



**LITEON®**



**LITEON CSR REPORT**



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# About This Report

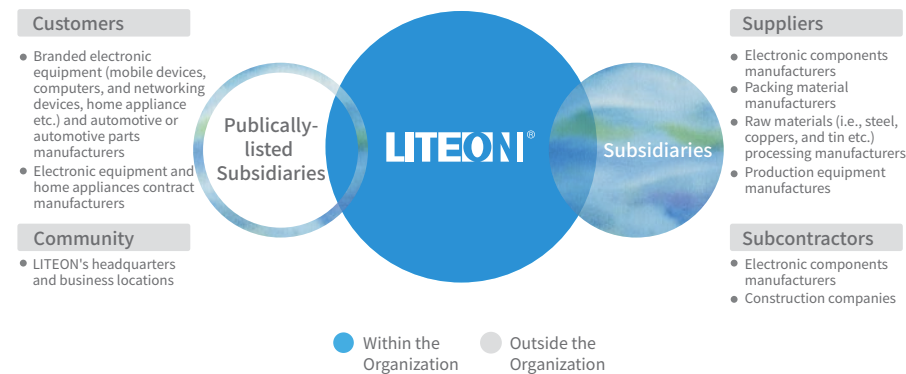
## Reporting Time Frame and Scope of Report

Time frame: From January 01, 2020 to December 31, 2020

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

For nonfinancial data, the report covers the nine business units, namely, Power Module Solutions, Cloud Infrastructure Power Solution, Optoelectronics Product Solution, Intelligent Peripheral Solution, Mechanical Electronic Solution, Smart Application Solutions, Automotive Electronics Applications, LEOTEK, and Networking. Comparing to the financial performance, the nonfinancial performance disclosures are focus on the major operation and manufacturing locations, such as Taiwan, Mainland China, Thailand, Vietnam, and India while excluding the IPO/OTC subsidiary, Silitech. Unless elsewhere specified, information will be disclosed in the report.

In 2020, In order to focus on transformation development, LITEON transferred its Solid State Drives Business (SSD) to Kioxia Holdings Corporation on July 1st, 2020.



## The Report Management

Issues presented in this report have been identified with materiality analysis through stakeholder engagement progress and discussed in "LITEON Corporate Sustainability (CSR) Committee" meetings with the approval of chairman of the committee.

Data calculation basis: All financial figures in this report are presented in New Taiwan Dollars (NTD), 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
	Greenhouse gas emissions ISO 14064-1	SGS Taiwan Ltd.
Environmental	Environmental management international standards ISO 14001 Hazardous substance process management system IECQ QC 080000	Each factory obtained the verification by the third party individually
Social	Occupational safety management OHSAS 18001 or ISO 45001	Each factory obtained the verification by the third party individually

## 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 and Sustainable Development Goals (SDGs). Moreover, contents of this report have been discussed and categorized using AA1000 APS procedures.

## Report Assurance

An independent third party (SGS Taiwan Ltd.) has been engaged to provide assurance for AA1000 AS v3 type-2, high-level accountability and GRI Standard disclosure in accordance with Comprehensive Option. A Third-party Assurance Statement has been attached as an appendix to this report.



## Release Overview

First issue: 2007

Current issue: Published in June 2021

Next issue: Expected to be published in June 2022

Previous issue: June 2020

The report is issued in Chinese and English annually, and the annual CSR Reports are posted on LITEON company website  
<https://www.liteon.com/en-us/globalcitizenship/365>

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[WWW.LITEON.COM](http://WWW.LITEON.COM)

20  
20

## LITEON ESG ACHIEVEMENTS



A constituent of MSCI ESG Leaders Indexes for seven consecutive years

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

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



Consecutively being a constituent in the FTSE4Good Emerging Index and FTSE4Good TIP Taiwan ESG Index



Won the First Prize of the annual overall CSR survey in 2020 Corporate Social Responsibility Award from Global Views Magazine



2020 Taiwan Corporate Sustainable Awards (TCSA):

- Top 10 Domestic Companies Sustainability Model Award (Manufacturing Industry)
- Corporate Sustainability Report Platinum Award
- The Best Practice Awards of Creativity in Communication, Climate Leadership, Circular Economy Leadership, Social Inclusion, Information Security



Won the Corporate Citizen Award of Commonwealth Magazine for the fourteen years in a row



Received the highest rating of "Leaderboard" in 2020 CDP Supplier Engagement Rating (SER)



2020 Taiwan Circular Economy Awards "Product Excellence Award"



Certified as a Sports Enterprise (2020-2023) by Sports Administration of the Ministry of Education for the third time







4.31  
NTD

EPS of NTD 4.31, a historical record high



Built up the "Nomination Committee" directly reporting to Board of Directors



82%

An 82% of overall employees' average recognition rate resulted in Employee Satisfaction Survey



ISO 27001

ISO 27001 Information Security Management Certification



11.44%

Waste generation reduced by 2,688 tonnes from the base year, a decrease of 11.44%



21.07%

Total greenhouse gas emissions decreased by 61,216 tonnes CO<sub>2</sub>e from the base year, and the intensity decreased by 21.07%



16.53%

Renewable energy usage of 57,097 MWh reached the ratio of 16.53%



ISO 14067

LED vehicle lighting product passed carbon footprint certification (ISO 14067)



4.56%

Energy conversion efficiency for power supply products improved by 4.56% from the base year



Donated the world's first marine waste Styrofoam container to the Penghu and Kinmen county governments via the SEAHOPE Project based on the concept of circular economy



805

A total of 805 works participated in LITEON Award



excellence

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

# Message from the Chairman and the President

## Dear friends and supporters of sustainability at LITEON,

The global economy and industry faced many challenges in 2020. Nevertheless, the diligent efforts of everyone at LITEON made it possible for LITEON to report a global consolidated revenue of NTD 157.13 billion and operating profits of NTD 10.21 billion, up 9% YoY. The net profits were NTD 10.02 billion with EPS of NTD 4.31, up 7% YoY, posting record high annual profit margins and EPS. The achievement demonstrates LITEON's ongoing success in developing core competencies, creating stronger operations, and increasing profitability.

In terms of operations, LITEON continues to develop products in cloud computing, 5G/AIoT, opto-electronic, automotive electronic and other key products. We also continue to fulfill our promises and commitments to the environmental, green and low carbon products. We implement the Science Based Targets (SBTs) and voluntary carbon setting at 39.3% reduction per unit of revenue in 2025 compared to 2014 as the base year. We also set an improvement target to increase energy conversion efficiency of power supply products by 2% by 2023 compared to 2016 as the base year.

In 2020, energy conversion efficiency for LITEON power supply products increased by 4.56% compared to the base year. The 2% improvement target was reached ahead of schedule. The improvement helps users worldwide save about 466 GWh in total electricity consumption and reduce carbon emissions by 237,000 tonnes CO<sub>2</sub>e per year. At the same time, automotive LED lighting modules passed carbon footprint verification. Networking modules, cloud computing power systems, computer peripherals and other information technology products are also being optimized on an ongoing basis. In terms of manufacturing, we not only make continuous process and equipment improvements to achieve green and low carbon manufacturing, but also implement an energy recycling system (ERS) that recycles and reuses power consumed by accelerated aging testing. The system enables us to reduce power consumption by 5.8 GWh per year, which is the equivalent of reducing 4,853 tonnes of carbon emissions.

Meanwhile, LITEON fulfills its environmental promise to recycle and reuse raw materials through the SEA HOPE Project. LITEON started hosting a series of "creative coastal cleanup" in 2018. We work with domestic social enterprises that process Styrofoam marine waste, the Penghu County Government, and the Industrial Technology Research Institute to modify recycled Styrofoam marine waste into recycled plastics. In 2020, LITEON went on to sponsor the Penghu County Government and the Kinmen County Government in getting the world's first containers that could be processed on site and significantly

reduce the transportation volume of Styrofoam marine waste. LITEON also succeeded in using modified recycled plastics in LITEON's own keyboard and mouse products and production lines, batch pans and packaging materials. LITEON is the world's first company to put Styrofoam marine waste in electronic products. Furthermore, LITEON obtained certification of 76% use of post-consumer recycled content and certification of origin. We plan to extend the use to other products and domains with the aim to reduce the use of fossil fuel derived plastics.

In terms of governance, the Corporate Sustainability Committee (CSR Committee) reports directly to the board of directors. LITEON Chairman Tom Soong has been the committee chairman since November 2020. The committee chairman leads the committee in setting LITEON's ESGs and overseeing their progress and makes regular reports on the plans and results to the board of directors. In addition, LITEON passed the establishment of the Nomination Committee in February 2021. The committee is responsible for devising the criteria for directors and executive officers and seeking and nominating candidates based on these criteria in order to assist the board of directors in strengthening management mechanisms and corporate governance.

