431	1.1%	49	0.5%	12	1.6%
Thailand	555	7.9%	237	3.4%	22	0.4%	0	0.0%	9	1.6%	1	0.1%	6	0.4%	1	0.2%
Vietnam	1,062	23.7%	177	16.0%	9	11.7%	0	0.0%	70	11.9%	23	7.1%	1	2.6%	0	0.0%
Others	96	6.0%	6	0.4%	1	0.2%	1	1.2%	548	16.2%	95	5.1%	83	9.2%	68	13.1%
Worldwide total	47,893	22.8%	9,013	10.9%	1,457	4.6%	15	0.6%	2,042	4.1%	859	1.5%	317	1.0%	97	1.3%

### 2019 Monthly average new hire rate - by gender

Type & Gender Region	Direct Labor (DL)				Indirect Labor (IDL)			
	Male	%	Female	%	Male	%	Female	%
Taiwan	15	1.8%	69	1.2%	533	1.6%	249	1.7%
Mainland China	38,246	23.5%	17,882	14.0%	1,104	2.0%	524	1.6%
Thailand	149	4.5%	665	3.8%	12	0.8%	5	0.3%
Vietnam	896	24.0%	352	18.2%	50	13.1%	44	7.7%
Others	86	4.8%	18	1.0%	623	12.7%	171	9.7%
Worldwide total	39,392	22.9%	18,986	12.3%	2,322	2.4%	993	2.0%

## 5.2.4 Responsible Business Alliance, RBA Code of Conduct Committee

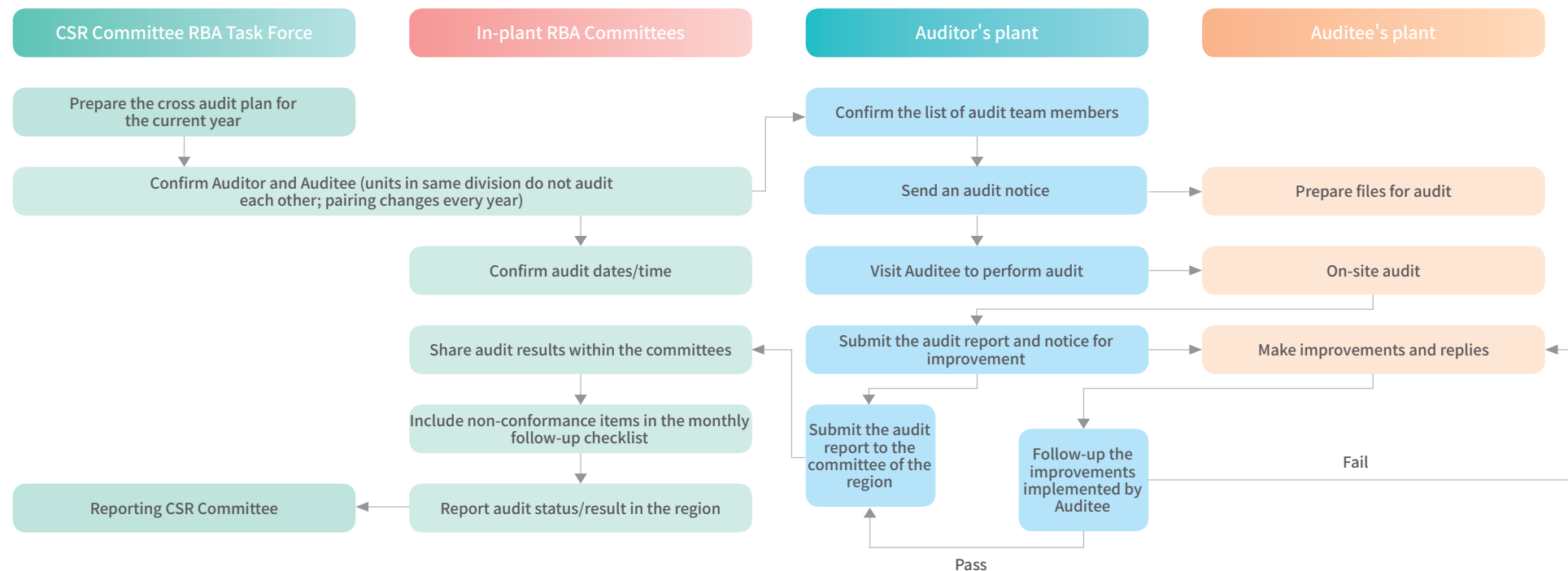


LITE-ON has established its own RBA Code of Conduct audit procedures to ensure the adequacy, effectiveness and appropriateness of its CSR framework, and to monitor how progress complies with prescribed guidelines, goals and regulations. The audit procedures clearly outline the responsibilities, processes, 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 RBA Code of Conduct covers a broad range of issues from labor (child labor, forced labor and human rights), health and safety, environmental protection, to business ethics. The company follows these guidelines to conduct self-inspections at each of its plants every month, while plants located in Guangzhou, Dongguan and eastern Mainland China have all assembled RBA Code of Conduct committees to cross-audit each other and ensure 100% compliance. Any conduct that does not comply with the RBA Code of conduct is raised for discussion and improved upon within the given timeframe.

All LITE-ON plants are equipped with CSR project teams that follow the RBA audit program and perform regular internal and external audits. To ensure LITE-ON fulfills its corporate social responsibility, the teams are also responsible for reviewing the plants' performance in terms of the indicators, including labor, ethics, environment, and health and safety, and improvements in these areas.

### Inter-plant cross audit flowchart



## 5.3 Employee Development and Training



### LITE-ON's commitment to learning and development

LITE-ON's mission statement is "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

LITE-ON's learning structure is founded on the organization's strategy, vision, and values. Through comprehensive curriculum planning, a 12-module learning roadmap has been established and organized on four tiers, which are new employees, field- and level-specific training, and self development.

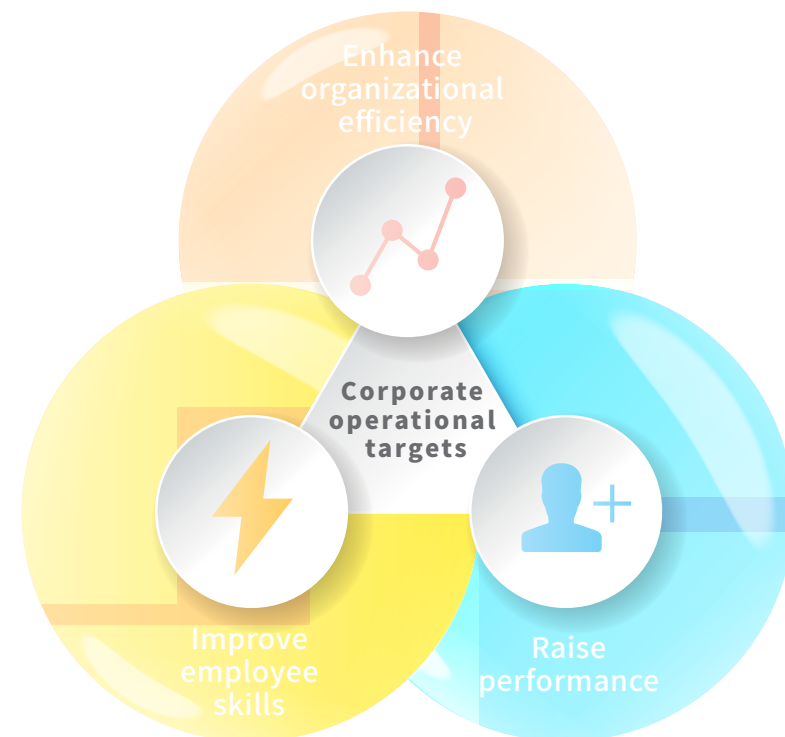
### LITE-ON comprehensive learning and development strategies and plans

The LITE-ON 12-module roadmap is based on the company's business strategies and targets. It is designed to improve personal skills and works so to contribute to the realization of the company's mission and vision. First, we help employees learn and understand LITE-ON and the Company's direction of future development. Then we provide self-learning resources, including digital learning and LITE-ON Lectures. For professional training, specialized courses are offered to individual departments as needed. Training in core management competency and quality management is also provided to employees. Finally, we provide advanced management and leadership programs for managers to enable them to combine theory and practice and continue to apply and improve their training in practice. The modules are described in more detail as follows:

The 12-module learning roadmap covers

- for new employees -basic skills, culture shaping, and corporate governance modules;
- modules emphasizing self-learning: Digital learning, LITE-ON Lectures, and Skill set;
- modules enhancing professional competencies: Domain Knowledge, Core management competencies, and Quality management; and
- modules designed for the management: NTU Campus, Leadership, and Advanced Manufacturing.

These modules allow employees at every level to set goals for self-development. The organization operates more efficiently with a positive training cycle, and thereby achieves the operational goals and fulfills the mission and vision of sustainability.



## LITE-ON comprehensive employee learning and development strategy blueprint

### Lite-On & NTU College

Courses in the fourth year of the elite program for managers, co-organized by Lite-On and academic institutions, have been completed in 2019. The well designed series enables managers to apply theory more extensively in practice (completion rate at 98% and retention rate at 94%<sup>Note</sup>).



### Core management competencies

For the purpose of strengthening internal personnel training and development, there are mandatory courses for all levels of employees. Employees/Managers nominated for promotion in a year are required to complete this mandatory course before nomination in order to ensure that they possess the necessary core management competencies for their intended positions.

### LITE-ON Lectures

The lectures offer a wide range of topics, covering both professional topics and softer topics. Most speakers are university professors or industry experts. They provide new work or life related knowledge for Lite-On employees.



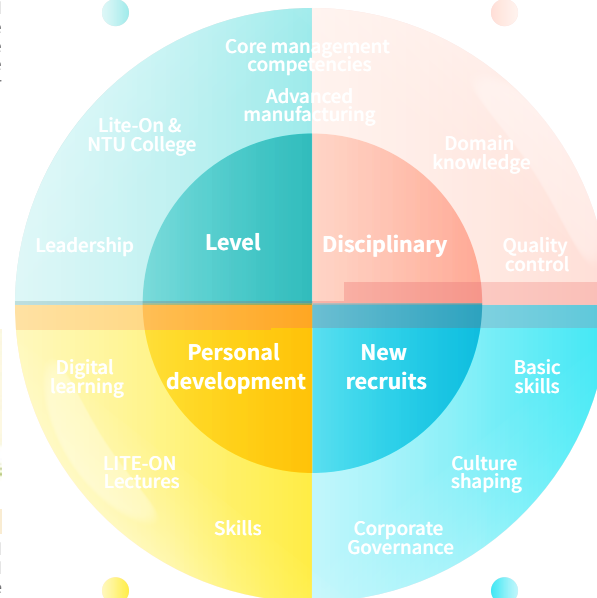
### Digital learning

Diverse learning channels: The program combines external resources such as e-newsletters and CommonWealth Leader Academy courses. It provides a rich variety of micro-learning resources for Lite-On employees. (90,811 people used the service in 2019.)

Developing digital courses: Lite-On works with academic institutions to provide customized and department specific internal learning materials. (18 courses completed in 2019)

### Skills

O365 and Office software courses and English language courses are arranged to improve work efficiency and language skills that help employees increase their soft power. A total of 335 people applied to participate in the English program this year. 151 people (46.0%) progressed to one or more level up.



### Domain knowledge, quality management

To realize its vision and strategy, Lite-On makes specialized courses on professional training, manufacturing, and quality available to employees. In addition to helping employees gain professional skills, the courses are intended to provide a common language between project team members and create a high performance management model.

### Advanced manufacturing

Lite-On promotes planning and construction of advanced manufacturing. The head office makes plans, and guides the business units in transforming process management and manufacturing management by digitization/intelligentization/automation.



### Basic skills, culture shaping, corporate governance

In order to quickly familiarize new employees with Lite-On's corporate culture, in addition to the course on their first day of work, new employees are required to complete orientation training within 1 month. 20 online courses are in place to convey the company's vision, mission, and regulations and help new employees quickly assimilate to the Lite-On organization. (The completion rate for orientation training was 90% in 2019.)

Note: Retention rate: Number of active employees completing the course at the end of 2019/Number of people completing the course.

In 2019, LITE-ON Group employees completed 38,676 training sessions and a total of 1,209,326 training hours. On average each person completed 31.3 training hours.<sup>1</sup> (including 5.3 hours of general compliance training (anti-corruption training))

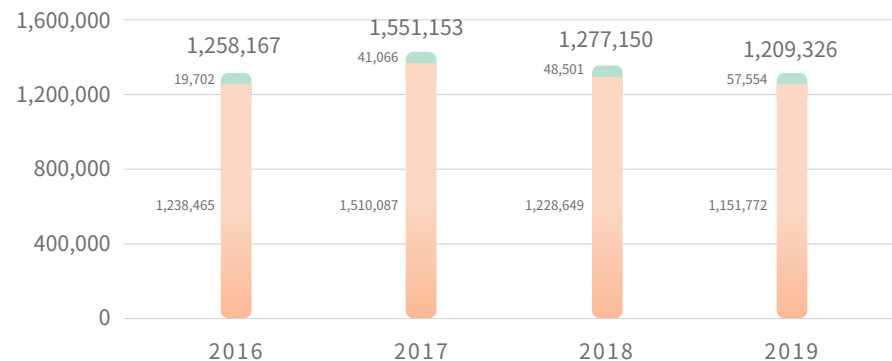
Category	Taiwan		Mainland China		Thailand		Vietnam <sup>2</sup>		Other foreign countries <sup>2</sup>		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Male	26.0	29.5	27.7	32.6	9.5	59.3	3.9	-	59.1	-	27.7	32.8
Female	20.2	22.9	21.6	23.3	6.5	87.3	4.8	-	146.9	-	22.6	29.8
Indirect labor	Executive Management	8.6	13.1	8.0	-	-	-	-	17.7	-	9.4	13.1
	Senior Manager	11.0	19.1	17.3	9.4	-	-	-	3.7	-	10.0	18.4
	Mid-level Manager	19.1	24.6	12.6	14.2	18.5	56.0	-	9.5	-	17.0	22.7
	General Indirect Labor	20.5	25.0	16.2	12.2	26.0	12.5	4.2	14.2	-	17.2	15.1
Direct labor	4.9	2.6	27.1	33.2	4.0	91.7	4.2	-	240.9	-	27.6	46.6
Hours of external courses <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	0.3	0.2
Hours of internal training meetings (WPA) <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	5.5	-
Average training hours	23.8	27.0	25.1	28.7	7.1	81.6	4.2	-	90.3	-	31.3	31.8

Note 1. Average hours: Total training hours in the year/Number of people worldwide at the end of 2019.