For the purpose of recruiting younger generations, LITEON launched the Plain Jade Project in 2020. Campus offices were created in northern, central and southern Taiwan to offer students opportunities to apply their strengths and gain workplace experience through short-term (summer) internships, medium-term (cooperative) programs, and long-term (inter-university) partnerships. In 2020, the RD camp was offered in addition to help interns build up practical skills. The program connected the industry and academic institutions and helped young talent enter the workforce. Students with outstanding performance during their internship are offered priority in applying to join LITEON. In terms of social inclusion, LITEON works with Step30 on the "Light of the World" project. The project focuses on collecting used shoes and sending them to Africa. Containers used to ship used shoes will be converted onsite into classrooms. Donations will be used exclusively to improve public health conditions and the learning environment for African children.

LITEON has been listed as a member of the Dow Jones Sustainability Index (DJSI) for ten years in a row since 2011 and has had a place on the MSCI ESG Leaders Index for seven years in a row. LITEON is also ranked Bronze Class in the S&P Global Sustainability Yearbook 2021 and named to the 2020 CDP Supplier Engagement (SER) Leaderboard. In Taiwan, LITEON was included in the FTSE4Good TIP Taiwan ESG Index. The company



won first prize in the electronic technology category of the Global Views Corporate Social Responsibility Survey 2021, and received the Commonwealth Magazine's Corporate Citizen 2020 Award in the large enterprise category for the 14th time. It was also ranked in the 2020 TCSA Taiwan Top 10 Sustainable Companies.

Given deteriorating conditions of the global environment and other issues such as climate change and social transformation, LITEON, following the vision where business activities and environmental sustainability coexist and create mutual benefits, had seen the future twenty years ago and started implementing international industry standards and other environmental and corporate governance regulations. Examples include the Responsible Business Alliance (RBA) Code of Conduct, the Social Accountability (SA) 8000, internationally recognized human rights standards, and greenhouse gas inventory. In addition, LITEON participates in carbon reducing SBTs, supports the Task Force on Climate-related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP), and joins the Commit to Action initiative by We Mean Business Coalition. Going forward, we will uphold the same values and extend the reach of LITEON's positive influence in the industry and in the community. We will work with all stakeholders to make our contributions to social and environmental sustainability.



Tom Soong  
LITEON Chairman



Anson Chiu  
LITEON President



# Company Overview



Company Name: LITE-ON Technology Corporation  
Stock Code : 2301

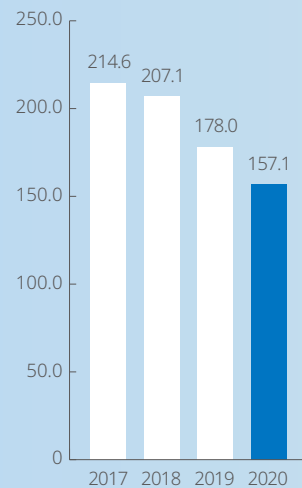
Company  
Capital  
**235.1**  
NTD billion

Total  
Employees  
**36,346**

2020 WW  
Top 2\* Power  
Supplies Supplier  
**No.2**

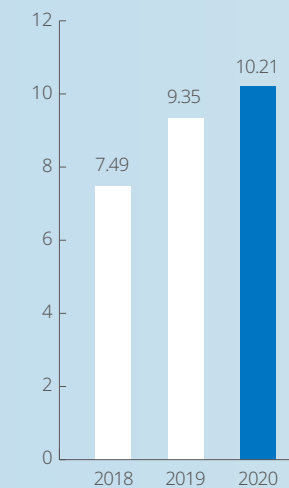
## Revenue

NTD billion



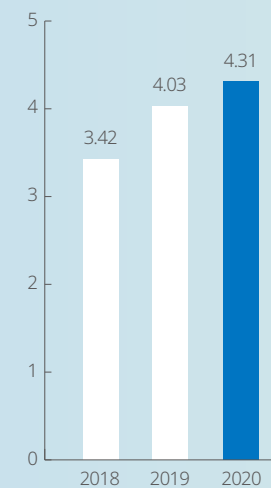
## Operating Income

NTD billion



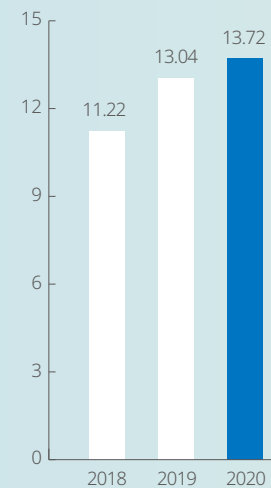
## Earning per Share

NTD



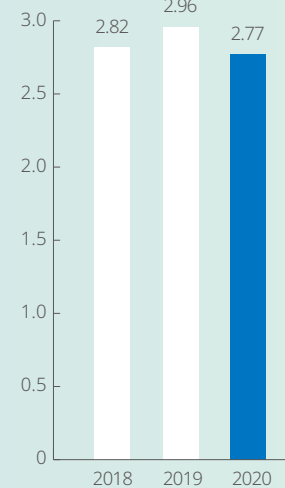
## Return on Equity

%



## Tax Expense

NTD billion



Founded in 1975, and being the first listed electronic company in Taiwan, LITEON is a world-leading player in optoelectronic components and key electronic modules. In recent years, with its progressive deployment in the fields of cloud computing, automotive electronics, 5G, AIoT, optoelectronics, cultivation of smart industries, coupled with development of new businesses and products applied to smart life and smart cities, LITEON continues to capitalize on its professionalism, profound industrial experience, state-of-the-art products and services, and global operational bases to become the best partner of global customers in developing innovation and application of smart technology.

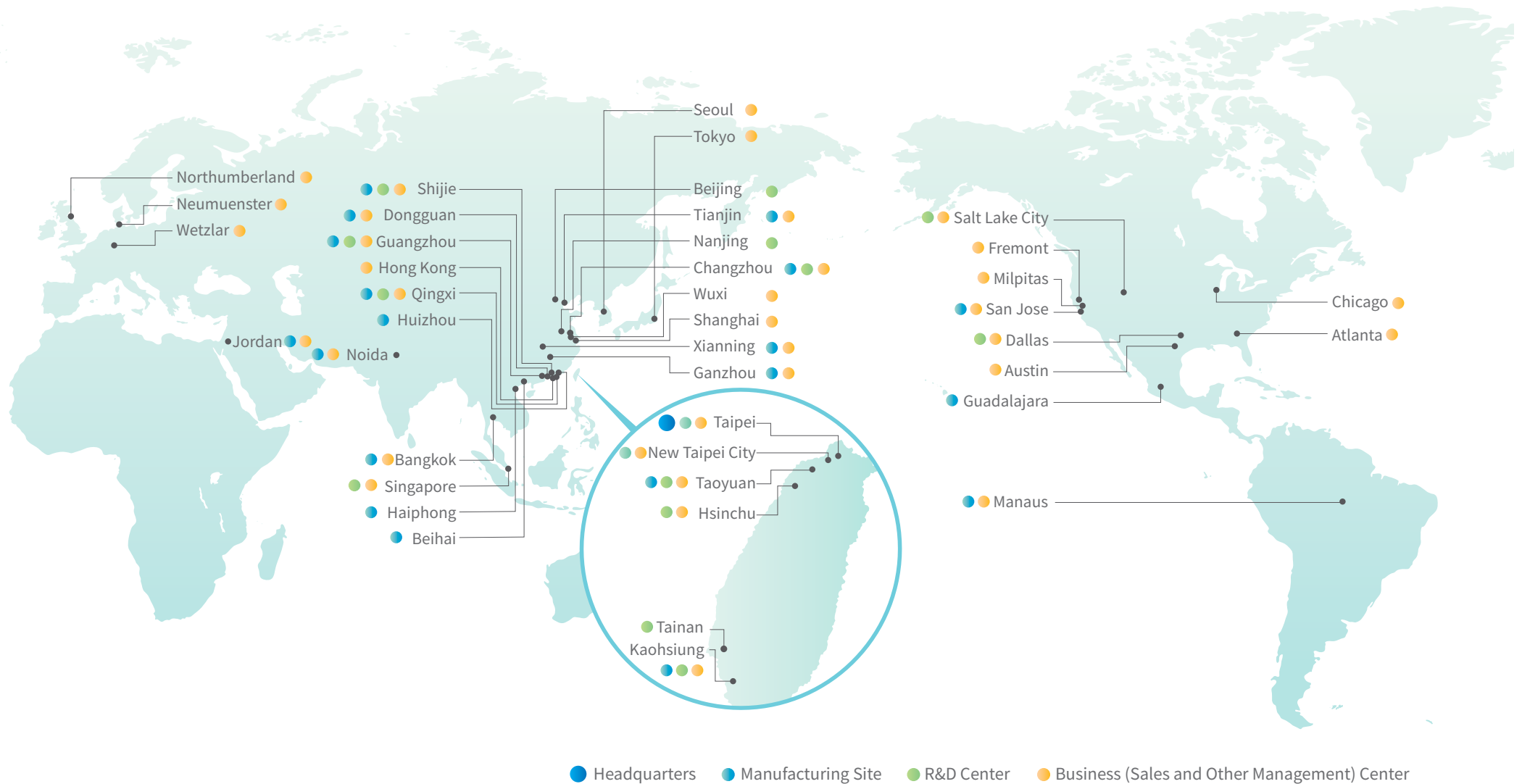
For over four decades, LITEON has been manufacturing products and services in a broad range of applications, such as cloud computing, automotive electronics, optoelectronic, LED/ outdoor lighting, smart healthcare, information and communication technology, as well as industrial and consumer electronics, while concentrating on the competitive advantage built in mass production to optimize the returns from a diverse product

portfolio to realize the profitable growth, by means of resource integration and management. LITEON's main operational strategy focuses on increasing asset utilization, smart manufacturing, production optimization, and streamlined processes to improve productivity and efficiency. In the long-term, the company stays committed to profit materialization, stable operations and enhanced shareholders' value to take root in the sustainability of a centennial enterprise.

- Note: 1. For more details on business performance including financial statement, liabilities, shareholders' equity, and retained earnings, etc. please refer to LITEON's Annual Report published on the company website: <https://www.liteon.com/en-us/investor/financialreports/9>.
2. For information of LITEON's product development, please refer to "Business Group" in following company webpage: <https://www.liteon.com/en-us>, For production volume and sales value, please refer to LITEON 2020 Annual report Page 96.
3. For Dividend policy with execution status and compensation for employees and board of directors, please refer to please refer to LITEON 2020 Annual report Page 79-80.
4. \* Source: 2020 Micro-Tech Consultants Report



## Locations of LITEON's Major Operations Worldwide 2020



## Membership in Groups and Associations

LITEON 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. LITEON spent about NTD 1.6 million in joining membership of the associations in 2020.

Regions 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 Lighting Fixture Export Association</li> <li>5. Taiwan Optoelectronic Semiconductor Industry Association, TOSIA</li> <li>6. SEMI</li> <li>7. Taiwan Transportation Vehicle Manufacturers Association</li> </ol>	<ol style="list-style-type: none"> <li>1. Taiwan Enterprise Association of Guangzhou</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. Professional Committee of Jiangsu Institute of Electronics</li> <li>2. Anti-Static Equipment Branch of China Electronic Instrument Industry Association</li> <li>3. IPC</li> <li>4. 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>	<ol style="list-style-type: none"> <li>1. Responsible Minerals Initiative</li> </ol>





# 1

## Sustainability Management at LITEON

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

With the core philosophy of its ESG strategies focusing on environmental sustainability, inclusive innovation, and sustainable governance, LITEON specifically extends to align with the SDGs, presenting results related to green products, application and innovation, responsible production, employee development, and social impact.



14 material topics



9 types of  
stakeholders



Responding to  
10 SDGs



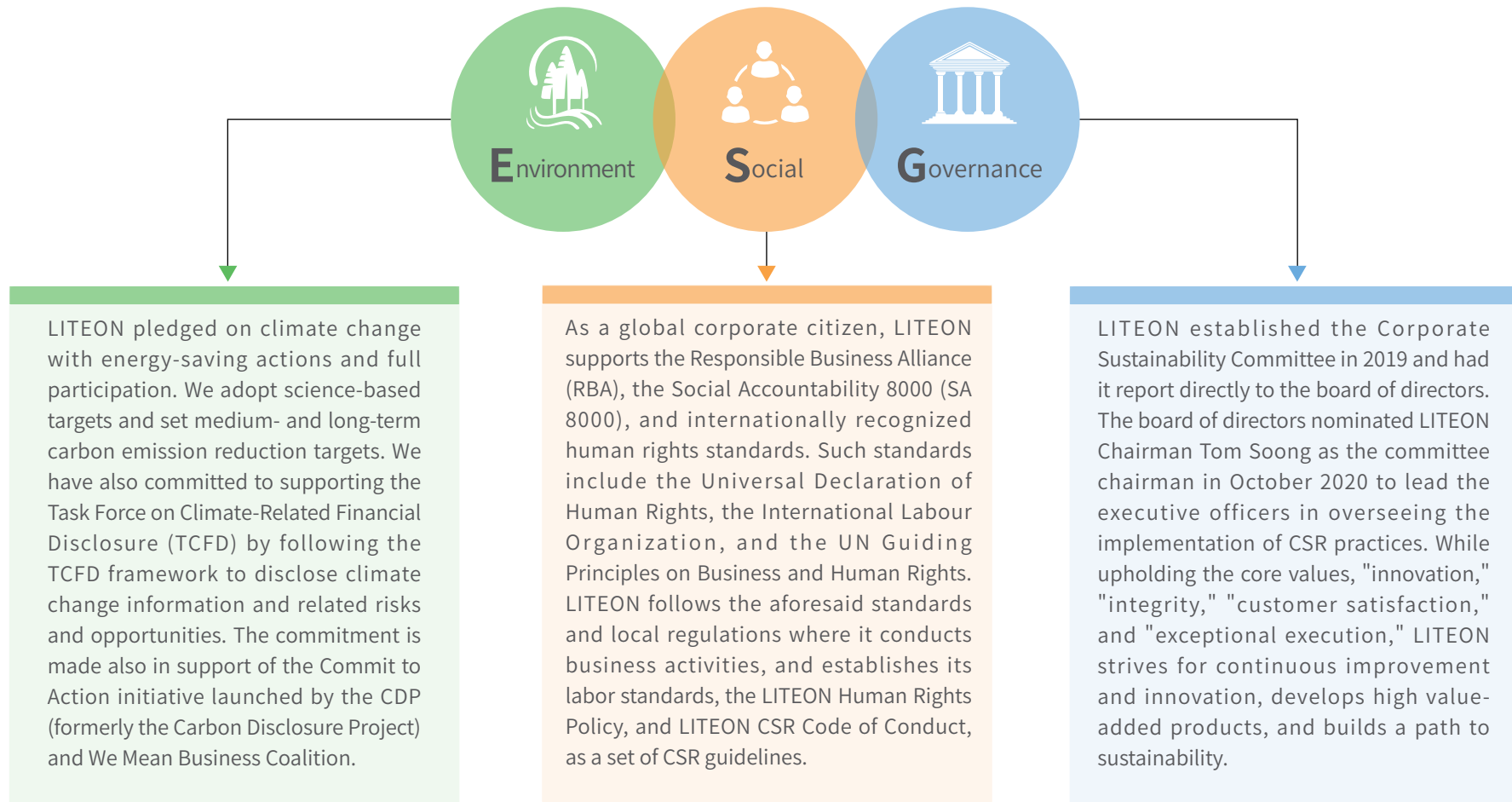
Stakeholder engagement highlights:

- Industry, academia, and government collaboration
- Partnering with suppliers to develop environmentally sustainable materials recycled from marine waste
- Working with customers and NGOs to promote employee rights and raise health and safety awareness



## 1.1 Corporate Sustainability Perspective and Commitment

LITEON sets out to become "the leader in our business." The objective is to optimize global operations for excellence by deploying exceptional global production capabilities to expand in emerging markets. Priorities are given to investing in high growth and high returns energy-saving and environmentally friendly smart industries. The product portfolio and returns are also optimized in the process. Following the vision of being "the best partner for optoelectronics, energy conservation and smart technologies," LITEON, while pursuing revenue and profit growth, makes an active effort to fulfill corporate social responsibilities. The company commits to better in employer-employee relations, employee care, corporate governance, environmental protection, and public charity works. There is a great emphasis on complying with government laws and regulations, protecting workers' rights, improving workplace health and safety, developing green products, reducing damage to the environment, and upholding social and environmental responsibilities to meet stakeholders' expectations.