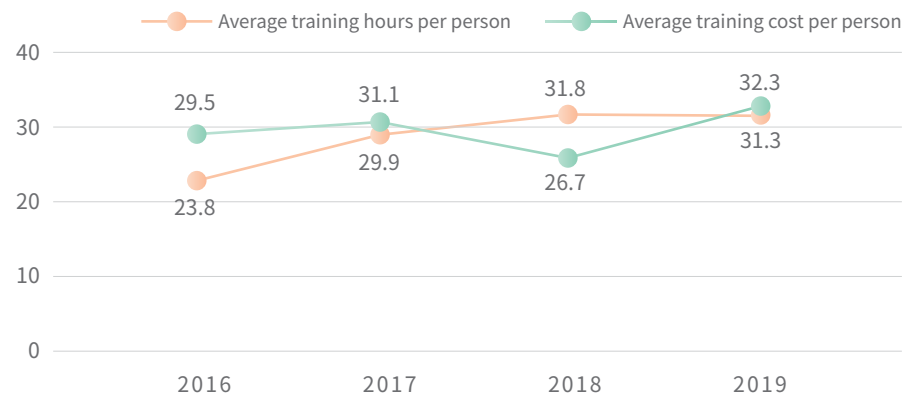
Note 2. Data for Vietnam and other countries are absent for the years prior to 2018, and so only data for 2019 are provided.

Note 3. For hours of external courses and internal meetings, the system is currently unable to separate regions or genders. The WPA system was implemented in 2019, and so the hours of internal training meetings for 2018 were unavailable.

### LITE-ON total training hours (online+offline) 2016-2019



### LITE-ON training hours per person (hours)/cost (NTD100s) 2016-2018



### RBA code of conduct courses in 2019

Location	Number of employees	Total training participation - male	Total training participation - female	Total number of participants	Percentage of total	Total training hours
Taiwan	4,640	2821	1224	4,045	87.2%	1,103
Mainland China	30,285	13,968	8,568	22,536	74.4%	91,850
Thailand	1,957	71	122	193	9.9%	1,578
Vietnam	711	443	268	711	100.0%	356
Others	1,083	132	145	277	25.6%	780
Total	38,676	17,435	10,327	27,762	71.8%	95,666

Note: The courses cover the Responsible Business Alliance (RBA) Code of Conduct, the LITE-ON Human Rights Policy and Ethical Corporate Management Principles, internal audit and control courses, occupational health and safety courses, and energy conservation and carbon reduction campaigns.

### Material Insider Information, Anti-trust and Compliance courses (average 5.3 hr/person) in 2019

Location	Number of employees	Total training participation - male	Total training participation - female	Total number of participants	Percentage of total	Total training hours
Taiwan	4,640	2680	1187	3,867	83.3%	3,710
Mainland China	30,285	13,661	8,806	22,467	74.2%	200,800
Thailand	1,957	-	-	-	0.0%	-
Vietnam	711	443	268	711	100.0%	356
Others	1,083	51	27	78	7.2%	524
Total	38,676	16,835	10,288	27,123	70.1%	205,389

Note: Awareness campaigns: To encourage voluntary participation, in 2020, LITE-ON makes plans for mandatory courses to be held in China, and tries to increase the participation rate by prompting employees and departments that have not completed the courses.

### Overall training performance assessment

Level	Item	2019	2018	2017	2016
L5	Return on training (Net profit (NTD100mn)/Training cost)	74.9	67.2	51.6	81.3
L4	Average contribution per person (Revenue (NTDmn)/Total number of people worldwide)	4.6	5.0	4.1	4.3
	Average contribution per person (Net profit (NTDmn)/Total number of people worldwide)	0.24	0.18	0.16	0.24

Level	Item	2019	2018	2017	2016
L3	Key person retention rate	87.3%	86.8%	93.7%	-. <sup>1</sup>
	Key talent retention rate (NTU elite program for managers)		94%	-. <sup>3</sup>	71%
	Number of voluntary eLearning participants	90,811	74,744	30,208	16,131
L2	Test score	92.2	92.4	91.9	91.6
L1	Overall satisfaction	90.8%	90.6%	90.0%	-. <sup>2</sup>
	Administration satisfaction	91.4%	90.8%	90.2%	-. <sup>2</sup>

Note 1. Data collection started in 2017, and so data for 2016 are not available.

Note 2. Satisfaction data were done on paper in 2016 and electronically processed in 2017 and after, and so data for 2016 are not shown here.

Note 3. Not performed in 2017. The four sets span over 2018 and 2019, and so indicators are shown on a consolidated basis.

### Training results - Advanced manufacturing project - IIOT<sup>1</sup>

Program background: LITE-ON reconstructs quality manufacturing through automation and digital transformation. In 2017, the company started implementing big data and IoT remote monitoring, and installed a large number of smart manufacturing systems. The plan was to proceed in three stages, digital, web-based, and intelligent. The head office would design the overall structure, and the business segments would create paths of complete transformation based on the characteristics of their products. A total of 12 advanced manufacturing and automation training sessions were held in 2019. They were attended by 305 people (excluding 1,200 people who were staff at the venues or lecturers). The sessions strengthened the understanding of smart manufacturing and automation technology.

### Project results are as follows

Category	Indicator	Total in 2019 <sup>1</sup>
L4: Benefit evaluation	Contribution to revenue Reduced material consumption <sup>2</sup>	NTD5.0 billion NTD65.4 million
L3: Behavior evaluation	Increased productivity <sup>3</sup>	NTD16.3 million
L2: Learning evaluation	Understanding of course content (by questionnaire) <sup>4</sup>	89%
L1: Reaction evaluation	Course satisfaction <sup>4</sup>	94%

Note 1: Based on results of projects in two business segments.

Note 2: Material reduction \* Standard costs.

Note 3: Savings in time and manpower with increased productivity.

Note 4: Total average questionnaire scores from all sessions/session.

## 5.4 Protection of Employee Interest



### 5.4.1 Protection of Interests of Employment

To ensure protection of employees' interest, LITE-ON sets up all of the relevant policies in accordance with the regulations and laws:

- **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.

- **Fair performance assessment**

LITE-ON designs performance management with the aim to improve performance of individual employees and the organization as a whole. 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, remuneration, and employee training. If an employee is not competent to perform his or her work, LITE-ON will provide counseling or transfer the employee to a suitable position or affiliated enterprise. If the employee still fails to fulfill the terms of the employer-employee relationship, the company will give the appropriate notice\* and 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.

The minimum notice periods for plants in Taiwan governed by the Labor Standards Act are as follows:

1. Those who have been in employment for three months or more but less than one year should be given a ten-day notice.
2. Those who have been in employment for one year or more but less than three years should be given a twenty-day notice.
3. Those who have been in employment for three years or more should be given a thirty-day notice.

#### LITE-ON's performance appraisal cycle for indirect labor (excluding new hired employee)



#### Training results - Core management competency program

Program background: In the interest of a stronger talent pool and a team working toward the same goal, LITE-ON designs core management competency courses by pay grade and creates a common language for managers to avoid discrepancies in management of the organization. The approach also shortens the time to adapt, improves employees' core management competencies, and makes the organization function more efficiently, thereby achieving the vision of sustainable development.

Course	Overseas management associates (OP Staff)	Core management competencies (low level employees)	Core management competencies (managers and above)	NTU Elite Program
Description	Interdepartmental learning to strengthen application to professional and managerial practices. Working in different departments and getting hands-on experience will prepare future managers and giving them the necessary knowledge and skills.	Making these courses part of the prerequisites for promotion shows the emphasis on management capabilities of low- and mid-level supervisors/managers.		The elite program for key talent co-organized with NTU builds up the management talent pool for the company.
Audience	New recruits	General staff	Deputy manager and above	Key talent (managers)
Number of participants	15 (designated)	2,668	841 (middle managers and above at 31%)	50 (designated) (middle managers and above at 2%)

#### Project results are as follows

Category	Indicator	Overseas management associates (OP Staff)	Core management competencies (low level employees)	Core management competencies (middle managers and above)	NTU Elite Program (key talent)
L4 Benefit evaluation	Contribution Net profit (NTDmn)/Total number of mid-level employees worldwide	-	-	3.4 (NTD million/person), 21% higher than in 2018	
L3 Behavior evaluation	L1 Reaction evaluation	93%	-	86.1%	94%
L2 Learning evaluation	Test/Homework Average score <sup>1</sup>	-	89.2points	96.5points	All submitted
L1 Reaction evaluation	Course satisfaction <sup>2</sup>	-	91%	91%	95%-

Note 1: Total average test scores from all sessions/session.

Note 2: Total average questionnaire scores from all sessions/session.

**Performance review of 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.

**New hire review:**

When a new employee reaches the end of his/her trial period, the manager should conduct an interview and assessment regarding the employee's performance during the trial period. For those who fail to pass the review, the company may terminate the employment contract as permitted by law or, by mutual consent, extend the trial period. The extension should not exceed the original trial period.

## 5.4.2 Salary Assurance

LITE-ON, regardless of where it operates, 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. The highest level of governing body follows Article 20-1 of the LITE-ON Articles of Incorporation and sets remuneration of directors of the company by taking into account of each director's participation in management of the company and contribution as well as the industry standards worldwide. The remuneration policy for managers is established according to the Guidelines for Appointment and Dismissal of Managers and Remuneration. Employees' salaries and compensation are based on 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. LITE-ON regularly has third party consulting firms perform remuneration reviews in order to understand current market standards and trends. LITE-ON devises the remuneration policy based on the following rules:

- 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 1.03 times the minimum wage in Taiwan, 1 time in Mainland China, 1 time in Thailand, and 1.7 time in Vietnam.

- Periodically review salary levels related systems to have better salaries in the market.
- 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.

The gender pay gaps by pay grade are shown in the table below:

Grade	Annual salary		Monthly base salary	
	Male	Female	Male	Female
Department heads (G26 and above)	1	1.10	1	1.10
Managers (G16-G24)	1	0.87	1	0.88
General employees (G14 and below)	1	0.83	1	0.89
Direct labor (DL)	1	1.00	1	0.99
Average	1	0.95	1	0.96

Note 1: The definition of annual salary includes base salary and all allowances and bonuses in the year. (same applies to all table below).

Note 2: Monthly base salary is defined as the salary for December 2019.

Note 3: The data exclude some plants in China that do not have grade data, which are 3% of all data. (same applies to all table below).

The average and median of annual salaries for full-time employees not in a management position are shown in the table below :

Year	2019 (NTD)	2018 (NTD)	Growth
Median	228,692	221,389	3.3%
Average	305,541	303,107	0.8%

Number of full-time non-managerial employees and average benefit (including salary) expense:

Year	2019	2018	Growth
Number of employees	36,588	39,339	-7.0%
Average benefit expense (NTD)	427,944	421,605	1.5%

## 5.4.4 Violation of Labor Standards Act and Other Information

### Top manager and median salary:

Locations	Ratio of highest compensation to the median %	Ratio of salary increase for highest compensation to the median%
Taiwan	8,489%	0%
Mainland China	39,567%	0%
Thailand	46,120%	0%
Vietnam	72,709%	0%
Worldwide	40,361%	0%

Note 1: The average pay ratio of top managers to other employees is 26,045%.

Note 2: Top manager salary is annual salary and based on the company's business performance.

LITE-ON's all operational sites worldwide protect the rights and interest of the employees according to the local laws and regulations. Taking sites in Taiwan as an example, according to regulations in Taiwan, 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.

## 5.4.3 Pension System

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, the pension policy complies with the Labor Standards Act where contributions are made regularly to employees' pension accounts; Employees in China are insured according to local regulations and the company makes full contributions to the pension plans in order to secure a comfortable lifestyle for retired employees. For employees in Thailand, companies establish pension policies and make employees' pension contributions in compliance with local regulations. The human resource department regularly reviews the list of soon-to-be-retiring employees, and will inquire about their plans for retirement and help them make career plans.

In Taiwan, employees' pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme) of the Republic of China. 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 NTD1.05 billion to date, and is fully funded 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.

Date	Site	Unit of labor inspection	Violated article(s)	Fine
2019/7/12	Kaohsiung	Export Processing Zone Administration, Ministry of Economic Affairs	Article 30, Paragraph 6 of the Labor Standards Act	NTD 20,000
2019/7/15	Neihu	Department of Labor, Taipei City Government	Article 30, Paragraph 6 of the Labor Standards Act	NTD 100,000
2019/10/14	Kaohsiung	Export Processing Zone Administration, Ministry of Economic Affairs	Article 30, Paragraph 6 of the Labor Standards Act	NTD 40,000
2019/11/4	Zhonghe	Labor Standards Inspection Office, New Taipei City	Article 30, Paragraph 6 of the Labor Standards Act	NTD 480,000
2019/12/3	Neihu	Department of Labor, Taipei City Government	Article 30, Paragraph 6 of the Labor Standards Act	NTD 300,000
2019/6/19	Guangzhou	Guangzhou Intermediate People's Court	Regulation on Work-Related Injury Insurance (Guangdong)	RMB 355,575.17
2019/7/26	Tianjin	Tianjin Wuqing Employment Dispute Arbitration Committee	Regulation on Work-Related Injury Insurance (Tianjin)	RMB 100,000
2019/8/5	Qingxi	Dongguan Intermediate People's Court	Regulation on Work-Related Injury Insurance (Guangdong)	RMB 398,639.80
2019/8/5	Qingxi	Dongguan Intermediate People's Court	Regulation on Work-Related Injury Insurance (Guangdong)	RMB 267,121.98

Note: Incidents in Taiwan for which a fine of NT\$20,000 or higher is imposed; and incidents overseas for which a fine of US\$10,000 or higher is imposed.

Violation explanations are as follows:

### Article 30, Paragraphs 5 and 6 of the Labor Standards Act

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.

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. For 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.