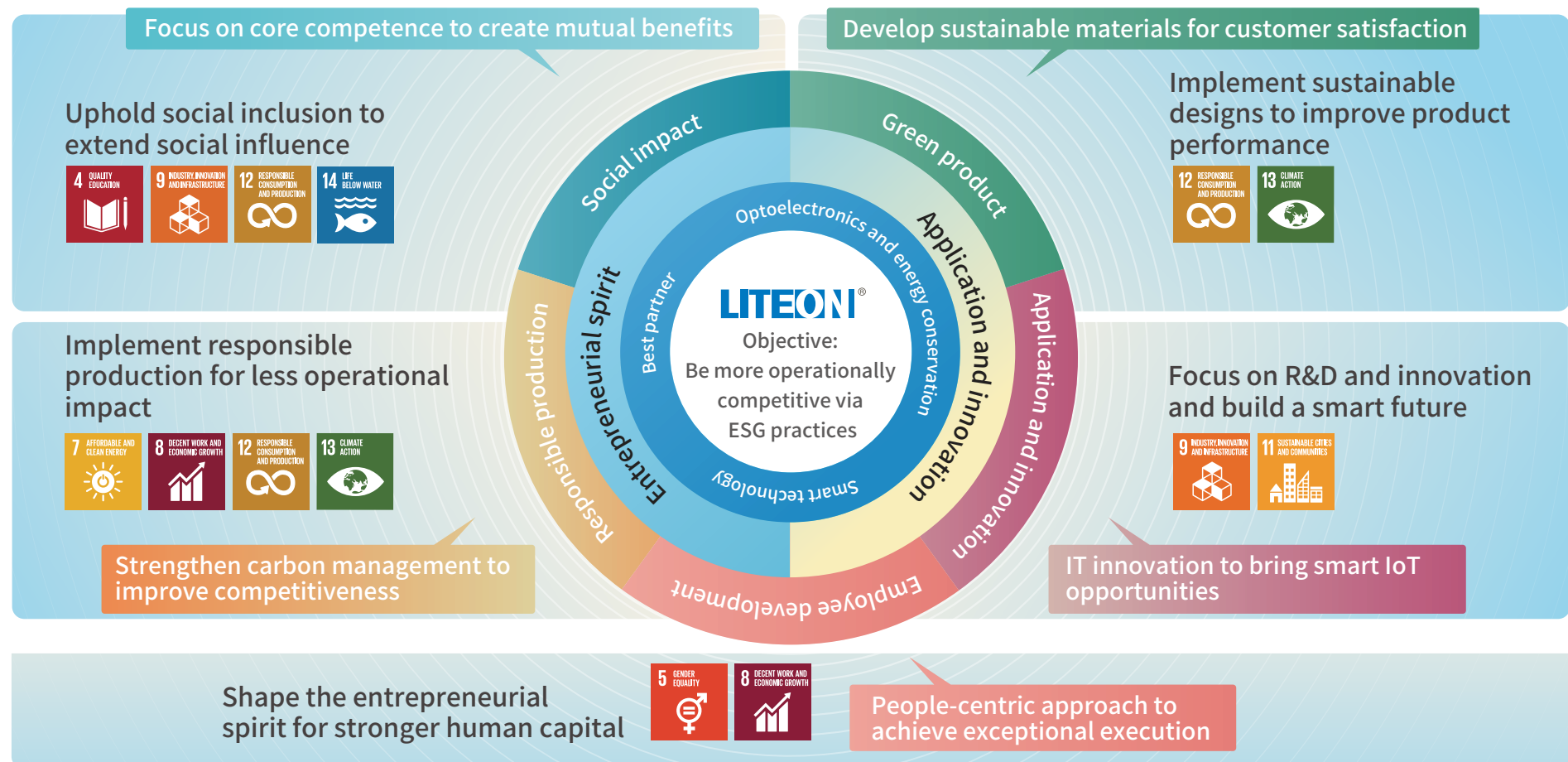


## 1.2 Strategic Planning for Sustainability


### LITEON Sustainability Strategies and Blueprint




With an entrepreneurial spirit, LITEON focuses on solid execution, and advances toward the vision of "the best partner for optoelectronics, energy conservation and smart technologies." We construct our sustainability strategies around the core values, "environmental sustainability," "inclusive innovation," and "sustainable governance," and extend them into five specific 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 the report.

### LITEON ESG Sustainability Blueprint and Key Points



## 1.2.1 Highlights on LITEON's response to UN Sustainable Development Goals (SDGs) in 2020

SDGs	LITEON's response to SDGs	Chapter	Page No.
 <b>4 QUALITY EDUCATION</b>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> <li>LITEON volunteers provide English and after-school teaching at remote elementary schools and after-school counseling for disadvantaged students.</li> <li>The LITEON 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>The LITEON Light of the World program teams up with Step30 to collect and send shoes to Africa in containers to be converted into classrooms. Donations are used exclusively to improve public health conditions and the learning environment for African children.</li> </ul>	<p>5.1 Social Inclusion Policy 103</p> <p>5.5 LITEON Volunteers 109</p> <p>5.6.1 Promoting Community Learning Activities 110</p> <p>5.6.2 Taipei Xinyi Community College 113</p>	
 <b>5 GENDER EQUALITY</b>	<p>Achieve gender equality and empower all women and girls</p> <ul style="list-style-type: none"> <li>Employees' salaries and compensation are determined by their education, knowledge, skills, seniority, and individual performance. In no way does gender play a part in these decisions. The sex ratio in executive compensation was 1:1.22 in 2020.</li> <li>Maternal health care plans for female employees are implemented effectively for maternity protection and equal employment opportunity. The scope covers medical staff interviews, hazard assessment and control, risk classification, and adaptive job assignment.</li> <li>Women empowerment seminars are offered regularly to female employees.</li> </ul>	<p>4.4 Protection of Employee Interest 88</p> <p>4.6 LOHAS LITEON 94</p>	
 <b>7 AFFORDABLE AND CLEAN ENERGY</b>	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <ul style="list-style-type: none"> <li>LITEON invests actively in the development of several high-performance power conversion technologies and energy-saving products.</li> <li>Renewable energy targets are set, and renewable energy usage is raised every year.</li> </ul>	<p>3.1 Commitment to Environmental Sustainability and Policy 59</p> <p>3.2 Climate Change and Energy Management 61</p> <p>3.5 Product Green Design and Management 69</p>	
 <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> <ul style="list-style-type: none"> <li>LITEON promotes the "Plain Jade Project" and establishes campuses in North, Central, and South Taiwan. They serve as short-term (summer internship), medium-term (industry-university collaboration), and long-term (inter-school management) collaboration models to bring the industry and academic institutions together in cultivating young talents and increase employment.</li> <li>The "LITEON Award" is created to encourage creative technical designers and support technology incubation programs in Taiwan.</li> <li>The RBA Code of Conduct 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>	<p>2.3.6 Human Rights Management 43</p> <p>5.1 Social Inclusion Policy 103</p> <p>5.2 2020 LITEON Award 104</p> <p>5.3 LITEON Plain Jade Project 105</p>	
 <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>Networking modules, computer peripherals, cloud computing power management systems and other information technology products are optimized on an ongoing basis to extend the global reach of the Internet at a faster pace.</li> <li>Dedicated to the development of IoT, LITEON targets smart surveillance products and technologies, and provides smart digital surveillance solutions, including online cameras and video storage management systems for smart cities and smart homes.</li> <li>LITEON implements advanced manufacturing for high product manufacturing capacity and flexibility. The company strives to develop Industry 4.0 through business unit integration, structured office management, and other mechanisms such as a technical committee.</li> </ul>	<p>Company Overview 7</p> <p>3.1 Commitment to Environmental Sustainability and Policy 59</p> <p>3.2 Climate Change and Energy Management 61</p> <p>3.5 Product Green Design and Management 69</p>	

SDGs	LITEON's response to SDGs	Chapter	Page No.
	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> <ul style="list-style-type: none"> <li>· LITEON has smart application and smart peripherals departments to develop smart home, smart lighting, and smart vehicle products and services.</li> <li>· A brand new smart gateway is opened in the smart home and smart office lines.</li> <li>· In terms of smart lighting systems, LITEON combines smart LED lamppost features and installs various sensors and interactive displays to achieve optimization and customer satisfaction in communication, energy saving, air quality, and transportation.</li> <li>· Wireless smart home cameras can perform smart analysis to issue alerts on specific persons or transports.</li> </ul>	Company Overview	7
	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> <li>· LITEON strengthens hazardous substance management, and uses a management system to select suppliers with management capabilities to ensure raw materials and products meet the requirements.</li> <li>· LITEON tries to 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 through the use of High Impact Polystyrene (HIPS) materials in LITEON products.</li> </ul>	1.4.2 Stakeholder Engagement Performance Highlights 2.6 Sustainable Supply Chain 3.5 Product Green Design and Management 5.4 SEA HOPE Project	21 52 69 106
	<p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> <li>· LITEON participates in the CDP and has received the highest rating in CDP Supplier Engagement. The company sets rigorous targets and takes actions to reduce GHG emissions, mitigate climate risks, and develop a low-carbon economy.</li> <li>· LITEON's Science Based Target (SBT) that aims to reduce carbon emissions passed compliance review by Science Based Targets Initiative (SBTi).</li> <li>· LITEON follows the Task Force on Climate-Related Financial Disclosures (TCFD) initiative to identify climate risks and opportunities to formulate adaptation and mitigation strategies.</li> </ul>	3.1 Commitment to Environmental Sustainability and Policy 3.2 Climate Change and Energy Management	59 61
	<p>Conserve and sustainably use the oceans, seas and marine resources</p> <ul style="list-style-type: none"> <li>· LITEON volunteers in coastal cleanups.</li> <li>· The marine conservation and environmental education on Lanyu Island.</li> <li>· "Design for SDG14" is a learning program that combines environmental education and green design. It guides students to take a design approach and come up with innovative strategies and designs in different areas to counter marine pollution.</li> </ul>	1.4.2 Stakeholder Engagement Performance Highlights 5.1 Social Inclusion Policy 5.4 SEA HOPE Project	21 103 106
	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p> <ul style="list-style-type: none"> <li>· LITEON works with government authorities, research institutions, and suppliers to reuse marine plastic waste to make computer peripherals. LITEON also assists in promoting volume reduction techniques for styrofoam marine waste and in supporting international collaboration.</li> <li>· As a global corporate citizen, LITEON established the Corporate Sustainability Committee under the board of directors, and created the Core Competency Center to combine internal and external technical resources. 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>	1.3 LITEON Corporate Sustainability (CSR) Committee 1.4.2 Stakeholder Engagement Performance Highlights 5.4 SEA HOPE Project	16 21 106



## 1.2.2 The 2020 LITEON SDGs Award encouraged innovation and sustainability Integration

To seek opportunities in sustainability development and acknowledging the item "application and innovation" in the LITEON Sustainability Blueprint, LITEON re-optimized the preexisting CSER Awards and organized the brand-new SDGs Sustainability Award to collect innovative perspectives internally and encourage employees to innovate and commit to SDGs. Since the start of the event in May 2020, a total of 36 submissions from nine sites were received, including the headquarters and factors in Changzhou, Shijie, Guangzhou, Changan, Beihai, Kaohsiung, Dongguan, and Zhonghe. Five internal supervisors complete a preliminary document review, and three outside professionals complete a written review. Finally, the executive officers, with the president at the front, perform an onsite presentation review, and select 10 winners/groups for recognition and NTD 1 million in total prize money. For more information, please visit <https://www.liteon.com/zh-tw/globalcitizenship/681>



Prize	Innovative Project Award	Creativity Award
<b>Submissions</b>	13 entries	23 entries
<b>Prize/Number of winners</b>	Total prize at NTD 400,000 Winner: NTD 300,000 each for 1 team Honorable mention: NTD 50,000 each for 2 teams	Total prize at NTD 600,000 Winner: NTD 300,000 each for 1 team Honorable mention: NTD 50,000 each for 6 teams



## 1.3 LITEON Corporate Sustainability Committee



As a way to raise sustainable competitiveness and to demonstrate the company's commitment to sustainable development, LITEON passed a resolution to establish the 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. LITEON is one of the few TWSE-listed companies in Taiwan to elevate sustainable governance to the level of directors.

The CSR Committee shall be composed of three or more board members selected by the board of directors. Half or more of the committee members shall be independent directors. The level of authority for the CSR Committee was elevated again in November 2020. The board of directors passed a proposal to appoint LITEON Chairman Tom Soong to be the chairman of the CSR Committee in charge of setting annual CSR targets in terms of the economic, environmental, and social aspects of the business. Progress is monitored regularly to ensure LITEON's continuing advancement toward sustainability and fulfillment of short-, medium-, and long-term

goals. In addition, updates and results are reported regularly to the board of directors annually.

In response to the environment and issues of interest to stakeholders as well as changes in industry trends, we evaluated LITEON's core competencies, and divided committee activities into nine categories to be incorporated into routine operations. The objective is to establish more focused and more refined sustainability and accountability regulations. Hence, two function units, which contain nine sub-committees, are created under the CSR Committee. The sub-committees are "risk management", "information security" management, "ethical corporate management", effective management of the RBA code of conduct, community involvement, supply chain management, green design, environmental sustainability, information disclosure and added value improvement. The goals of each committee are set out in the corresponding chapters in this report.

### Organization Structure of LITEON Corporate Sustainability (CSR) Committee



## 1.4 Stakeholders and Material Topics

Being the best partner for our stakeholders is one of LITEON's commitments. Listening to and communicating effectively with the stakeholders is one of the corners on which LITEON builds corporate sustainability.

### 1.4.1 Stakeholder Identification and Communication

LITEON has stakeholders from 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, influence, proximity, responsibility, and representation. Nine stakeholder categories have been identified by the degree of importance.

Our stakeholders include employees, customers, suppliers, investors/shareholders, governments and competent authorities, nonprofit organizations, research institutions, communities, and media. In addition, correlation tests are performed every year to examine the survey results returned by stakeholders. Conclusions are reported by the CSR Executive Office to the board of directors.

In 2020, LITEON 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 material to LITEON's stakeholders are also addressed in the relevant chapters in this report.

#### Stakeholder Engagement Performance in 2020

Stakeholder	Significance to LITEON	Method and frequency of engagement	Concerned topics	LITEON's response	Engagement results	Report (chapter)	Page No.
Investors (shareholders)	All shareholders (and potential shareholders) investing in LITEON 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: (annually)</li> <li>Investor conferences: (quarterly)</li> </ul> </li> <li>Participation in global investor forums (as needed)</li> <li>Investor hotline (real-time) and mailbox</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>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 and business operations.</li> <li>Annual reports, quarterly financial statements, quarterly reports, and monthly revenues are uploaded to the investor relations section of the corporate website as soon as they become available.</li> </ul>	<ul style="list-style-type: none"> <li>Held 1 annual general meeting</li> <li>Held 4 institutional investor conferences</li> <li>72 discussion meetings</li> </ul>	Company Overview 2.1 LITEON Corporate Values and Governance 2.2 Organization Structure of Corporate Governance 2.3 Corporate Risk Management 2.4 Compliance, Ethics and Anti-corruption 2.6 Sustainable Supply Chain 2.7 Customer Service and Satisfaction	7 31 33 37 47 52 56



## Stakeholder Engagement Performance in 2020

Stakeholder	Significance to LITEON	Method and frequency of engagement	Concerned topics	LITEON's response	Engagement results	Report (chapter)	Page No.
Employees (union)	Employees are LITEON'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>1. Union meetings (as needed)</li> <li>2. Employee/employer meetings (quarterly)</li> <li>3. Business unit meetings (quarterly)</li> <li>4. Hotlines and mailboxes (immediate)</li> <li>5. 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 always open to employee feedback. Adjustments to strategies or proposals for improvement are made as appropriate to develop a talent-centric culture.</li> <li>· Management training by field of training and by the level of authorization, holistic health and safety training, and fire drills are conducted regularly.</li> <li>· Following the COVID-19 prevention plan in 2020, preventive measures were taken before classes, and external lecturers had to complete a COVID-19 survey before they were allowed to enter the factories. In addition, course announcements were made to remind attending employees to follow the preventive measures. Certain courses for overseas facilities scheduled to be taught by Taiwanese lecturers were conducted via live-streaming to ensure uninterrupted learning for employees of overseas facilities.</li> </ul>	<ul style="list-style-type: none"> <li>· Received a total of 1,273 employee feedback forms</li> <li>· 84.1% return rate on the employee engagement survey</li> <li>· 12 two-way communication meetings among business units</li> <li>· Handled 160 cases via internal communication channels</li> </ul>	<p>Company Overview</p> <p>2.1 LITEON Corporate Values and Governance</p> <p>2.2 Organization Structure of Corporate Governance</p> <p>2.3.6 Human Rights Management</p> <p>4.1 Employee Policy</p> <p>4.2 Employee Profile</p> <p>4.3 Employee Development and Training</p> <p>4.4 Protection of Employee Interest</p> <p>4.5 Employee Relations</p> <p>4.6 LOHAS LITEON</p>	<p>7</p> <p>31</p> <p>33</p> <p>43</p> <p>75</p> <p>77</p> <p>84</p> <p>88</p> <p>91</p> <p>94</p>
The media	The media act as a bridge between LITEON 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 LITEON 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 (quarterly)</li> <li>2. Ad hoc business result updates, interviews in press conferences, and press releases (as needed)</li> <li>3. Regular press releases to publish monthly revenues (monthly)</li> <li>4. Ad hoc press releases to publish business updates (as needed)</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>· Labor relations and friendly workplace</li> <li>· Innovation development and application</li> </ul>	<ul style="list-style-type: none"> <li>· The company engages the 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 the media are submitted to the executive management to provide a basis for the improvement of corporate governance practices.</li> </ul>	<ul style="list-style-type: none"> <li>· Issued a total of 26 press releases</li> <li>· Hosted 6 press conferences</li> </ul>	<p>Company Overview</p> <p>2.2 Organization Structure of Corporate Governance</p> <p>2.3 Corporate Risk Management</p> <p>2.4 Compliance, Ethics and Anti-corruption</p> <p>3.5 Product Green Design and Management</p> <p>4.5 Employee Relations</p> <p>4.6 LOHAS LITEON</p>	<p>7</p> <p>33</p> <p>37</p> <p>47</p> <p>69</p> <p>91</p> <p>94</p>

## Stakeholder Engagement Performance in 2020

Stakeholder	Significance to LITEON	Method and frequency of engagement	Concerned topics	LITEON's response	Engagement results	Report (chapter)		Page No.
Customers	Customers are LITEON's source of revenue, and we listen to customers and their needs. LITEON monitors industry trends closely and provides professional services to meet the customers' standards and keep abreast with the latest developments.	1. Quarterly business review meetings (quarterly) 2. Supplier Conference (as needed) 3. Special-purpose meetings (as needed) 4. Meeting appointments (as needed) 5. Ad hoc meetings on urgent issues (as needed) 6. Audits by customers (as needed) 7. RBA-ON platform (annual)	<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>A customer-oriented sales platform is added as part of an ongoing effort to strengthen customer service and staying in close communication with customers.</li><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 protects client privacy and is always ready to face customer scrutiny.</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>	A customer satisfaction survey on 80 customers produced a 91.3% satisfaction rate.	2.5	Information Security and Privacy Management	49
						2.6	Sustainable Supply Chain	52
						2.7	Customer Service and Satisfaction	56
						3.5	Product Green Design and Management	69
Suppliers	Suppliers play a key role in LITEON's campaign to achieve sustainability. In addition to production, service, and operational concerns, the company must consider its corporate social responsibility and reputation risk. LITEON 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 (as needed) 2. Supplier audits (as needed) 3. Project meetings (as needed)	<ul style="list-style-type: none"><li>Supply management</li><li>Product quality and safety</li><li>Raw materials 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>The company continues to encourage suppliers to develop innovative business models that minimize the environmental impact and align with key trends in guidelines adopted by major international players to achieve sustainability.</li></ul>	A supplier ESG survey returned a total of 238 replies.	2.4	Compliance, Ethics and Anti-corruption	47
						2.6	Sustainable Supply Chain	52
					Suspended in 2020 due to the COVID-19. Plans for taking the event online are being considered.	3.5	Product Green Design and Management	69
Government authorities	In addition to complying with government regulations, LITEON 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 the 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>	<ul style="list-style-type: none"><li>Regarding ocean conservation issues, the company lobbies the Ocean Affairs Council and the Ocean Conservation Administration on an ongoing basis, and reaches out to Penghu and Kinmen County Governments as well as other local governments in Taiwan such as Keelung, Taoyuan, Tainan, and Matsu.</li><li>Ranked top 5% in Corporate Governance Evaluation</li></ul>	Company Overview	7	
						2.1	LITEON Corporate Values and Governance	31
						2.2	Organization Structure of Corporate Governance	33
						2.4	Compliance, Ethics and Anti-corruption	47
						4.5	Employee Relations	91
						4.6	LOHAS LITEON	94