### Regulation on Work-Related Injury Insurance (Guangdong) and Regulation on Work-Related Injury Insurance (Tianjin):

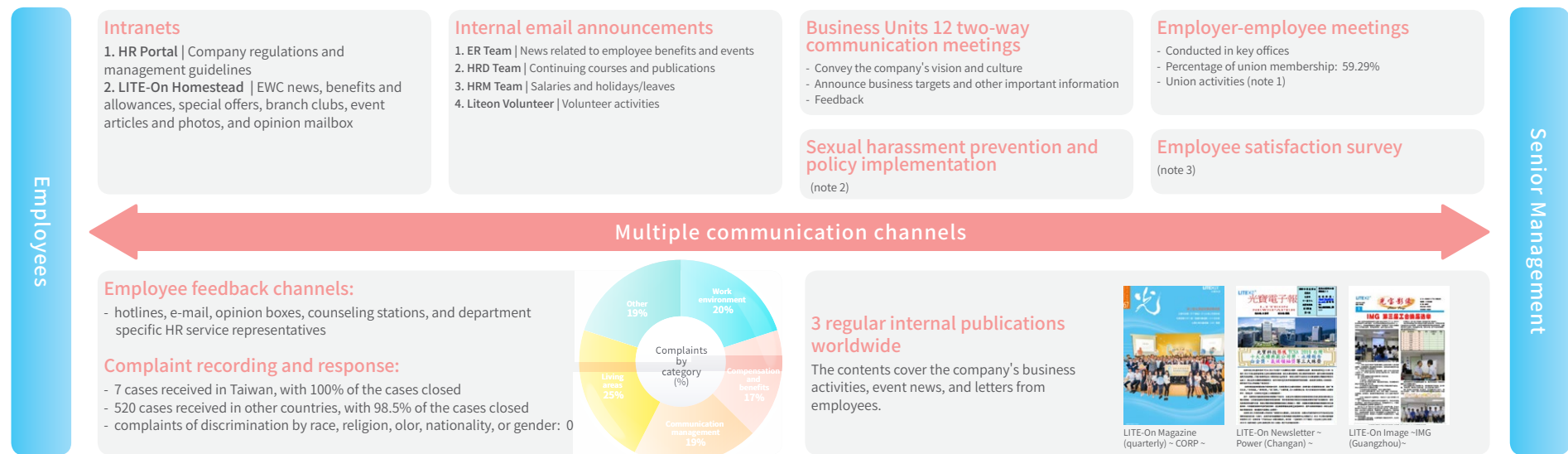
Most violations involved occupational injuries. While the company provided relevant safety measures and training, employees failed to observe the rules at the plants and onsite supervisors failed to supervise and manage the workers. The failure led to injuries to employees. The company has reiterated the importance of wearing protective gear to its employees and the rules to ensure that onsite supervisors check whether the workers wear protective gear. The company has also increased the frequency of physical examination for the employees, and arranged for employees and their direct supervisors to work in shifts in order to reduce the risk of injury.

All information above has been published on the LITE-ON website:

[HTTPS://WWW.LITEON.COM/ZH-TW/JOINUS/490](https://www.liteon.com/zh-tw/joinus/490)

## 5.5 Employee Relations

To facilitate cordial labor management relations, LITE-ON takes an active approach to listening to its employees and making a range of two-way communication channels available. Regular department meetings and a strictly confidential complaint channel form a comprehensive communication platform that ensures instant, transparent, and uninterrupted communication between the company and its employees and protects the rights of each and every employee.



### Note 1: Union activities

Union representatives are elected by employees, and represent the employees in regular engagement with the management. Meanwhile, the unions gather information, call regular meetings, discuss counter measures, and organize union events, such as group travel and employee care programs. The unions also work to protect the rights of employees and maintain a stable employer-employee relationship.

### Note 2: Sexual harassment prevention in workplace

LITE-ON prohibits all kinds of sexual harassment and discrimination within the workplace. The company has established related guidelines and policies, such as the Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment and the Employee Moral Guidelines. LITE-ON has also setup e-mail mailboxes and hotlines. There are strict confidentiality rules in place to protect the complainant's identity. All 4 sexual harassment complaints received in 2019 had been closed. There were no sexual harassment complaints in overseas offices.

Furthermore, to ensure all employees have an understanding of sexual harassment in the workplace and know their rights and how to respond and seek help, the internal training platform, the Learning Center, provides a scenario-based online course, "Say No to Sexual Harassment and Create a Better Workplace" for all employees. In addition, all new hires are required to complete the course. Meanwhile, in China, Thailand, and Vietnam, LITE-ON also uses orientation training to raise

awareness and educate new hires on the company's rules and measures regarding human rights and sexual harassment prevention.

### Note 3: Employee satisfaction survey

LITE-ON conducts all employee satisfaction surveys in the form of an online survey or a dedicated printed survey. The industry and geographic conditions at the overseas plants vary from plant to plant. Therefore, the forms and scheduling of employee satisfaction survey are determined by individual plants. The results are analyzed locally and improvement measures implemented by the plants themselves accordingly. In China, for example, a survey at the Guangzhou Plant can be discussed in three areas and six aspects: 1. Awareness: "Employer's brand appeal" and "workplace and community support" 2. Attitude: "Work satisfaction" and "organizational commitments" 3. Action: "Inclination to resignation" and "work performance" In Thailand, surveys are conducted once every two years. The last employee satisfaction survey took place in 2018. Therefore, a survey will be conducted in 2020. Survey results are sent to the management and the departments to provide a basis for service improvement and other improvements.

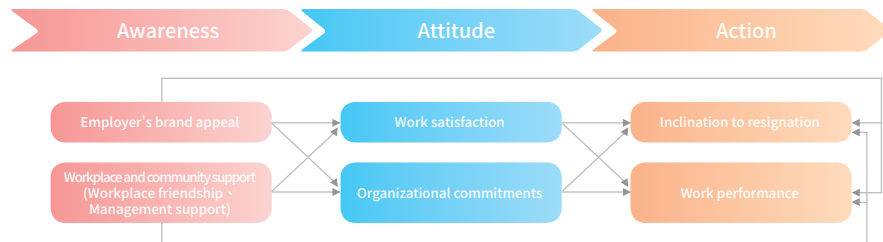
In Taiwan, a survey is a means for the company to gather comments and feedback on a large event from its employees. Results of surveys provide a basis for improvement of events and services.

## 5.6 LOHAS LITE-ON

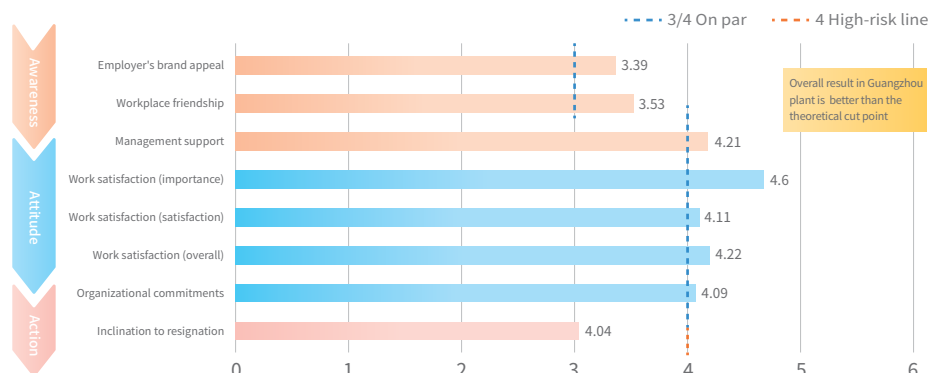
### 2019 LITE-ON Family Day satisfaction survey in Taiwan

Category	Very good	Good	Fair	Subtotal	Poor	Very Poor
Propaganda	44%	42%	13%	99%	1%	0%
Registration	42%	39%	14%	95%	4%	1%
Meals	35%	39%	19%	93%	6%	1%
Stage performance	36%	46%	17%	99%	1%	0%
Breakthrough games	24%	33%	32%	89%	8%	3%
Event gifts	36%	35%	24%	95%	4%	1%
Overall rating	36%	39%	20%	95%	4%	1%

### 2019 satisfaction survey in Guangzhou Sites Guangzhou Plant - Analysis in six aspects



### Performance by aspect in Guangzhou sites



Employees are LITE-ON's best partners on the path to sustainability. LITE-ON continues to build a comprehensive employee welfare system that takes care of the physical and mental health of employees. LITE-ON also strengthens occupational health and safety management at the plants in order to create a "passionate, motivating, innovative, and growing" environment and give employees an enjoyable work experience at LITE-ON. All benefits provided by LITE-ON around the world comply with or are better than the requirements of local regulations. Certain benefits are modified to suit individual plants.

### 5.6.1 Diverse Welfare Systems

#### Employee care and benefits

##### Employee benefits

- Recognition for senior and outstanding employees
- Group insurance
- Hospitalization relief
- Funeral relief
- Holiday gifts (new year/dragon boat festival/midautumn/labor day/birthday gifts)
- Employee group travel
- Wedding allowance (in Taiwan and Mainland China only)
- Childbirth subsidy (in Taiwan and Mainland China only)
- Continuing education subsidy (in Taiwan and Mainland China only)
- Children's education allowance (in Taiwan only)
- Personal travel allowance (in Taiwan only)
- Other statutory employee benefits

##### Employee care

- The company will provide employee support in matters such as occupational injury, traffic accident, and critical illness. The company will assist employees in filing group insurance claims or applying for hospitalization relief.
- There are additional rules in Taiwan to provide an emergency allowance between NT\$30,000 to NT\$100,000 for employees in need.

##### Employee Assistance Programs (EAPs)

To help employees revolve everyday problems, LITE-ON in Taiwan operates a 24-hour toll-free hotline that provides free, professional, and highly confidential counseling service on psychological, management, legal, health, and financial topics.

EAP utilization in 2019	
Status	Employee satisfaction
- 63 people sought advice	98%
- 14 people sought free advice via land line	
- 49 people sought professional advice	

## Recreational clubs and events

A wide range of clubs and activities	Fostering a sporting culture	Organization of large events
<ul style="list-style-type: none"> <li>- To help employees expand their social circles and develop hobbies, LITE-ON encourages its employees to form different clubs, and provides funding and assistance in support of the clubs to attract participation.</li> <li>- 67 clubs were formed in Taiwan in 2019.</li> <li>- All clubs were invited to participate in a presentation event in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>- The company organizes ball games every year to encourage exercising as a habit and sports in the workplace.</li> <li>- LITE-ON received Sports Company Certification by the Sports Administration of the Ministry of Education for the 2nd time in 2018 (competition held once every two years).</li> <li>- LITE-ON co-hosted a Sports Company Certification seminar with the Sports Administration of the Ministry of Education in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>- Company party: to award employees for their hard work</li> <li>- Sports meet: to increase employee loyalty</li> <li>- Family Day: for employees to invite their families</li> <li>- Other regional arts and cultural activities, such as hiking, group dinner, and group travel.</li> </ul>

## Events in Taiwan



LITE-ON Party



LITE-ON Family Day



LITE-ON Dodgeball Tournament



1st Happiness Seminar: Best of National Palace Museum (Neihu)



2nd Happiness Seminar: Smile Taiwan - Back to visit a small town (Hsinchu)



3rd Happiness Seminar: Best of Nature in Taiwan (Kaohsiung)

## Overseas events



G-COM basketball game



Nanjing Plant employee group travel



Brazil Plant company party



1st Empowering women seminar: Self love, together: Understanding emotions and setting emotional boundaries



1st Empowering women seminar: Self love, together: Understanding emotions and setting emotional boundaries (Neihu)



2nd Empowering women seminar: Be the best version of yourself (Zhonghe)

## Seminars in Taiwan

Series	Coverage rate	Overall rating
1. Happiness Seminars: "Best of Taiwan" <ul style="list-style-type: none"> <li>- Best of National Palace Museum</li> <li>- Smile Taiwan - Back to visit a small town</li> <li>- Best of Nature in Taiwan</li> </ul>	100%	91%
2. Empowering women seminars <ul style="list-style-type: none"> <li>- Self love, together: Understanding emotions and setting emotional boundaries</li> <li>- Be the best version of yourself</li> </ul>	100% where targeting Zhonghe and Neihu plants	

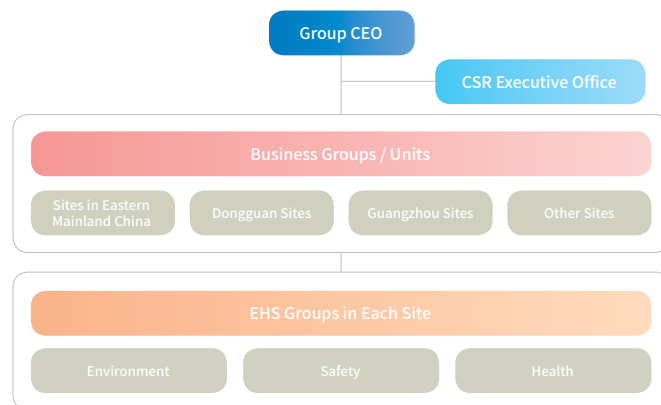
## 5.6.2 Occupational Health and Safety

LITE-ON places an emphasis on its EHS performance management. The company is dedicated to providing safe, comfortable, environmentally friendly, and effective production sites for the benefit of our employees, customers, partners, and the community. EHS management is considered part of the company's competitive advantage, and is hardwired into the corporate DNA. LITE-ON has created an MOE Department. In addition to setting strategic business targets, the department monitors potential impact on the business activities, such as environmental conservation and occupational health and safety issues. Furthermore, the department ensures the EHS targets are met to the satisfaction of the management, and reports regularly to the Group CEO results in areas including overall conditions of plants in the group and occupational health and safety.

LITE-ON establishes the rights and obligations regarding occupational health, safety, and hygiene in employee contracts and health and safety guidelines. LITE-ON also sets two long term goals for health and safety:

1. 10% reduction in the disabling injury frequency rate (FR) per year
2. 10% reduction in the disabling injury severity rate (SR) per year

### LITE-ON's Occupational Safety and Health Organization



### Occupational safety and health management system

To protect workers' safety in the workplace, LITE-ON, in addition to implementing the Occupational Safety and Health Management Policy, have top plant managers at all production sites install EHS organizations and occupational safety and health management committees. The company also put occupational safety and health officers in place to be responsible for promoting and obtaining ISO 45001, OHSAS 18001 or other international certification. The goal is to reduce occupational hazards by ensuring all work plans are carried out effectively and improvements made through the management cycle.

Occupational safety and health management has become an important part of LITE-ON's values of "customer satisfaction," "execution," "innovation," and "integrity." The company pays particular attention to stakeholders' needs, and through management efforts, a workplace is built that is as safe and healthy as it is comfortable.

### Hazard identification, risk assessment and incident investigation

LITE-ON believes a safe and healthy work environment is important, and adopts the principle of early prevention, zero accident and zero hazard. The scope covers routine operations in the company as well as other personnel (contractors and visitors) conducting their activities in LITE-ON's facilities. Management representatives are put in charge of reviewing the approval processes for hazard identification and risk assessment. EHS and unit heads at the plants will perform the necessary tasks after they are confirmed.