## Stakeholder Engagement Performance in 2020

Stakeholder	Significance to LITEON	Method and frequency of engagement	Concerned topics	LITEON's response	Engagement results	Report (chapter)	Page No.
The community	LITEON improves its sustainability campaign based on its effort to improve its CSR performance. By giving back to the community, LITEON creates a stronger positive influence on society. LITEON also implements stakeholder communication mechanisms to add to its positive influence on society.	1. Community assistance	· Social engagement	· The company communicates via email and telephone. In the event of a major incident, notifications will be made by email, and announcements and discussions will take place on social media websites.	· More than 6,574 participants benefited from the activities	Company Overview	7
		· Social media webpage (as needed)	· Corporate image	· Integrity and compliance	· 3,844 people from 24 schools in total participated in community volunteering training.	2.4 Compliance, Ethics and Anti-corruption	47
		· Course feedback form (at the end of each class)	· Climate change and energy management	· 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 current priorities of the community college.	· Xinyi Community College offered a total of 348 courses this year and received 5,948 students.	3.2 Climate Change and Energy Management	61
		· Teachers' meetings (as needed)				5.1 Social Inclusion Policy	103
		· Volunteers and supervisors' meetings (as needed)				5.5 LITEON Volunteers	109
		· Assistance director and supervisors' meetings at the beginning and the end of a semester (semiannually)				5.6 LITEON Cultural Foundation	110
		2. Xinyi Community College					
		· Course satisfaction questionnaires (semiannually)					
		· Instructor meetings (semiannually)					
		3. Volunteer meetings (quarterly)					
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)	· Innovation development and application	· 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.	· Apart from suspending overseas internships according to the COVID-19 prevention plan, the company continued to conduct the internal training program according to the disease control requirements.	2.4 Compliance, Ethics and Anti-corruption	47
		2. Seminar planning (as needed)	· Green product design	· The company collaborates with others in developing industry technologies through technology transfer or commissioned research to implement new technologies needed to enable product development.	· A total of 56 internship positions were offered to college/university students in 2020.	3.5 Product Green Design and Management	69
		3. Government project execution (as needed)	· Talent training & education	· The company works with research institutions in building up talent pools and necessary techniques by providing funding or creating joint research centers.	· Conducted 15 academic-industry collaboration programs.	5.1 Social Inclusion Policy	103
		4. Collaborative technology development (as needed)	· Integrity and compliance			5.2 2020 LITEON Award	104
						5.3 LITEON Plain Jade Project	105
						5.4 SEA HOPE Project	106
Non-Profit organizations	As an ethical and responsible business, LITEON 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)	· Corporate image	· The company is an active member of industry associations and stays in close contact with other industry members.	· Engaged with the Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association and Taiwan Optoelectronic Semiconductor Industry Association on an ongoing basis.	Company Overview	7
		2. Event co-sponsorships (as needed)	· Human rights	· The company works with NGOs/NPOs to support environmental conservation and social inclusion projects.	· Worked on environmental and social care projects with the First Social Welfare Foundation and the World Business Council for Sustainable Development on an ongoing basis.	1.4.2 Stakeholder Engagement Performance Highlights	21
		· Initiate advocacy (as needed)	· Labor relations and friendly workplace			2.3.6 Human Rights Management	43
			· Climate change and energy management			2.6.2.1 Sustainable Supply Chain Guidelines	53
						3.2 Climate Change and Energy Management	61
						4.4 Protection of Employee Interest	88
						4.5 Employee Relations	91
						4.6 LOHAS LITEON	94
						5.6.1 Promoting Community Learning Activities	110
						5.6.2 Taipei Xinyi Community College	113



## 1.4.2 Stakeholder Engagement Performance Highlights

### 1. Onsite Styrofoam marine waste volume reduction containers, a industry, academia, and government collaboration

#### Partners

1. **Social enterprise: QiHui Environmental Technology**
2. **Government agencies: Environmental Protection Bureau of Penghu County, Environmental Protection Bureau of Kinmen County, and Ocean Conservation Administration of Ocean Affairs Council**
3. **Legal entities and research institution: Industrial Technology Research Institute**

LITEON worked with QiHui Environmental Technology, a social enterprise, as well as the Environmental Protection Bureau of Penghu County and the Environmental Protection Bureau of Kinmen County in developing the world's first containers that onsite process and reduce the transportation volume of Styrofoam marine waste significantly by 90%. A donation ceremony hosted by LITEON GCEO. for onsite Styrofoam marine waste volume reduction containers was held at LITEON's Neihu headquarters on May 8, 2020. The recipients were the Environmental Protection Bureau of Penghu County and the Environmental Protection Bureau of Kinmen County. Representatives of the Ocean Conservation Administration of the Ocean Affairs Council, Material and Chemical Research Laboratories of ITRI, and QiHui Environmental Technology were also invited to bear witness to the ceremony.

The Kinmen County Government and the Penghu County Government subsequently held

a launch ceremony for the containers on June 6 and July 17, respectively. Magistrate Cheng-Wu Yang hosted the ceremony in Kinmen County. Representatives of the Environmental Protection Administration, the Ocean Affairs Council, LITEON, and QiHui Environmental Technology were invited to join in and launch the containers and the Styrofoam marine waste volume reduction process. Meanwhile, Director-general Kao-Liang Chen of the Environmental Protection Bureau hosted the ceremony in Penghu County. The process was launched by LITEON and QiHui Environmental Technology.

The project not only attracted the attention and interest of other local governments (Keelung, Taoyuan, Matsu, and Tainan) but also won the support of the Ocean Affairs Council of Executive Yuan. OAC went to Executive Yuan for an annual budget to subsidize Kinmen County and Penghu County for using onsite volume reduction containers to process Styrofoam marine waste. It is estimated that onsite volume reduction containers had helped Kinmen and Penghu process a total of 50 tonnes of Styrofoam marine waste by 2020.



External party	Organization	Reason to collaborate	Scope of cooperation
Government	Environmental Protection Bureau of Penghu County	· One of Taiwan's offshore islands and a famous tourist destination but with limited resources and a severe problem of Styrofoam marine waste. The first local government to receive LITEON's assistance in clearing Styrofoam marine waste.	· A feasibility study and discussion on Penghu switching from vacuum bags to onsite volume reduction containers, including environmental regulations, budgets, and business models to be subsequently adopted.
Government	Environmental Protection Bureau of Kinmen County	· Interested in LITEON's Penghu Coastal Styrofoam Waste Cleanup project and contacted LITEON. Agreed strongly with the onsite volume reduction approach.	· A feasibility study and discussion on the introduction of onsite volume reduction containers into Kinmen, including environmental regulations, budgets, and business models to be subsequently adopted.
Government	Ocean Conservation Administration of Ocean Affairs Council	· The central government department in charge of maritime affairs. Helped with establishing a link with government policies for promoting the project.	· OAC allocated budgets to subsidize Kinmen County and Penghu County for processing Styrofoam marine waste. The budgets were intended to accelerate the use of onsite volume reduction containers for clearing Styrofoam marine waste in Kinmen and Penghu.
Research institutions	Industrial Technology Research Institute	· In possession of the technology to modify Styrofoam marine waste as well as more government and platform resources. Helped with refining and promoting the project.	· Modified recycled Styrofoam marine waste into high-strength recycled plastics. Invited domestic media (e.g. Sanlih News and Business Today) via ITRI and the Industrial Development Bureau of MOEA for media coverage. Gained additional exposure for the project via presentations of results and other means.
Social enterprise	QiHui Environmental Technology	· The only company in Taiwan with the technology to recycle and reuse Styrofoam marine waste at present.	· Made plans for capacities and layouts of volume reducing machine, filtration tank, storage tank, and air pollution control device.