The plants hold regular health and safety meetings. Internal/External audits are conducted to examine the adequacy of hazard identification and risk assessment. The plants discuss and revise the processes as needed. All plants comply with the requirements of local regulations and ISO 45001 standards. The plants perform risk assessments to achieve the vision and target of zero accident and zero hazard.

Orientation training informs new employees of their duties regarding health and safety, and emphasizes the importance of protecting themselves. In accordance with the guidelines for "potential imminent danger" under Article 18 of the Occupational Safety and Health Act and Article 25 of the Enforcement Rules of the Occupational Safety and Health Act, the company informs all employees that they should report any imminent danger encountered at work and proceed directly to withdraw to a safe location. Any employee who discovers any safety issue at work may report it immediately to a plant administrator, nurse, or occupational health and safety officer. There was no record of any personnel disciplined for safety issues reported in 2019.

### Occupational health services

LITE-ON provides pre-employment checkups for new hires as well as regular physical examinations for active employees. LITE-ON has installed nurses and emergency care staff in all plants to ensure necessary measures are taken in case of emergency. LITE-ON hires trained doctors to be stationed in the plants/sites and professional medical assistance for its employees. In addition, information on the health services, medical assistance and occupational illness prevention provided by the company is given as part of orientation training for new hires.



### Employee health examinations

- Regular employee health examinations at all plants worldwide
- Additional check items for operators in certain positions
- Health examinations in Taiwan plants
  - Once every year
  - After the examinations, employees will be divided into three classes, low, medium, and high risk, depending on the degree of deviation from the standard values, for followup and support measures to be taken accordingly.



### Health centers in Taiwan plants

- Equipped with first aid kits and equipment
- Breastfeeding facilities
- Onsite nurses
- Monthly health advisory services provided by trained doctors



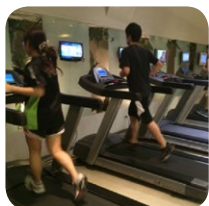
### Emergency medical service

- Equipped with emergency equipment
- Nurses and first aid staff in place
- to provide necessary medical assistance in case of emergency



### Health campaigns

- Seminars on preventing common illnesses hosted by nurses:
  - prevention of cardiovascular diseases
  - obesity
  - Food safety and other health issues



### Fitness center

#### China plants

- Facilities for sports such as table tennis, snooker, and basketball

#### Taiwan plants

- Weight training equipment and other exercise equipment
- Instructions from professional trainers and regular exercise courses (e.g. aerobicing and pilates)

### "Health and Charity" campaign for the weight loss class

LITE-ON works with medical institutions in Taiwan every year to invite employees whose BMI exceeds the normal range to enroll in weight loss competitions. These competitions help employees lose weight in a healthy way through "change of diet" and "healthy exercise". Meanwhile, LITE-ON adds a charitable element by basing its donations on weight loss results. The donations are made to fund care for disadvantaged children and those living in remote areas.

#### Results in 2019

No. of participants: 72  
Total weight lost: 244 kg

Charitable donations: NTD500,000 in total  
(to Shuangxi Elementary School, Jinhe Elementary School, Pingdeng Elementary School, and Hope Center)

Employees who lost 3% or more of body weight: 68%

### Worker participation, counseling and communication in occupational health and safety

Most LITE-ON's production sites are located in Taiwan, China and Thailand. The laws in Taiwan require companies have an occupational health and safety committee in place to oversee and coordinate occupational health and safety related matters. Regular meetings are held to discuss health and safety issues, including health and safety management, education and training programs, health management, prevention of occupational diseases and health facilitation, automated examination and health and safety audits, machines, equipment or raw materials, prevention of material hazards, and occupational accident investigation reports. Though no such requirement exists in China or Thailand, LITE-ON has nevertheless created similar organizations to involve employees in the company's occupational health and safety practices. Below is a summary of workers' participation in health and safety organizations throughout LITE-ON's global locations, and the key issues discussed in 2019.

	Taiwan	Mainland China	Thailand
Percentage of employee representatives on the occupational health and safety committee %	41%	Not applicable	54%
Key issues discussed	1. Occupational health and safety training 2. Health examination and management 3. Hazard prevention measures	- Machinery safety and protective measures - Chemical safety measures - Fire safety and drills	- Occupational health and safety training - Legal compliance - Safety review
Notes	The committee has 49 members; 20 of whom are employee representatives.	Although no committee has been established, employee representatives are able to get involved in occupational health and safety affairs through employee feedback channels.	The committee has 11 members; 6 of whom are employee representatives.

### Worker training in occupational health and safety

LITE-ON follows the rules and relevant requirements regarding occupational health and safety training and provides such training to new employees. The company regularly holds health and safety training classes, including classes on electrical safety, the use and management of hazardous chemicals, and first aid. For fire prevention and safety, the company conducts regular fire drills to raise employee awareness of basic fire prevention. All education and training provided by the company is conducted during work hours. Employees will not be penalized by pay reduction or deduction or leave deduction for participating in such training.



CPR & AED training

Miscellaneous workers who are not employees will be given health and safety training through a pre-entry hazard disclosure, work safety analysis and safety reminders. Safety supervision during active operations and health and safety information given from time to time help other miscellaneous workers pay more attention to the health and safety culture.

### Worker health promotion

LITE-ON values a culture of health. The company sends health e-Newsletters from time to time to deliver messages on different topics in order to urge employees to pay attention to their own health. In addition, the company uses articles in the quarterly LITE-ON Magazine to promote health and safety and prevent hazards as needed. LITE-ON sets up well equipped fitness centers and libraries for employees as part of a healthy and comfortable work environment. Spacious and comfortable cafeterias not only save employees the trouble of eating out, but allow the company to safeguard food safety for its employees. Friendly onsite services available in the plants include travel agencies and cafes.



For miscellaneous workers who are not employees, LITE-ON provides access to office cafeterias and cafes and to necessary onsite medical services. Health information is provided as needed during operation to urge miscellaneous workers to pay more attention to their own health.

### Prevention and mitigation of direct impact of occupational health and safety issues on business activities

For miscellaneous workers who are not LITE-ON employees, LITE-ON complies with regulatory requirements and implements the necessary management measures to ensure contractors have a safe and healthy workplace in the company. Where safety regulations are included in the contracts, contractors will be given health and safety management and training such as hazard disclosures and safety supervision. Safety inspection is conducted as needed. Errors will be conveyed to contractors or responsible departments for safety improvements to be made.



Contractor machine and equipment inspection

### Workers covered by occupational safety and health management system

Workers covered by LITE-ON Occupational Safety and Health Management System are the following:

1. Workers: individuals who are employed to perform work and receive wages.
2. Miscellaneous workers who are not employees: individuals who are not workers above but perform work at the direction or supervision of persons in charge in the workplace, such as workers who are not employed by the departments but perform work in the workplace or perform work for the purpose of learning skills or undergo professional training. Contract workers and personnel of similar nature fall into this category. When LITE-ON hires external suppliers to provide "equipment repair", "catering", "cleaning", and "security" services, the personnel do not perform work at the direction or supervision of persons in charge of LITE-ON's facilities. Therefore, they are not counted in "miscellaneous workers who are not employees".

To ensure the health and safety of miscellaneous workers who are not employees, LITE-ON provides the necessary health and safety training and medical assistance as well as access to the shared facilities. LITE-ON hires specialized vendors to perform specialized and high risk operations, and requires these vendors adhere to local occupational health and safety regulations and LITE-ON's health and safety measures.

### Number of miscellaneous workers who are not employees in 2019

Region	No. of employees	Percentage of employees	Number of miscellaneous workers who are not employees	Percentage of miscellaneous workers
Taiwan	4,640	99.76%	11	0.24%
Mainland China	30,285	94.13%	1,889	5.87%
Thailand	1,957	100%	0	0%

### Work hours in 2019

	Taiwan		Mainland China		Thailand		Total
	Employees	Other Employees	Other Employees	Other Employees	Other	Other	
Work hours (hrs)	7,872,717	21,373	89,574,376	5,238,928	445,205	0	103,243,535

### Occupational injury and illness

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

In accordance with EHS regulations and management systems, LITE-ON tracks statistics on occupational injuries as follows:

- The frequency of disabling injuries worldwide in 2019 (0.68) is down by 21.8% compared to 2018 (0.87).
- The severity of disabling injuries worldwide in 2019 (17) is down by 30.7% compared to 2018 (13). The results are attributed to a higher SR (up from 14 to 19) for production sites in Mainland China due to an increased number of days with a loss incident. For example, a worker who fell at the Tianjin Plant had a torn ligament and stayed home for 123 days in total. LITE-ON will continue to observe the root causes of injuries and prevent recurrences through improvements and preventive measures, improved procedures, training, raising workers' awareness, and eliminating of behaviors and workplace arrangements that are unsafe to workers.

### Occupational injury statistics

Region	Year	Taiwan		Mainland China		Thailand		Total
		Employees	Other	Employees	Other	Employees	Other	
Disabling Injury Frequency Rate (FR)	2017 <sup>1</sup>	0.11	0	0.91	0	11.48	0	0.88
	2018 <sup>1</sup>	0.35	0	0.97	0.12	3.95	0	0.87
	2019	0.63	0	0.73	0	0	0	0.68
Disabling Injury Severity Rate (SR)	2017 <sup>1</sup>	0	0	12	0	113	0	11
	2018 <sup>1</sup>	8	0	14	0	43	0	13
	2019	13	0	19	0	0	0	17
Occupational disease rate	2019	0	0	0	0	0	0	0
Occupational deaths (person)	2019	0	0	0	0	0	0	0

Formula:

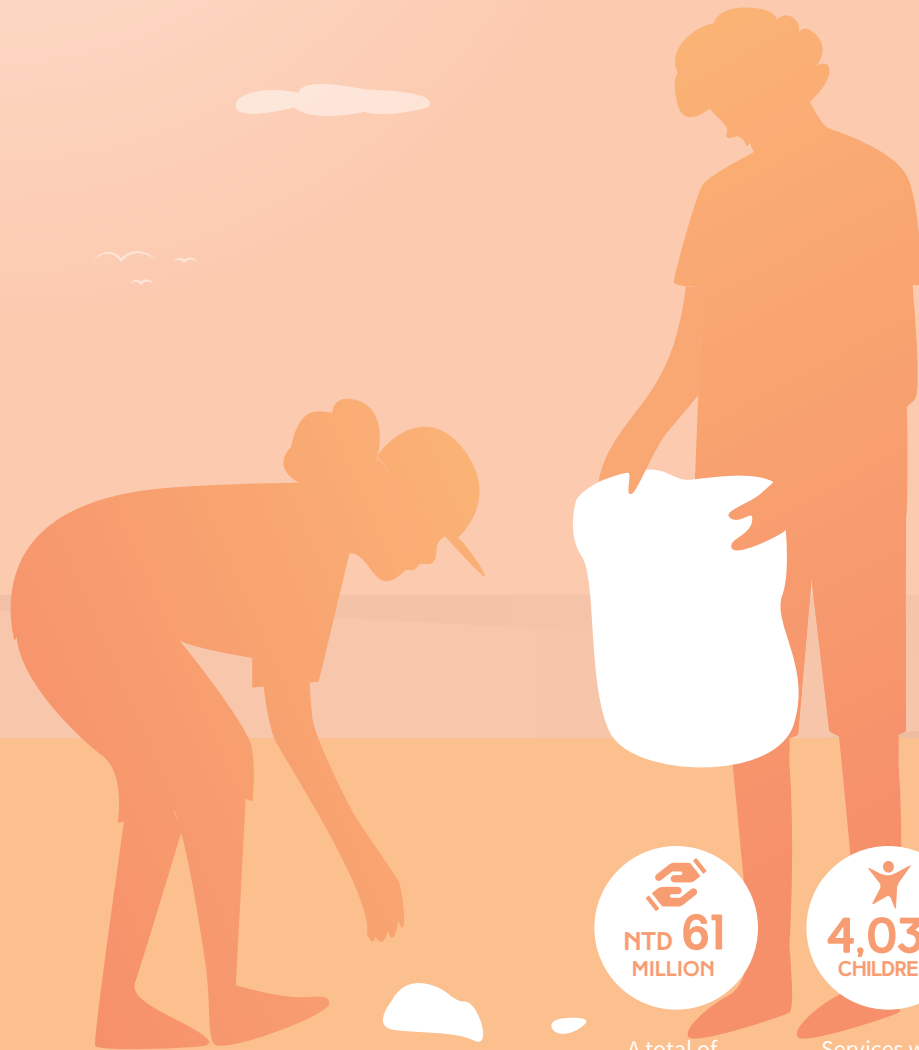
1. Disabling injury frequency rate (FR) = Number of disabling injuries × 1,000,000 / Total work hours elapsed [per million work hours]
2. Disabling injury severity rate (SR) = Total work days lost × 1,000,000 / Total work hours elapsed [per million work hours]
3. Occupational disease rate = Number of workers contracting occupational diseases × 1,000,000 / Total work hours elapsed [per million work hours]

Note 1: FRs and SRs for 2017 and 2018 had been recomputed. The original work hours were estimates (number of people × work hours per day × number of work days). The data were corrected to be based on actual work hours.

# 6 LITE-ON and Society

Practicing social inclusion and extending social impact

Building a society full of Multi-culture, Education, Creativity, Environmental Sustainability



A total of  
NTD60.9 million  
expended in  
social inclusion



Services were  
provided to 4,032  
disadvantaged  
schoolchildren



The Xinyi  
Community  
College was ranked  
Excellence by  
Department of  
Education, Taipei City  
Government



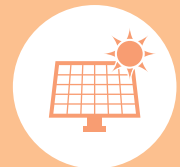
A total of 101  
internship jobs  
offered to  
college students



A total of 1,142  
works participated  
in competition  
for LITE-ON Award



16 themed beach  
cleanups that  
cleared away  
10,460 kg  
marine waste



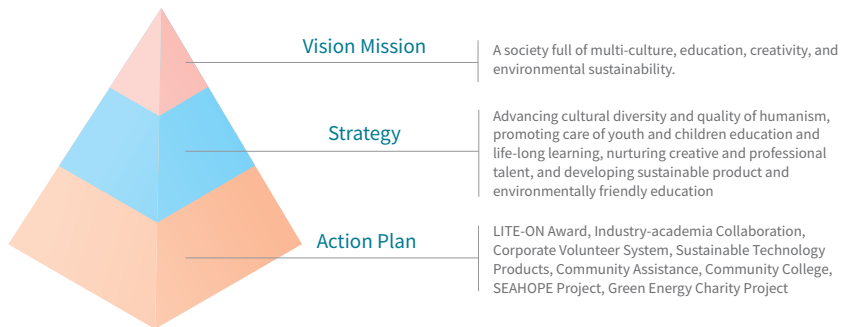
Assisted the Julin  
Nursing Private  
Institution in Jiaoxi,  
Yilan in installing  
a rooftop solar  
power system

## 6.1 Social Inclusion Policy



A multicultural, caring, creative, and sustainable society is set as LITE-ON's vision of social inclusion. LITE-ON has long committed to social inclusion with the goal of "giving back what is taken from society," especially given escalating problems in society. These problems include new immigrant involving into the 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 society full of multi-culture, education, creativity, and environmental sustainability. 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 artificial intelligence of things (AIoT)
- Building the LITE-ON Volunteer System in four areas: community service, talent development, environmental sustainability, and charity & sponsorship
- Development of recycling and reuse of marine waste, initiatives for sustainable use of marine resources, marine environmental education and ecosystem conservation activities
- Helping minority groups and social welfare organizations through innovative social design and green energy charity projects



### 2019 Results

	2019 Targets	Progress
LITE-ON Award	Promoting sustainable training in technology innovation: More than 2,000 contestants with more than 1,000 submissions	A total of 2,282 contestants with 1,142 entries
	Raising awareness and participation of training in technology innovation: One or more partners	2 suppliers
Internship platform	Offering more than 100 college internships	101
Marine conservation activities	12 themed beach cleanups that cleared away 10,000 kg marine waste	16 events in total Cleared away 10,460 kg
	3 or more marine environmental education seminars; 500 or more participants	4 sessions with 935 participants in total
Green energy charity	Helping 1 or more minority group or social welfare organization alleviate the burden of power consumption every year	Assisted the Julin Nursing Private Institution in Jiaoxi, Yilan in installing a rooftop solar power system
Community assistance	3,500 or more disadvantaged schoolchildren received small group and one-on-one volunteer counseling services	4,032 in total
Xinyi Community College	Offered 300 courses and received 7,000 or more students	396 courses and 7,442 participants
	Consistently named an excellent community college by the Education Department every year	Excellent

### Future strategies and goals

Future goals	Completion
Xinyi Community College to be consistently named an excellent community college by the Education Department every year	Ongoing
Continued offering of more than 100 college internships	Ongoing
LITE-ON Award promotes sustainable training in technology innovation on an ongoing basis More than 2,000 contestants with more than 1,000 submissions	Ongoing
8 themed beach cleanups that cleared away 5,000 kg marine waste	2020
Helping 1 or more minority group or social welfare organization alleviate the burden of power consumption every year	2020

### 2019 LITE-ON's social involvement expenses

Item	NTD million
Charity expenses and donations <sup>1</sup>	20.68
Education campaign	40.24
Total	60.93

Note : The expenditure calculation of LITE-ON Cultural Foundation just includes the donation provided from the company.

## 6.2 2019 LITE-ON Award: Working with suppliers in support of advanced technology innovation and application



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 and encourage young innovators and industrial designers to make market value and entrepreneurship feasibility two essential factors in their assessments and to develop technologies or techniques in the areas of optoelectronic, eco-friendly and intelligent technologies. For 19 years, the award has attracted Chinese-speaking industrial designers and tech innovators from more than 20 countries to participate in capturing the industry's latest visions and trends. The 2019 LITE-ON Award received more than 1,140 entries from around the world.

WWW.LITEONAWARD.COM



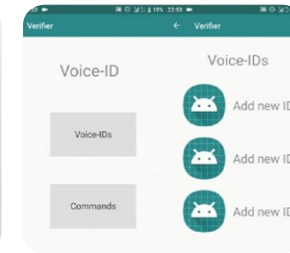
### 2019 Results

Strategy	Targets	Results
1 Promoting sustainable training in technology innovation	<ul style="list-style-type: none"> <li>More than 2,000 contestants</li> <li>More than 1,000 entries</li> <li>More than 1,000 people attended campus innovation seminars</li> <li>1 innovative startup team recommended</li> </ul>	<ul style="list-style-type: none"> <li>2,282 contestants this year; 1,142 entries</li> <li>17 Taiwan Campus Innovation Seminars and 1,014 attendees</li> <li>The Gold Award winner has created a company and started raising funds</li> </ul>
2 Raising awareness and participation of training in technology innovation	<ul style="list-style-type: none"> <li>Partners: More than one</li> <li>Partner participation in innovation seminars at 50% or higher</li> <li>Number of attendees in international forums: 250 or more</li> </ul>	<ul style="list-style-type: none"> <li>2 supply chain partner participates in joint promotion of technology innovation</li> <li>Partners in joint promotion to participate in 50% or more of campus innovation seminars</li> <li>The LITE-ON Award Forum is open to the public. The number of attendees reached 221.</li> <li>Live streaming had 15,000 views</li> </ul>

### 《Technological Innovation Category》



Intelligent Gas Sensor Array for Breath Disease Detection



Voice ID



Novel Hearing Aid Solution



Paper-Based C-Reactive Protein Device with Mobile Phone Software



Food Polygraph



Novel Capillary Nanoporous and Bonding of Heat Pipe Thermal Conductivity System



Portable and Wireless Urine Detection System and Platform for Prevention and Monitoring of Chronic Kidney Disease



Optical Wireless Information and Power Transfer System by Fiber-Based Resonant Beam



Smart Guide



Novel Low Temperature Flexible Circuit Manufacturing in a Flash

## 2020 Targets

Strategy	Goals
1 Promotion of sustainable training in technology innovation on an ongoing basis	<ul style="list-style-type: none"> <li>More than 1,600 contestants</li> <li>More than 800 entries</li> <li>More than 800 people attended campus innovation seminars</li> <li>Expand the scope of training in technology innovation in at least one field of study</li> </ul>
2 Raising awareness and participation of training in technology innovation on an ongoing basis	<ul style="list-style-type: none"> <li>Partners: More than one</li> <li>Partner participation in innovation seminars at 50% or higher</li> <li>Number of attendees in international forums: 200 or more</li> <li>Live streaming participation: 5,000 or more</li> </ul>

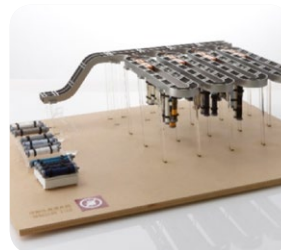
## 19<sup>th</sup> LITE-ON Award encouraged the spirit of "I'm Possible"

LITE-ON teamed up with other companies on the supply chain, including Merck Taiwan and Infineon Technologies, to support innovation in digital health, smart living, and other areas of application. The Gold Award in the Technical Innovation category went to the "C-reactive protein basic tester to be used with mobile identification app" developed by a team from National Tsing Hua University. The Gold Award in the Design Innovation category went to the "RESEW'S: Sustainable Textile Bank" developed by a team from the Ming Chi University of Technology. The two teams won NT\$400,000 each in prize money. Entries to the LITE-ON Award this year mostly included digital healthcare, smart living, and smart city applications. The solutions addressed existing issues in modern life and they embraced the spirit of "I'm Possible and Anything is Possible" of the contest to help power human advancement.

## The LITE-ON Award Forum explored the most avant-garde field in design innovation - "experience design"

Each year, LITE-ON Award invites world class design masters from around the world to be judges and LITE-ON Award Forum speakers. This year, it invited guests to speak on the topic "Experience Design: Creating the future of technology together". Speakers included Dr. Sheng-Ying Pao of MIT, Executive Creative Director Chi Huang Lu of Frog Design, and Principal Designer Moni Wolf of Microsoft Research. The speakers spoke on the endless possibilities in "Technology x Experience Design" to a packed house. The event provided a venue for design lovers in the country to learn more about the latest international trends.

## 《Design Innovation Category》



RESEW'S Fabric Sustainable Banking



HANDLE



WEICHU-Diabetic Foot Home Lower Limb Care Products



Anti-Sedentary Cushion



Aircure



Rip Current Alarm



Smart Hand Care Device - Handicare



Kid's Asthma Defense



Worker Space



GET SET

## 6.3 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 offers them opportunities of developing their skills and experiencing the dynamics of the workplace through internships or scholarships. These programs give the company a chance to meet potential employees at the same time and explore suitable talent. In addition, schools are provided with access to human resource gaps between industry and academia and may adjust their curriculum accordingly. Therefore, it is an all-win situation among general society, schools, corporations, and students.

LITE-ON makes plans for internships and advertises internship opportunities every year. Opportunities include general summer internships, overseas summer internships, and semester internships as well as industry-academia collaboration programs. LITE-ON assigns advisors to individual students to advise on project reports or internship performance contents in order to enhance learning results. Interns receive a salary and the same benefits and training as those for full-time employees. Club activities are also open to interns. To help students in the overseas summer internship program dedicate themselves to their studies, LITE-ON provides additional travel allowances and accommodation arrangements. Students with outstanding performance during their internship will be offered priority in applying for positions in the company. Some students have returned to LITE-ON and been doing excellent work in the company.

### 2019 Results:

Internship type	General summer internship	Overseas summer internship	Semester internship/technology development program	Industry-academia collaboration	LITE-ON Cultural Foundation internship	Total
Number of interns	20	30	16	27	8	101

### Students' end-of-program parting words to LITE-ON

- I would like to thank LITE-ON for spending its resources on internships abroad for university students. They give us a chance to meet different people and grow in the process. Although our project might not have been practical, I feel it is more important to have come to know ourselves better.   
-Shijie XXX-Hsiang Yang
- I am glad of the opportunity LITE-ON gave me so I could achieve my goal and become a better person. I also met many people in the company. LITE-ON is a great place that I have come to love.   
-Guangzhou XXX-Qian Shi
- I have learned a lot thanks to LITE-ON. My horizon is broadened. This was an opportunity that allowed me to see the real workplace and learn not to repeat mistakes. The experience is very helpful in making plans for the future. Thank you all.   
-Guangzhou XXX-Min Chen
- I think LITE-ON is a rather good company. Thanks to this internship, I took my first trip to China and learn a lot about the workplace as well as the culture. Now I can see the world is a big place and I can't wait to set out and explore.   
-Guangzhou XXX-Wen Lai
- I was quite lucky to have come to LITE-ON. From the CCP program at the beginning to this internship, I am very grateful to LITE-ON for giving me the opportunity to grow. I hope I would be able to come back and work for the company in the future.   
-Qingxi XXX-Xiang Deng
- Thank you, LITE-ON, for giving me this chance to join this big family. People here help each other and watch out for each other. Everyone I met was very kind to me. I am very grateful for this opportunity.   
-Changzhou XXX-Yun Chen
- I would like to thank LITE-ON for offering such a great internship program. It demands more than contribution to the company but real knowledge and experience for us too. Every detail is designed to encourage us to learn and grow. I have never seen a company make so much effort for students like LITE-ON!   
-Changzhou XXX-Chen Zheng
- I feel LITE-ON is unlike other companies that treat interns basically as low pay temps. Everyone is treated as valued individuals at LITE-ON. I am honored to have had the opportunity of working here.   
-Changzhou XXX-Han Tang
- Thank you, LITE-ON, for this summer internship. It gave me the chance of learning the difference between textbooks and the industry in a very short time. It is like what my supervisor here said, it didn't matter how much you learned this summer or what kind of a report you wrote, what mattered was the experience you would take away with you. That's right. No hard work is done in vain.   
-Tianjin XXX-Qing Huang



Day 1 - Training in Neihu and preparing for departure



End of semester result presentation



Advice and encouragement from expert judges



Group photo with previous internship winners and judges for a perfect ending

## 6.4 Green Energy Charity



Developing affordable, sustainable, and modern energy is one of the UN SDGs. In today's world where all resources are interconnected, a corporate citizen's need for growth can be combined with social engagement to create multiplied synergy. It is the goal for which Lite-On continues to challenge itself and strive on the path to sustainability. The green energy charity project launched by Lite-On in 2019 was one of the new milestones.

Lite-On and Sunnyfounder, a social enterprise, worked on the Yilan Julin Nursing Private Institution Green Energy Charity Project by combining an environmental protection marathon, green energy and carbon reduction, and social assistance. Lite-On, through resource integration, was first to support the "Plogging Taiwan". The jogging group started a global online campaign that called for "picking up 10,000 cigarette butts and running for solar power". Lite-On supported environmental protection and a plastics reduction initiative by encouraging a private enterprise. Results of the activities were turned into millions in donations. Together with the subsidy from the Sunlight Green Charity Program by Yilan County, the donations funded the rooftop solar power system at the Yilan Julin Nursing Private Institution. The installation was carried out by Sunnyfounder, a social enterprise. The project is operated as a charity that assists social welfare organizations in reducing electricity bills. It not only plays a role of supporting renewable energy development and social enterprises in Taiwan, but also boosts synergies through social engagement. Lite-On works hard to ensure the entire operation contributes to social, environmental and economic development.

The 44.835 kWp rooftop solar power system installed at the Yilan Julin Nursing Private Institution is expected to generate 35,000 kWh per year after completion and allow the institution to save 10% of its electricity expenses. The system is expected to reduce carbon emissions by 370 tons CO<sub>2</sub>e in total for the planet.

The Julin Nursing Private Institution will be able to receive additional income from trading renewable energy with Taiwan Renewable Energy Certification (T-REC) in the future. The additional income will ease the persistent funding shortage at the institution and support a better lifestyle for the disadvantaged elderly residents.



## 6.5 LITE-ON Volunteers



### SEAHOPE Project

A total of 8 million tons of plastic waste enter the ocean worldwide every year. There will be more plastic than fish in the ocean by 2050. The UN has named plastic waste a global crisis second only to climate change. LITE-ON is rooted in the island of Taiwan. Situated on the world's largest convergent boundary between land and sea, LITE-ON follows responsible production as a corporate citizen committed to plastic reduction and marine conservation. LITE-ON has been placing a greater emphasis on environmental sustainability to which the company has made a long term commitment. In support of the UN SDG 14, LITE-ON created the SEAHOPE project and launched a series of marine conservation themed activities as the company's response to marine environment issues arising from the modern production and consumption patterns.

To raise awareness of ocean conservation and pollution, LITE-ON volunteers organize beach cleanups, marathons and other charity events in support of ocean initiatives. LITE-ON held 16 events in 2019. The events together connected 60 external parties and gathered 2,148 volunteers who provided a total of 6,360 hours of service. The beach cleanups in New Taipei City, Keelung, Hsinchu, Tainan, Taichung, Kaohsiung, and Kinmen cleared away 10,640 kg marine waste in total. 4 marine conservation seminars were held in addition. Attended by 935 people, these seminars conveyed ideas and initiatives on marine conservation. Going forward, the LITE-ON Sea Hope Day project will visit different places and continue to follow issues such as marine waste, marine conservation, and sustainable use of ocean resources.