## II. Partnering with suppliers to develop environmentally sustainable materials recycled from marine waste

### Partners:

1. Suppliers: Cheer Young Co., Ltd. and U-PAK Technology Co., Ltd.
2. Legal entities and research institutions: Industrial Technology Research Institute

LITEON worked with plastic material supplier Cheer Young Co., Ltd. in developing technologies that used a solvent process to reduce the volume of Styrofoam marine waste and produce 99% pure recycled polystyrene (r-PS) and modified r-PS into recycled high impact polystyrene (r-HIPS) to be used in existing computer peripherals manufactured by LITEON. The technologies provided a solution to the brittleness of r-PS as well as its tendency to fracture and lack of toughness when used in products.



LITEON and Cheer Young had succeeded in creating r-HIPS with 25% Styrofoam marine waste (i.e. one kilogram of r-HIPS contained 250 grams of PS extracted from Styrofoam marine waste) and introducing r-HIPS into LITEON's two computer peripherals products, keyboards and mice, which are top1 and 2 respectively in global shipment. However, the project with Cheer Young still required a certain percentage of new materials to be added. To minimize the environmental impact and increase the use of recycled plastics, LITEON turned to another long-term partner, ITRI, to develop r-HIPS that contained 76% of Styrofoam marine waste and did not require the addition of new materials. The result received Post Consumer Recycled (PCR) certification for containing 76% Styrofoam marine waste. In addition to introducing the certified 76% recycled plastic materials into more samples of Styrofoam marine waste keyboards and mice, LITEON held seminars and created web pages to better inform suppliers of the project. LITEON also started working with LED carrier/reel supplier, U-PAK Technology Co., Ltd., to produce samples to replace the use of new HIPS materials. It would extend LITEON's influence over suppliers' use of innovative technologies or green materials.

## III. Working with customers and NGOs to promote employee rights and raise health and safety awareness

### Partners: Dell and MicroBenefits

Participants: All employees at Changzhou Plant

Period: August 2019 - January 2021

### Background and objectives

Dell is one of LITEON's long-term customers and partners. MicroBenefits is an NGO dedicated to using Internet technologies to help businesses and their supply chains resolve workplace training and communication issues in the manufacturing sector to improve operating efficiency and productivity. Dell worked with MicroBenefits to develop and promote the Dell Supply Chain Training and Learning Map for Frontline Workers. The objective was to encourage frontline workers on Dell's supply chain to access online learning to find out about labor rights and become more health and safety conscious.

### Activities and results:

Dell supply chain training for frontline workers was part of the online supply chain and CSR courses promoted by Dell to help frontline workers on its supply chain to learn about labor rights and become more safety conscious. The project was presented as an online learning map. The learning process involved using mobile to scan a barcode, watching a video, and answering questions. The contents were divided into five sections, including labor rights and health and safety. The learning process was designed to be fun and able to effectively help employees become more informed and better skilled. A total of 2,528 people completed the training course and passed the test and received the title of "Dell Rights Expert."



## IV. Raising employees' awareness to prevent the spread of COVID-19

LITEON created a disease control team at the beginning of the COVID-19 pandemic. The team reviewed preventive measures regularly and implemented improvement. It also strengthened internal control measures against the virus. LITEON's instructions to employees had followed the theme of "no need to panic, but the disease prevention guidelines must be observed". Everyone entering a LITEON plant was required to wear a mask and had his/her temperature taken. Anyone whose temperature exceeded the threshold would not be allowed to enter. Meetings with other LITEON plants or outside parties were conducted by video conferencing wherever possible. To keep high-risk individuals from others, visitors, including contractors, were required to be screened and provide travel history before being allowed to enter the plants.

Automatic hand sanitizer dispensers were installed at all entrances/exits and dividers were added in employee restaurants. Only a limited number of people were allowed in an elevator. Disease prevention instructions were broadcast at scheduled hours every day. Furthermore, all

plants were cleaned and disinfected more frequently. In addition to scheduled disinfecting for key areas, the plants hired professional disinfecting service providers to perform regular plant-wide disinfecting.

To help employees stationed abroad or traveling on business fight the virus, LITEON provided care programs for employees and their families. Examples included increasing group life insurance coverage to NTD 1 million; providing an allowance up to NTD 30,000 for the cost of local inpatient/outpatient services in excess of the NHI reimbursement and group insurance payout; paying for family members of employees stationed abroad to join the company's group insurance plan; allowing unused family visit leaves and airfare allowances to be paid in full in cash; paying for the costs of testing or quarantine required by local governments for the outbound and inbound journeys for employees stationed abroad and their families on a family visit to Taiwan, and sending greetings and gifts to families in Taiwan of employees stationed abroad on major holidays, and providing essential disease prevention supplies (e.g. protective clothing and masks).

No COVID-19 case was reported at any of the LITEON plants in Taiwan or abroad in 2020.

**防疫資訊報你知** 環境物須知

親愛的光寶同仁：  
為維護全體同仁的健康，請務必遵守各廠區因應防疫之電梯搭乘措施以及電梯搭乘人數限制，謝謝！

**電梯搭乘禮儀篇**

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2. 保持適當距離並配戴口罩
3. 不隨意觸碰電梯牆壁
4. 打噴嚏掩口鼻，並避免直接觸碰電梯按鈕及牆壁（如有接觸呼吸道分泌物時，請洗手進行清潔消毒）

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**口罩實名制 2.0**  
(3/26-4/1 當週口罩)  
持交易成功序號到原指定超商領取口罩  
可持親友證件及序號代取！

**口罩實名制 2.0 第二輪即將啟動**  
3月25日 開始預購 4月2日 開始領取

13-16歲青少年可選購兒童口罩  
3/19起13-16歲者可購需求，贈7天選擇員  
3片成人口罩 或 5片兒童口罩

資料更新時間：2020.03.23 LITEON 員工關係 關心您的健康！

**防疫資訊報你知** 肥皂勤洗手

親愛的光寶同仁：  
請同仁落實個人健康管理與他人保持社交距離，避免出入人潮擁擠場所，並請同仁於上班期間務必配戴口罩！

**社交距離篇**

1. 保持室內1.5公尺以上，室外1公尺以上
2. 辦公室或會議室請儘可能採取梅花座形式
3. 開會時，請避免進食，茶水應有杯蓋
4. 用餐時，請分時分眾用餐並避免交談
5. 電梯內，請遵守搭乘人數限制並避免碰觸與交談
6. 搭乘大眾運輸時，應配戴口罩並避免進食
7. 避免進入與維生無關之密閉空間場所
8. 以拱手代替握手，遵循不碰觸彼此之原則

**社交距離範例**

資料更新時間：2020.04.06 LITEON 員工關係 關心您的健康！



### 1.4.3 Identification of Material Topics

The LITEON 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 of material topics at LITEON is conducted in a three-year cycle. The latest cycle ended in 2020, hence a new stakeholder sustainability issues survey was conducted this year. Material topics of the year and stakeholders will be examined on an ongoing basis and modified as needed every year by the CSR Committee.

#### Identification

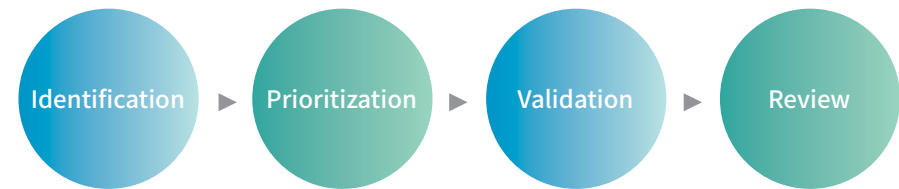
A list of 20 sustainability issues was compiled through the channels below to provide the scope of material topics identification in the report.

- List sustainability issues that would be of interest to different stakeholders based on the experience of employees from everyday business activities and previous assignments.
- Material topics for leading competitors around the world and international trends in sustainability were examined.
- To maintain the objectivity, integrity, and inclusiveness of material topics, the company also looked back on the material topic matrix in the previous report.

#### Prioritization

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

- ESG issues are assessed 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".
- In 2020, a total of 1,438 valid results were received in an internal and external questionnaire. The opinions of key stakeholders were studied through internal sub-committee meetings to make the assessment results more representative
- The degree of influence and impact of individual issues were measured and quantified to create a preliminary material topic matrix.