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## 6.6 LITE-ON Cultural Foundation

The LITE-ON Cultural Foundation was founded in 1993 and initially funded by private donations from founders of three affiliated companies. Its main task is to promote "Community Assistance" and "Xinyi Community College."

### Vision

The LITE-ON Cultural Foundation was established for the purpose of nurturing cultural character, supporting children's growth, caring for corporate culture, and promoting charitable works. As part of its corporate social responsibility, LITE-ON endeavors to facilitate upward sustainable development in these four aspects in society.

**LITE-ON Cultural Foundation website**

WWW.LITEONCF.ORG.TW



### 6.6.1 Community Assistance and Holistic Services



#### Commitments

Community assistance proceeds along a specific path: family-school-community. Volunteers are encouraged to get involved and "spread love in the community" by assisting school teachers in reaching out to high risk children who need extra attention and their families and helping children develop self confidence in a healthy environment.

### Activities of LITE-ON Volunteers in Taiwan



Community service -  
LITE-ON Jianle Cup Basketball  
Tournament



Community service -  
Angel Garden Activity



Talent Development -  
New Taipei City Shuangxi after-  
school English tuition



Talent Development -  
New Taipei City Jinhe after-school  
English tuition



Charity & sponsorship -  
Sea Hope



Charity & sponsorship -  
LITE-ON natural tour guiding  
activities

### Activities of LITE-ON Volunteers overseas



Community service -  
Care visit to Yiyang senior citizen  
home from volunteers from the  
Beihai Plant



Environmental -  
Port of Panyu cleanup campaign  
by the Guangzhou Plant



Charity & sponsorship-  
Huadong Operations Center 15th  
blood drive

Details on LITE-ON volunteer activities are available on the company website:  
[HTTPS://WWW.LITEON.COM/ZH-TW/GLOBALCITIZENSHIP/504](https://www.liteon.com/zh-tw/globalcitizenship/504)

## 2019 Result

Strategy	Targets for 2019	Actions in 2019	Progress
Nurturing cultural character	· Community volunteer empowerment	· Trained close to 480 community volunteers and helping disadvantaged students and families on an ongoing basis	· 9,482 people from 24 schools in total participated in community volunteering training.
	· Strategic alliances	· LITE-ON Happiness Seminars · Internship platform for universities and colleges · Community project design for the Education Department of New Taipei City	· 6 sessions attended by a total of 578 participants · 8 interns from 3 universities and colleges · 3,249 participants from 20 institutions
Supporting children's growth	· Small group and one-on-one volunteer counseling services for disadvantaged schoolchildren	· Scope of service: small group counseling, one-on-one counseling, other (varying by school as needed, including life education, sex education, remedial education, respite care for special education students, food education, and plastic reduction at the source)	· Services were provided to 4,032 disadvantaged schoolchildren.
	· On-campus counseling and mental health education	· Delivered mental health education through morning sessions and story time.	· Close to 83,000 participants received services.
	· Charity donations	· Continued to promote Community Assistance Scholarships.	· 75 students benefited from this program in 2019.
Caring for corporate culture	· Happy family enterprise	· Camps for children of employees continued at the Neihu headquarters, Zhonghe plant, and Hsinchu plant.	· A total of 77 participants signed up in Neihu (27), Zhonghe (22) and Hsinchu (28).
Promoting charitable works	· 2019 Smile Taiwan creative education plan contest: LITE-ON marine conservation workshop	· The workshop was held in the LITE-ON Building for school teachers and trainee instructors on June 18, 2019.	· 34 people participated in the event.
	· Cosponsorship for Grandparents Day event at the New Taipei City Family Education Center	· Cosponsorship for Grandparents Day booth at the New Taipei City Family Education Center on August 25, 2019.	· Approximately 1,000 people attended.
	· "Oh ocean! My home" exhibit	· LITE-ON and National Taiwan Science Education Center held the "Oh ocean! My home" exhibit at the LITE-ON Building and four elementary schools in New Taipei City between July 8 and December 27, 2019. The exhibit was designed to convey the ideas of marine conservation and plastic reduction to schools and families.	· Approximately 5,645 people attended.

## Highlights of 2019

### "Stories of EQ and SQ" community volunteer empowerment training

15 enhancement lessons attended by 4,696 from 24 schools attended in the first semester and 4,786 from 24 schools in the second semester.



Getting to know one's attitude and approach to parenting through self discovery and learning to effectively build a positive parent-child relationship and a happy family.



Using handmade plastic reduction booklets in class to raise awareness of plastic and waste reduction and environmental sustainability, making environmental education part of the volunteer service.



Experiencing nature through expressive art media and bringing art into the family life.

### One big family: "2019 Blue COP - SQ on Love and Empathy"

Summer camps were offered again at Neihu, Zhonghe, and Hsinchu plants, and received 77 participants in total. The learning experience in social intelligence enabled participants to be more in touch with life and their own surroundings. Participants also learned to extend the love for their own lives to a love for others on this planet. The experience was designed to raise awareness of nature and its limited resources while exposing participants to arts and culture.

Website: [HTTP://WWW.LITEONCF.ORG.TW/DM/156/156.HTML](http://WWW.LITEONCF.ORG.TW/DM/156/156.HTML)



Bringing art into everyday life through seasonal fruit and herbs in a handmade art experience.

### 2019 "Oh ocean! My home" exhibit

LITE-ON and National Taiwan Science Education Center held the "Oh ocean! My home" exhibit at the LITE-ON Building and Wenhua Elementary School in Danshui, Renai Elementary School in Luzhou, Datong Elementary School in Shulin, and Sintai Elementary School in Xinzhuang between July 8 and December 27, 2019. The exhibit was designed to convey the ideas of marine conservation and plastic reduction to schools. It received 5,645 visitors in total.

Website: [HTTP://WWW.LITEONCF.ORG.TW/RECORD\\_LIST.HTML](http://WWW.LITEONCF.ORG.TW/RECORD_LIST.HTML)



Raising awareness of potential risks in exposure to toys by learning the materials and teaching children to make more conscious choices.

## Future strategies and goals

Scientists estimate that waste in the ocean may outweigh fish by 2050. Most plastics will not decompose and will continue to exist for hundreds or even thousands of years. It is hoped that the seasons, ecopsychology, food education, and arts and culture will provide the media to encourage participants to make the commitment to reduce plastics and other waste at the source and join the effort to stay healthy and save the environment.

Strategy	Future goals (2020- )
Nurturing cultural character	<ul style="list-style-type: none"> <li>Community volunteer empowerment to continue in 24 schools</li> <li>Mutually beneficial strategic alliances to continue to unite resources and develop the internship platform for universities and colleges.</li> <li>Organization of 8 Community Assistance Living Art Seminars for Parents.</li> <li>Collaboration with the NTNU Plastic Reduction Promotion Center in organizing plastic reduction courses on campus, such as trainee instructor workshops.</li> <li>Publication of green picture book, "Plastic and Waste Reduction at the Source".</li> </ul>
Supporting children's growth	<ul style="list-style-type: none"> <li>Small group, one-on-one, and remedial volunteer counseling services to continue in 24 schools.</li> <li>Promotion of the Plastic Reduction on Campus life education campaign.</li> <li>Continued to promote assistance programs and scholarships.</li> <li>Sponsored 1,000 copies of "East Meets West" (working title) by maritime author Hung-Chi Liao and published by Youth Literary. The events used books written from the ocean's perspective and other books to encourage readers to reflect on the situation. The books also echoed school curricula and worked to promote plastic and waste reduction at the source in school.</li> </ul>
Caring for corporate culture	<ul style="list-style-type: none"> <li>Continuing LITE-ON Happy Family - Summer Camp for Children of LITE-ON Employees.</li> </ul>
Promoting charitable works	<ul style="list-style-type: none"> <li>Website administration and publication of the Community Assistance Biweekly Newsletter: one-stop source of information on community education aimed at members of the community</li> <li>Continuing partnership with Senior Citizens Center of Yeliou Elementary School in New Taipei City. Organized the "Plastic and Waste Reduction at the Source" creative proposal workshop.</li> <li>Lanyu marine conservation courses to promote marine education in conjunction with local elementary schools and NPOs.</li> <li>Sponsored 1,000 copies of "East Meets West" (working title) by maritime author Hung-Chi Liao and published by Youth Literary as part of LITE-ON's CSR initiative to reduce plastics and other waste at the source and to bring the practice into businesses, communities, and households as well as schools.</li> </ul>

## 6.6.2 Taipei Xinyi Community College



**Vision:** To be an excellent community college and the best partner in lifelong learning for residents in the Xinyi District

**Core Philosophy:** Building a lifelong learning platform with people at its center that serves to encourage cultural development, help the disadvantaged, and support cultural education in the community.

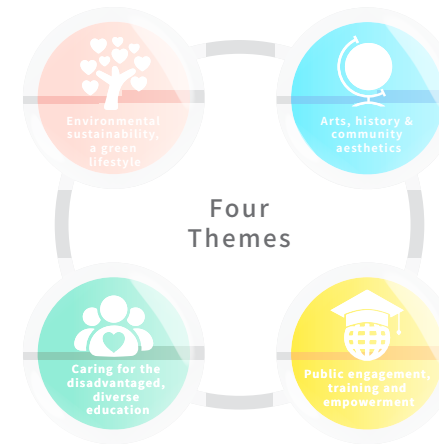
Xinyi Community College website

WWW.XYCC.ORG.TW



- Motivating green learning within Xinyi District
- To rebuild and protect a green environment through learning.

- Building an education platform for the disadvantaged living in Xinyi District
- To combine local resources and apply group learning methods to build an inclusive learning environment for the disadvantaged.



- Bringing culture and aesthetics into the community through teaching of arts and history
- To train aesthetic talent and guidance through arts studies and history workshops.

- Building up civil competence and talent for the growth of the community
- To promote civil awareness by engaging residents in public, voluntary services.

### 2019 Results

A total of 396 courses were offered this year. The total number of students was 7442. The college was rated "Excellent" again by the Education Department of Taipei City Government.

Strategy	Targets for 2019	Actions in 2019	Progress
Environmental sustainability, a green lifestyle	<ul style="list-style-type: none"> <li>· To strengthen Xinyi Green Lifestyle - Urban friendly farming, and train 3 teaching assistants and 1 seed instructor</li> <li>· To promote Xinyi Green Lifestyle bases and manage 4 community bases</li> <li>· To bring together LITE-ON volunteers and develop education of Historical Xinyi - Rural mountain, benefiting 280 people.</li> <li>· To work with partners in the community to organize the "Xinyi Green Lifestyle Conference"</li> </ul>	<ul style="list-style-type: none"> <li>· Continued to train teaching assistants via community courses</li> <li>· Started teaching and collaboration in community bases in Liuyi Village, Songyou Village, Futai Village, Xinren Village, and Heng'ai Center.</li> <li>· Organized Historical Xinyi - Four Beast Mountains tours</li> <li>· 10th Sustainable Xinyi Green Lifestyle Seminar "Xinyi 30: Street transformation and community learning"</li> <li>· The group, "A Good Vanilla Time", shares and promotes ideas of urban friendly farming, and makes plans for farming courses for Xinzhong Kindergarten next year.</li> </ul>	<ul style="list-style-type: none"> <li>· 4 teaching assistants participated in the process, and one has already started teaching half of a class while two worked together to offer new courses. LITE-ON will continue to add more community teachers to the green living courses.</li> <li>· 5 communities started taking action.</li> <li>· Benefiting 360 people.</li> <li>· Attended by 45 friends from the community.</li> <li>· Organized small farmers market 4 times</li> </ul>
Caring for the disadvantaged, diverse education	<ul style="list-style-type: none"> <li>· Supporting learning needs of different disadvantaged groups, supplying innovative learning resources, creating a strategic alliance with 2 institutions, and starting to offer 1 to 2 new courses</li> <li>· Designing 1 volunteer care event for the disadvantaged</li> <li>· Pushing for 6 LITE-ON volunteer events to join care for the disadvantaged</li> <li>· Working with the community to organize 1 event to support the disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>· Applied for "Senior Academy" courses and service providers for "Service Learning" - collaboration between the college and public services</li> <li>· Recreational Camp - LITE-ON CSR collaboration project</li> <li>· Angel Garden field trip</li> <li>· Recreational Camp - MV Street Dancing presentation</li> </ul>	<ul style="list-style-type: none"> <li>· 112 people benefited from the activities</li> <li>· 200 people benefited from the activities</li> <li>· 120 people benefited from the activities</li> <li>· 600 people benefited from the activities</li> </ul>

Strategy	Targets for 2019	Actions in 2019	Progress
Arts, history & community aesthetics	<ul style="list-style-type: none"> <li>To offer art courses to promote community aesthetics, and participate in 5 community art exhibits/performances</li> <li>To organize 10 Xinyi Art and History Lectures events</li> <li>To team up with district offices in local arts and culture events</li> <li>To operate the field research team on an ongoing basis</li> </ul>	<ul style="list-style-type: none"> <li>Organized art exhibits at Xinyi District Office, CPC, Songshan Land Office, and Four-Four South Village Good Cho Art Exhibit</li> <li>Organized "Old Xinyi - Xinyi Art and History Lectures"</li> <li>Offered ongoing guides and tours</li> <li>Continuing the "Old Xinyi - Xinyi culture and history studio - field research team"</li> </ul>	<ul style="list-style-type: none"> <li>8 sessions</li> <li>11 sessions/317 participants</li> <li>8 local guides to offer various tours</li> <li>7 field study team meetings</li> </ul>
Public engagement, training and empowerment	<ul style="list-style-type: none"> <li>Organized 1 community self-media or community theater workshop</li> <li>Held 50 community forums</li> <li>Took inventory of 10 public interest groups</li> <li>Organized the "Liuzhangli in 1940 - White Terror Public Cemetery" course.</li> </ul>	<ul style="list-style-type: none"> <li>Organized the "Urban Stage - Xinren Village Community Theater Workshop"</li> <li>Held community forums</li> <li>Interviewed the interest groups to find new values and meaning and modify their management policies</li> <li>Organized the "Liuzhangli in 1940 - White Terror Public Cemetery" winter course</li> </ul>	<ul style="list-style-type: none"> <li>8 classes and 2 live shows in the community</li> <li>Held 58 community forums</li> <li>The inventory divided the interest groups into 4 public interest groups and 6 voluntary groups</li> <li>Created links between themed courses at Yongchun Senior High School, Songshan Senior High School, and Wesley Girls High School.</li> </ul>

## Highlights of 2019

### "Environmental sustainability and green lifestyle" - Supporting urban farming policy and local involvement

LITE-ON continued past efforts this year. A new location, Liuyi Garden, were added to the community bases. LITE-ON also took advantage of the partnership with NAPCU to create the Songde-Xiangshan community exchange project. The "Hengai Green Rooftop" urban friendly farming project for the physically and mentally disabled added a session on Wednesday afternoon so to allow parents to participate in community learning. The addition was designed to ease the burden and sense of helplessness for carers and create another means for relieving stress and improving lifestyle.



Fruit tree pruning classes in Liuyi

Compared to other districts, there remains a limited amount of unused land or rooftop space for collaboration in the Xinyi District. Communities vary in circumstances and community leaders have different attitudes toward the project. To facilitate collaboration with communities not yet equipped to install gardens or fields, LITE-ON tried to raise environmental awareness and organized "environmental festivals" as means to start working with Zhongxing Village and Ankang Village. LITE-ON had cohosted different environmental holiday themed walks in the communities to raise sensitivity to environmental issues and foster stronger consciousness. (Please see p.37 of the Xinyi Community College Self Assessment Report)

### I. "Caring for the Disadvantaged and Diverse Education" - Summer courses for the disadvantaged/Health and Accupunch Club touring seminars

LITE-ON worked with Shuanghe Village and Sanzhang Village in the Xinyi District on Issue #108 - 2. Instructed by the school's accupunch club, 4 accupunch seminars were held in summer. By going into local communities and interacting with residents, LITE-ON effectively contributed to care for the disadvantaged while offering courses and other activities to encourage the elderly to go out and be active in their communities. (Please see p.74 of the Xinyi Community College Self Assessment Report)



Services in Sanzhang Village

### II. Walks for new immigrants

The school worked actively with the Xinyi District Office to offer courses and activities for new immigrants so new immigrants would have access to a wider range of learning activities. The Xinyi New Immigrants Walking Tour, organized by LITE-ON and the Xinyi District Office, was intended to encourage discussion among new immigrants and help new immigrants find out more about the local natural environment, history and culture. The event served to bring new immigrants into the local history and culture. (Please see p.77 of the Xinyi Community College Self Assessment Report)



Tour photo 2

### "Public engagement, training and empowerment" - Building local knowledge and involvement in local issues

This year, members of the culture and history club worked with local friends on a commission from the Taipei City Archives. The project, "culture and history survey on Taipei's longest streets", was born out of the interest in routes designed by the students in the courses held in the previous year. The project was able to take place after a participatory budgeting approach was proposed and approved last year.

The project covered Lane 150, Section 5, Xinyi Road (along upstream old river), and focused on what was known as Taipei's longest lane. A culture and history study, covering "Fude Temple field study", "visits to local families", and "history of mining families", was conducted along the 3-km street. The study combed through the history of local development.

Hence, the teachers and students formed the "Old River Water Environmental Patrol". 29 members were divided into 6 teams: Water was checked at least once a week. Monitoring was

performed to identify sources of pollution and protect the natural river environment. It was hoped protection efforts as these would have a chance of repeating in the local community to continue raising environmental awareness.

(Please see p.51-53 of the Xinyi Community College Self Assessment Report)

Behind the scenes  
from plants and  
White Terror  
mapping workshop



Behind the scenes  
from the Old River  
Patrol



A view of old river basin and  
water coexistence vision  
workshop

### Future strategies and goals

Strategy	Future goals (2020~)
Environmental sustainability, a green lifestyle	<ul style="list-style-type: none"> <li>To promote Xinyi Green Lifestyle bases and manage 5 community bases</li> <li>To bring together LITE-ON volunteers and develop education of Historical Xinyi - Rural mountain with 10 volunteers and benefiting 280 people</li> <li>To work with partners in the community to organize the "Xinyi Green Lifestyle Conference"</li> <li>To organize presentation of green results from 6 small farmers markets and campaigns for urban friendly farming and food agriculture education</li> </ul>
Caring for the disadvantaged, diverse education	<ul style="list-style-type: none"> <li>To offer 1 to 2 new age friendly courses</li> <li>To provide 6 classes on the summer schedule for care for the disadvantaged (in 3 villages)</li> <li>6 urban friendly farming classes at Xinzhong Kindergarten</li> <li>Recreational Camp - LITE-ON CSR collaboration project</li> <li>Angel Garden field trip</li> <li>Recreational Camp - MV Street Dancing presentation</li> </ul>
Arts, history & community aesthetics	<ul style="list-style-type: none"> <li>To offer art courses to promote community aesthetics, and participate in 8 community art exhibits/performances</li> <li>To organize 10 Xinyi Art and History Lectures events</li> <li>To operate the field research team on an ongoing basis</li> <li>To draft a commentary to Taipei 101 Observatory.</li> <li>To participate in revival of the historic space in Four-Four South Village (Good Cho's Xinyi collaboration project and Bleu &amp; Book).</li> </ul>
Public engagement, training and empowerment	<ul style="list-style-type: none"> <li>To hold 50 community forums</li> <li>To take inventory of 10 public interest groups</li> <li>To follow local water related issues.</li> </ul>

# GRI Standards Content Index

GRI Standard & Disclosure			Related Report Sections	Page	Omissions
General Disclosures					
GRI 102 General Disclosures 2016					
1. Organization Profile	102-1	Name of the organization	2.2 Company Overview	30	Not applicable for there are no banned or disputed products produced in LITE-ON
	102-2	Activities, brands, products, and services	2.2 Company Overview	30	
	102-3	Location of headquarters	2.2.1 LITE-ON's Major Operations Centers Worldwide 2019	31	
	102-4	Location of operations	2.2 Company Overview	30	
	102-5	Ownership and legal form	2.2 Company Overview	30	
	102-6	Markets served	2.2 Company Overview	30	
	102-7	Scale of the organization	2.2 Company Overview 5.2 Employee Profile	30 68	
	102-8	Information on employees and other workers	5.2.1 Employee Structure and Distribution	68	
	102-9	Supply chain	3.2 Sustainable Supply Chain	53	
	102-10	Significant change to the organization and supply chain	About This Report 2.3 Organization Structure of Corporate Governance 3.2.2.4 Supply Chain Management Mechanisms	2 33 56	
	102-11	Precautionary principle approach	2.4 Corporate Risk Management	36	
	102-12	External initiatives	1.1 Corporate Sustainability Vision and Commitment 4.2 Climate Change and Energy Management	8 60	
	102-13	Memberships of associations	2.2.3 Membership in Groups and Associations	32	
2. Strategy	102-14	Statement from senior decision-maker	Message from the Chairman and Group CEO	5	
	102-15	Key impacts, risks, and opportunities	Message from the Chairman and Group CEO 1.2.3 Identification of Material Issues 2.4 Corporate Risk Management	5 21 36	
3. Ethics and Integrity	102-16	Values, principles, standards and norms of behavior	1.1 Corporate Sustainability Vision and Commitment 2.1 LITE-ON Corporate Values and Governance 2.5 Compliance, Ethics and Anti-corruption 4.1 Commitment to Environmental Sustainability and Policy	8 28 43 58	
	102-17	Mechanisms for advice and concerns about ethics	2.5 Compliance, Ethics and Anti-corruption	43	
4. Governance	102-18	Governance structure	2.3 Organization Structure of Corporate Governance	33	
	102-19	Delegating authority	1.1.1 Corporate Sustainability (CSR) Committee 2.3 Organization Structure of Corporate Governance	9 33	
	102-20	Executive-level responsibility for economic, environmental, and social topics	1.1 Corporate Sustainability Vision and Commitment 2.3 Organization Structure of Corporate Governance	9 33	
	102-21	Consulting stakeholders on economic, environmental and social topics	1.1 Corporate Sustainability Vision and Commitment 1.2 Stakeholders and Material Issues 2.3 Organization Structure of Corporate Governance	8 13 33	
	102-22	Composition of the highest governance body and its committees.	2.3.1 Board of Directors and Committees	34	
	102-23	Chair of the highest governance body	2.3.1 Board of Directors and Committees	34	
	102-24	Nominating and selecting the highest governance body	2.3.1 Board of Directors and Committees	34	
	102-25	Conflicts of interest	2.3.1 Board of Directors and Committees	34	
	102-26	Roles of highest governance body in setting purpose values, and strategy	1.1 Corporate Sustainability Vision and Commitment 2.3 Organization Structure of Corporate Governance	8 33	
	102-27	Collective knowledge of highest governance body	2.3 Organization Structure of Corporate Governance	33	
	102-28	Evaluating the highest governance body's performance	2.3 Organization Structure of Corporate Governance	33	

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GRI Standard & Disclosure			Related Report Sections	Page	Omissions
4. Governance	102-29	Identifying and managing of economic, environmental and social impacts	Message from the Chairman and Group CEO 1.1.1 Corporate Sustainability (CSR) Committee 2.3 Organization Structure of Corporate Governance	5 9 33	
	102-30	Effectiveness of risk management processes	2.3 Organization Structure of Corporate Governance 2.4 Corporate Risk Management	33 36	
	102-31	Review of economic, environmental and social Topics	2.3 Organization Structure of Corporate Governance 2.4 Corporate Risk Management	33 36	
	102-32	Highest governance body's role in sustainability reporting	About This Report	8	
	102-33	Communicating critical concerns	1.1.1 Corporate Sustainability (CSR) Committee 2.3 Organization Structure of Corporate Governance	9 33	
	102-34	Nature and total number of critical concerns	1.1.1 Corporate Sustainability (CSR) Committee 2.3 Organization Structure of Corporate Governance	9 33	
	102-35	Remuneration policies	2.3.1.1 Board of Directors 5.4 Protection of Employee Interest	34 79	
	102-36	Process for determining remuneration	5.4 Protection of Employee Interest	79	
	102-37	Stakeholders involvement in remuneration	5.4 Protection of Employee Interest	79	
	102-38	Annual total compensation ratio	5.4 Protection of Employee Interest	79	
	102-39	Percentage increase in annual total compensation	5.4 Protection of Employee Interest	79	
5. Stakeholder Engagement	102-40	A list of stakeholder groups	1.2 Stakeholders and Material Issues	13	
	102-41	Collective bargaining agreements	5.5 Employee Relations Note: There is no collective collective bargaining agreements in LITE-ON yet	82	
	102-42	Identifying and selecting stakeholders	1.2 Stakeholders and Material Issues	13	
	102-43	Approach to stakeholder engagement	1.2 Stakeholders and Material Issues	13	
	102-44	Key topics and concerns raised	1.2 Stakeholders and Material Issues	13	
6. Reporting Practice	102-45	Entities included in the consolidated financial statements	About This Report 2.3 Organization Structure of Corporate Governance	2 33	
	102-46	Defining report content and topic Boundaries	About This Report 1.2 Stakeholders and Material Issues	2 13	
	102-47	List all material topics	1.2 Stakeholders and Material Issues	13	
	102-48	Restatement of information	4.1 Commitment to Environmental Sustainability and Policy 4.2 Climate Change and Energy Management 5.6.2 Occupational Health and Safety	58 60 85	
	102-49	Changes in reporting	About This Report	2	
	102-50	Reporting period	About This Report	2	
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	102-52	Reporting cycle	About This Report	2	
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# GRI Standards Content Index

GRI Standard & Disclosure			Related Report Sections	Page	Omissions
			<b>Material Topics</b>		
GRI 103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.2.3 Identification of Material Issues	21	
			1.2.4 Impact Scope of Material Topics	24	
GRI 201 Economic Performance	Management Approach 103-2, 103-3	The management approach & its components	Message from the Chairman and Group CEO	5	
			2.1 LITE-ON Corporate Values and Governance	28	
		Evaluation of the management approach	2.2 Company Overview	30	
			5.1 Employee Policy	67	
			5.4 Protection of Employee Interest	79	
			5.6 LOHAS LITE-ON	83	
			6.1 Social Inclusion Policy	90	
	201-1	Direct economic value generated and distributed.			
	201-2	Financial implications and other risks and opportunities for the organization' s activities due to climate change.	Message from the Chairman and Group CEO	5	
	201-3	Defined benefit plan obligations and other retirement plans	4.2 Climate Change and Energy Management	60	
GRI 202 Market Presence 2016	Management Approach 103-2, 103-3	The management approach & its components	5.4.3 Pension Scheme	81	
			Note: In 2019, LITE-ON received about NTD70 million in subsidies for the Smart Urban and Rural Life Application Subsidy Program of the Industrial Bureau and the Industry Energy Project of the Energy Bureau under the Ministry of Economic Affairs of the Republic of China		
	202-1	Evaluation of the management approach	5.1 Employee Policy	67	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.4 Protection of Employee Interest	79	
	202-2	Proportion of senior management hired from the local community	5.2.1 Employee Structure and Distribution	68	
	Management Approach 103-2, 103-3	The management approach & its components	3.2 Sustainable Supply Chain	53	
	204-1	Evaluation of the management approach	3.2.1.3 Supply Chain and Localized Purchasing	54	
GRI 204 Procurement Practices 2016	Management Approach 103-2, 103-3	The management approach & its components	2.1 LITE-ON Corporate Values and Governance	28	
			2.5 Compliance, Ethics and Anti-corruption	43	
	205-1	Evaluation of the management approach	2.5 Compliance, Ethics and Anti-corruption	43	
			5.2.4 RBA Code of Conduct Committee	74	
	205-2	Operations assessed for risks related to corruption	2.3.1.1 Board of Directors	34	
			2.5 Compliance, Ethics and Anti-corruption	43	
			3.2.2.2 Sustainable Supply Chain Guidelines	55	
			5.3 Employee Development and Training	75	
	205-3	Communication and training about anti-corruption policies and procedures	2.5 Compliance, Ethics and Anti-corruption	43	
GRI 205 Anti-Corruption 2016	Management Approach 103-2, 103-3	Confirmed incidents of corruption and actions taken	2.5 Compliance, Ethics and Anti-corruption	43	
	206-1	The management approach & its components	2.5 Compliance, Ethics and Anti-corruption	43	
GRI 206 Anti-Competitive Behavior 2016	Management Approach 103-2, 103-3	Evaluation of the management approach	Note: Nil		
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			
	Management Approach 103-2, 103-3	The management approach & its components	4.1 Commitment to Environmental Sustainability and Policy	58	
			4.2 Climate Change and Energy Management	60	
	302-1	Evaluation of the management approach			
	302-2	Energy consumption within the organization.	4.2.6 Direct and Indirect Energy Consumption	64	
	302-2	Energy consumption outside of the organization.			Currently, there is no statistical information about Energy consumption outside of the organization.
	302-3	Energy intensity	4.2.6 Direct and Indirect Energy Consumption	64	
GRI 302 Energy 2016	302-4	Reduction of energy consumption	4.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	62	
	302-4		4.2.5 Greenhouse Gas Value Chain Inventory (GHG Scope 3)	63	
			4.2.6 Direct and Indirect Energy Consumption	64	
	302-5	Energy consumption within the organization.	3.1 Product Green Design and Management	48	
	Management Approach 103-2, 103-3	The management approach & its components	4.1 Commitment to Environmental Sustainability and Policy	58	
			4.2 Climate Change and Energy Management	60	
	305-1	Evaluation of the management approach	4.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	62	
	305-2	Direct (Scope 1) greenhouse gas (GHG) emissions	4.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	62	
	305-3	Energy indirect (Scope 2) greenhouse gas (GHG) emissions	4.2.5 Greenhouse Gas Value Chain Inventory (GHG Scope 3)	63	
	305-4	Other indirect (Scope 3) greenhouse gas (GHG) emissions	4.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	62	
GRI 305 Emissions 2016	305-4	Greenhouse gas (GHG) emissions intensity	4.1.2 Environmental Management Goals	59	
	305-5	Reduction of greenhouse gas (GHG) emissions	4.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	62	
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# GRI Standards Content Index

GRI Standard & Disclosure			Related Report Sections	Page	Omissions
GRI 305 Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	Note: LITE-ON does not use any substances detrimental to ozone layer in its production process		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.2.7 Air Pollution Prevention	64	
GRI 306 Effluents and Waste	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Commitment to Environmental Sustainability and Policy	58	
	306-1	Water discharge by quality and destination	4.3.2 Wastewater Treatment and Resourcization	65	
	306-2	Waste by type and disposal method	4.4 Waste management, Recycling and Reuse	65	
	306-3	Significant spills	Note: Nil		
	306-4	Transport of hazardous waste	4.4 Waste management, Recycling and Reuse	65	
GRI 307 Environmental Compliance 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Commitment to Environmental Sustainability and Policy 4.2 Climate Change and Energy Management	58 60	
	307-1	Non-compliance with environmental law and regulations	Note: No Significant non-compliance		
GRI 308 Supplier Environment Assessment 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Supply Chain Management Policy and Targets	53	
	308-1	New suppliers that were screened using environmental criteria	3.2.2.4 Supply Chain Management Mechanisms	56	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.1.3 Environment-Related Substances Management	52	
			3.2.2.3 Identification of Supply Chain Risk 3.2.2.4 Supply Chain Management Mechanisms	55 56	
GRI 401 Employment 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
	401-1	New employee hires and employee turnover	5.2.2 Employee Retention	71	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.4 Protection of Employee Interest	79	
			5.6 LOHAS LITE-ON	83	
	401-3	Parental leave	5.2.2 Employee Retention	71	
GRI 402 Labor / Management Relations 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
	402-1	Minimum notice periods regarding operational changes	5.4 Protection of Employee Interest	79	
GRI 403 Occupational Health and Safety 2018	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
	403-1	Occupational health and safety management system	5.6.2 Occupational Health and Safety	85	
	403-2	Hazard identification, risk assessment, and incident investigation	5.6.2 Occupational Health and Safety	85	
	403-3	Occupational health services	5.6.2 Occupational Health and Safety	85	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.6.2 Occupational Health and Safety	85	
	403-5	Worker training on occupational health and safety	5.6.2 Occupational Health and Safety	85	
	403-6	Promotion of worker health	5.6.2 Occupational Health and Safety	85	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.6.2 Occupational Health and Safety	85	
	403-8	Workers covered by an occupational health and safety management system	5.6.2 Occupational Health and Safety	85	
	403-9	Work-related injuries	5.6.2 Occupational Health and Safety	85	
	403-10	Work-related ill health	5.6.2 Occupational Health and Safety	85	
GRI 404 Training and Education 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
	404-1	Average hours of training per year per employee	5.3 Employee Development and Training	75	
	404-2	Programs for upgrading employee skills and transaction assistance programs	5.3 Employee Development and Training	75	
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	404-3	Percentage of employees receiving regular performance and career development reviews	5.4 Protection of Employee Interest	79	

# GRI Standards Content Index

GRI Standard & Disclosure			Related Report Sections	Page	Omissions
GRI 405 Diversity and Equal Opportunity 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
	405-1	Diversity of governance bodies and employees	2.3.1.1 Board of Directors 5.2.1 Employee Structure and Distribution	34 68	
	405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	5.4 Protection of Employee Interest	79	
GRI 406 Non-Discrimination 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
	406-1	Incidents of discrimination and corrective actions taken	5.4 Protection of Employee Interest 5.5 Employee Relations	79 82	
GRI 407 Freedom of Association and Collective Bargaining 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Supply Chain Management Policy and Targets 5.1 Employee Policy	53 67	
	407-1	Operations and suppliers which the right to freedom of association and collective bargaining may be at risk	3.2.2.4 Supply Chain Management Mechanisms 5.5 Employee Relations 5.6.1 Diverse Welfare Systems	56 82 83	
	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Supply Chain Management Policy and Targets 5.1 Employee Policy	53 67	
GRI 408 Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	3.2.2.4 Supply Chain Management Mechanisms 5.2.3 Employee Recruitment 5.2.4 RBA Code of Conduct Committee	56 73 74	
	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Supply Chain Management Policy and Targets 5.1 Employee Policy	53 67	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.2.2.4 Supply Chain Management Mechanisms 5.2.4 RBA Code of Conduct Committee	56 74	
GRI 409 Compulsory Labor 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Supply Chain Management Policy and Targets 5.1 Employee Policy	53 67	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.2.2.4 Supply Chain Management Mechanisms 5.2.4 RBA Code of Conduct Committee	56 74	
	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Employee Policy	67	
GRI 412 Human Rights Assessments 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	5.2.4 RBA Code of Conduct Committee	74	
	412-2	Employee training on human rights policies or procedures	5.3 Employee Development and Training	75	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Note: LITE-ON prescribes Corporate Social Responsibility code of practice, and all of the relevant investment agreements and contracts are evaluated by Legal department for compliance.		
GRI 414 Supplier Social Assessment 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Supply Chain Management Policy and Targets	53	
	414-1	New suppliers that were screened using social criteria	3.2.2.2 Sustainable Supply Chain Guidelines	55	
	414-2	Negative social impacts in the supply chain and actions taken	3.2.2.3 Identification of Supply Chain Risk 3.2.2.4 Supply Chain Management Mechanisms	55 56	
GRI 416 Customer Health and Safety 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Product Green Design and Management	48	
	416-1	Assessment of the health and safety impacts products and service categories	3.1.2 Product Environmental Labeling and Declaration 3.1.3 Environment-Related Substances Management	51 52	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note: Nil 3.1.2 Product Environmental Labeling and Declaration	51	
GRI 417 Marketing and Labeling 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Product Green Design and Management	48	
	417-1	Requirement of product and service information and labeling	3.1.2 Product Environmental Labeling and Declaration	51	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Note: Nil 3.1.2 Product Environmental Labeling and Declaration	51	
GRI 418 Customer Privacy 2016	417-3	Incidents of non-compliance concerning marketing communications	Note: Nil 3.1.2 Product Environmental Labeling and Declaration	51	
	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.6 Information Security and Privacy Management	45	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Note: Nil 2.6 Information Security and Privacy Management	45	
GRI 419 Socioeconomic Compliance 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.5 Compliance, Ethics and Anti-corruption	43	
	419-1	Non-compliance with laws and regulations in social economic area	5.4.4 Violation of Labor Standards Act and Other Information	81	

## SPECIFIC STANDARD DISCLOSURES OVERVIEW - OTHERS

Material Topics	Disclosure	Related Report Sections	Page
Conflict Mineral (Metal)-Free Procurement	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.2.1 Sustainable Supply Chain Management Policy and Targets 53
	LOT-EN1	Supplier screening and green procurement	3.2.3 Conflict Minerals Management 56
Research & Development (Products)	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Product Green Design and Management 48
	LOT-EN2	Energy efficiency improvement	3.1.1 Product Life Cycle Assessment 49
	LOT-EN3	Material resources saving	3.1.1 Product Life Cycle Assessment 49
	LOT-EN4	Reduction use of hazardous substance	3.1.3 Environment-Related Substances Management 52
Charity and Care	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	6.1 Social Inclusion Policy 90
	LOT-SO1	Promotion of multicultural humanities and youth education care	6.5 LITE-ON Volunteers 6.6.1 Community Assistance and Holistic Services 95 95
	LOT-SO2	Creating learning environments for lifelong learning and disadvantage groups	6.6.1 Community Assistance and Holistic Services 6.6.2 Taipei Xinyi Community College 95 98
	LOT-SO3	The promotion of environmental education and implementation of environmental protection	6.6.2 Taipei Xinyi Community College 98
	LOT-SO4	Talent education by providing the learning environment for students to apply their knowledge	6.3 Supporting Internships 94
	LOT-SO5	Encouraging technological innovation and design talent	6.2 2019 LITE-ON Award 91
	LOT-SO6	Innovative social design public welfare activities	6.4 Green Energy Charity 94

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Core Subjects and Issues	Related CSR Report Section	Page	Explanatory Notes
Organizational Governance	Decision-making processes and structures	1.2 Stakeholders and Material Issues 2. Corporate Governance	13 27
Human Rights	Due diligence	3.2 Sustainable Supply Chain 5.2.4 RBA Code of Conduct Committee	53 74
	Human rights risk situation	3.2 Sustainable Supply Chain 5.2.4 RBA Code of Conduct Committee	53 74
	Avoidance of complicity	2. Corporate Governance	27
	Resolving grievances	2.5 Compliance, Ethics and Anti-corruption 5.5 Employee Relations	43 82
	Discrimination and vulnerable groups	1.1 Corporate Sustainability Vision and Commitment 5.4 Protection of Employee Interest 5.5 Employee Relations	8 79 82
	Civil and political rights	3.2 Sustainable Supply Chain 5.6 LOHAS LITE-ON	53 83
	Economic, social and cultural rights	5.4 Protection of Employee Interest 5.6 LOHAS LITE-ON	79 83
	Fundamental principles and rights at work	5.4 Protection of Employee Interest	79

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Core Subjects and Issues		Related CSR Report Section	Page	Explanatory Notes
Labor Practices	Employment and employment relationships	5.4 Protection of Employee Interest	79	
	Conditions of work and social protection	5.6 LOHAS LITE-ON	83	
	Social dialogue	1.2 Stakeholders and Material Issues	13	
	Health and safety at work	5.6.2 Occupation Safety and Health Management	85	
	Human development and training in the workplace	5.3 Employee Development and Training	75	
The Environment	Prevention of pollution	3.1.3 Environment-Related Substances Management 4.2.7 Air Pollution Prevention 4.4 Waste Management, Recycling and Reuse	52 64 65	
	Sustainable resource use	3.1 Product Green Design and Management	48	
	Climate change mitigation and adaptation	4.2 Climate Change and Energy Management	60	
	Protection of the environment, biodiversity and restoration of natural habitats			All of LITE-ON's factories have passed environmental impact assessment before they were developed. Therefore, the factory development has no significant impact on biodiversity. We are still striving to create ecological industrial parks characterized by the three attributes of production, ecology and life.
Fair Operating Practices	Anti-corruption	2.5 Compliance, Ethics and Anti-corruption	43	
	Responsible political involvement	5.6 LOHAS LITE-ON	83	LITE-ON do not involve in any political activities
	Fair competition	2.5 Compliance, Ethics and Anti-corruption	43	
	Promoting social responsibility in the value chain	3.2 Sustainable Supply Chain	53	
	Respect for property rights	2.5 Compliance, Ethics and Anti-corruption	43	
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	2.5 Compliance, Ethics and Anti-corruption	43	
	Protecting consumers' Health and safety	3.1 Product Green Design and Management	48	
	Sustainable consumption	3.2 Sustainable Supply Chain	53	
	Consumer service, support, and complaint and dispute resolution	1.2.2.2 Customer Service and Satisfaction	19	
	Consumer data protection and privacy	2.6 Information Security and Privacy Management	45	
	Access to essential services	1.2.2.2 Customer Service and Satisfaction	19	
Community Involvement and Development	Education and awareness	1.2.2.2 Customer Service and Satisfaction	19	
	Community involvement	6.1 Social Inclusion Policy	90	
	Education and culture	6.2 2018 LITE-ON Award	91	
		6.4 LITE-ON Volunteers	94	
		6.6.1 Community Assistance and Holistic Services	95	
		6.6.2 Taipei Xinyi Community College	98	
	Employment creation and skills development	5.2.1 Employee Structure and Distribution	68	
		5.3 Employee Development and Training	75	
	Technology development and access	2.2 Company Overview	30	
		6.2 2019 LITE-ON Award	91	
	Wealth and income creation	2.2 Company Overview	30	
		5.4 Protection of Employee Interest	79	
	Health	5.6 LOHAS LITE-ON	83	
		6.5 LITE-ON Volunteers	94	
	Social investment	6.1 Social Inclusion Policy	90	
		6.6 LITE-ON Cultural Foundation	95	

# Third Party Assurance Statement



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE LITE-ON TECHNOLOGY CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019

#### 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 for 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification in the period 17 March 2020 to 28 April 2020. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

The information in the LITE-ON's CSR Report of 2019 and its presentation are the responsibility of the management of LITE-ON. SGS has not been involved in the preparation of any of the material included in LITE-ON's CSR Report of 2019.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all LITE-ON's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a high level of scrutiny for LITE-ON and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts and climate-related financial disclosures information 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 affirm our independence from LITE-ON, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

#### VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within LITE-ON's CSR Report of 2019 verified is accurate, reliable and provides a fair and balanced representation of LITE-ON sustainability activities in 01/01/2019 to 12/31/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Comprehensive Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

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

##### Inclusivity

LITE-ON has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, media, government agency, community, research institute, Non-profit Organizations and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

##### 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.

##### Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

#### GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, LITE-ON's CSR Report of 2019, is adequately in line with the GRI Standards in accordance with Comprehensive Option. The material topics 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 topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of LITE-ON's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. More disclosures on each management approach purpose statement, components (103-2) and more descriptions of the mechanisms for evaluating the effectiveness of the management approach and the related adjustments to the MA (103-3).

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang  
Senior Director  
Taipei, Taiwan  
19 May, 2020  
WWW.SGS.COM



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Licensed Assurance Provider  
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