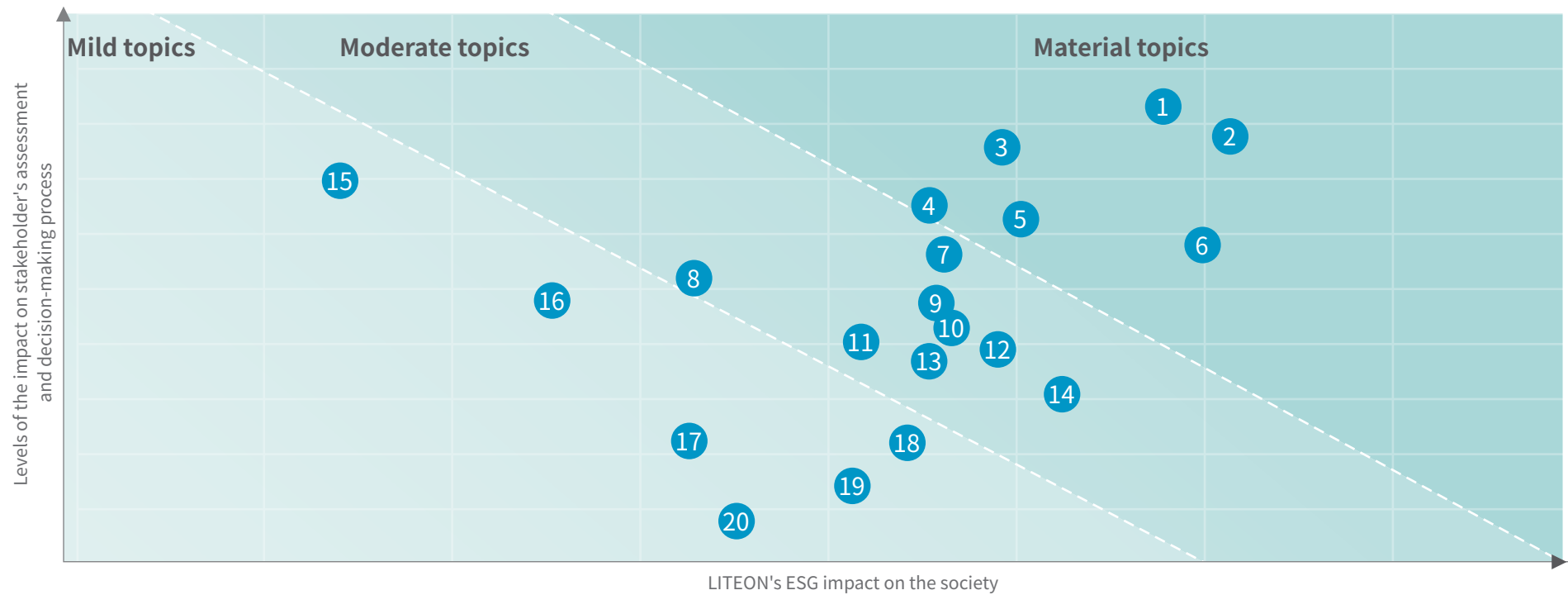
#### Validation

- To ensure compliance with the GRI and stakeholder inclusiveness principles, and to strengthen the link between material topics of the year and core competencies, results of the preliminary identification of material topics are reviewed by the LITEON CSR Committee. The committee also raises the degree of materiality for four topics, "Corporate governance and operations", "Integrity and compliance", "Climate change and energy management", and "Green product design" based on results of international benchmarking analysis, trends in sustainability, and LITEON's business development strategies.
- Given the mission to become the partner of choice for customers developing smart technology innovations and applications worldwide, LITEON works hard to explore new opportunities and develop new products. Meanwhile, the internal policy is to follow "a human-centered growth strategy" and to strengthen human capital and retain talent more effectively. Hence, compared to the previous matrix, the degree of stakeholder interest and the degree of impact of "talent training and education" and "product quality and safety" both increased dramatically and became one of the material topics of the year.
- A total of 14 sustainability topics were selected from the "material topics" and "moderate topics" to be the scope of material disclosure in this report. We also identified and responded to the GRI topics corresponding to the material topics in the report.

#### Review

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

## LITEON analysis of material topics in 2020



### Material topics

(1) Information security and personal information protection	(2) Product quality and safety	(3) Occupational health and safety	(4) Human rights	(5) Corporate governance and operations	(6) Climate change and energy management
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### Moderate topics

(7) Labor relations and friendly workplace	(8) Integrity and compliance	(9) Talent training and education	(10) Risk management	(11) Customer relationship management	(12) Talent recruitment and retention	(13) Supply chain management	(14) Green product design
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### Mild topics

(15) Corporate image	(16) Innovation development and application	(17) Raw materials management	(18) Community involvement	(19) Waste management	(20) Water resource management
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## Implications of material topics for LITEON

Category	Material topic	Implications for LITEON
Environmental aspect	Climate change and energy management	LITEON sees climate change as a major risk and an important opportunity. In addition to setting aggressive carbon reduction targets and adaptation and mitigation strategies, LITEON makes use of energy creation, conservation, and conversion products and solutions to counter the implications and challenges of climate change.
	Green product design	LITEON'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, LITEON works with suppliers to become the clients' best allies in achieving low carbon emission, ensuring environmental friendliness, and creating sustainable value chains. It is LITEON's mission to enable users to live a safer, more comfortable, and more energy-efficient lifestyle.
Social aspect	Talent training and education	Employees are LITEON's most important partners in achieving sustainability. We place great emphasis on the working conditions, development, and care of our employees. All human resource policies and strategies aim to create a balanced, healthy and happy workplace. LITEON promises to comply with national labor laws and regulations, and to comply with international labor standards and other applicable international conventions in making ongoing improvements of working conditions and employee benefits. Several communication channels were put in place inside the company. There are ongoing campaigns to promote employee relations programs. Following a human-centered approach, LITEON works actively to provide employee care in work, life, and health. We try to create a "happy, growing, healthy and balanced" workplace. LITEON wishes to see all employees enjoy their work and achieve their goals in life.
	Labor relations and friendly workplace	
	Occupational health and safety	
	Talent recruitment and retention	
	Human rights	LITEON is a firm believer that respecting and protecting human rights is one of the cornerstones of corporate sustainability. Complying with international labor standards and upholding workers' rights is one of the key criteria for a responsible company. Consumers, customers, the general public and the government also have expectations of the company's compliance.
Aspects of governance	Product quality and safety	Quality assurance is essential to customer satisfaction. The sooner a problem is reported, the lower the cost of improvement and repair. Therefore, identifying problems early and tracking improvement and other issues are crucial.
	Integrity and compliance	LITEON follows 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 in order to protect the rights of stakeholders.
	Corporate governance and operations	
	Information security and personal information protection	LITEON values the privacy and safety of its stakeholders, including employees, business partners (customers, suppliers, and consultants), and shareholders, and operation-related information assets.
	Risk management	LITEON 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 LITEON's employees, shareholders, partners, and clients and to create more value and achieve the best principles for allocation company resources.
	Supply chain management	LITEON views suppliers as important partners on the path to sustainability. Achieving sustainable supply chain management to reduce business risks and costs is the only way to continue to provide responsible and high-quality services for our customers.
	Customer relations management	Customers are LITEON's source of revenue. By listening to customers and their needs, monitoring industry trends closely and providing professional services, LITEON meets the customers' standards and keeps abreast with the latest developments.



## 1.4.4 Scopes and Boundaries of the Material Topics

● Direct impact ○ Indirect 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	Media	The community	
Material	Information security and personal information protection	GRI 417: Marketing and Labeling	2.5	Information Security and Privacy Management	49									
		GRI 418: Customer Privacy												
		GRI 419: Socioeconomic Compliance	3.5.2	Product Environmental Labeling and Declaration	72	●	●	●		○		○		
	Product quality and Safety	GRI 416: Customer Health and Safety	3.5.2	Product Environmental Labeling and Declaration	72									
		GRI 417: Marketing and Labeling	3.5.3	Environment-Related Substances Management	73	●	●	●		○				
	Occupational safety and health	GRI 403: Occupational Health and Safety	4.6.2	Occupational Health and Safety	92	●	●	●		○			○	
	Human rights	GRI 405: Diversity and Equal Opportunity	2.2.1	Board of Directors and Committees	4									
		GRI 406: Non-Discrimination	2.3.6	Human Rights Management	43									
		GRI 407: Freedom of Association and Collective Bargaining	2.6.2.2	Sustainable Supply Chain Management Mechanisms	54									
		GRI 408: Child Labor	4.2.1	Employee Structure and Distribution	77									
		GRI 409: Compulsory Labor	4.2.3	Employee Recruitment	83	●	●	●		○	○		○	○
		GRI 410: Security Practices	4.3	Employee Development and Training	84									
		GRI 412: Human Rights Assessments	4.4	Protection of Employee Interest	88									
			4.5	Employee Relations	91									
			4.6.1	Diverse Welfare Systems	94									

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	The community
Material	Corporate governance and operation	GRI 201: Economic Performance	Company Overview	7									
		GRI 205: Anti-Corruption	2.2.1 Board of Directors and Committees	34									
		GRI 405: Diversity and Equal Opportunity	2.3.6 Human Rights Management	43									
			2.4 Compliance, Ethics and Anti-corruption	47									
		2.6.2.1 Sustainable Supply Chain Management Guidelines	53	●	●	●	●	○			○		
		3.2 Climate Change and Energy Management	61										
		4.2.1 Employee Structure and Distribution	77										
		4.4 Protection of Employee Interest	88										
		4.6 LOHAS LITEON	94										
	Climate change and energy management	GRI 201: Economic Performance	3.1 Commitment to Environmental Sustainability and Policy	59									
		GRI 302: Energy	3.2 Climate Change and Energy Management	61	●	●	○		○	○	○	○	
GRI 305: Emissions													
Moderate	Labor relations and friendly workplace	GRI 202: Market Presence	2.3.6 Human Rights Management	43									
		GRI 402: Labor / Management Relations	2.6 Sustainable Supply Chain	52									
		GRI 407: Freedom of Association and Collective Bargaining	4.2.1 Employee Structure and Distribution	77	●	○	●		●		○	○	
			4.4 Protection of Employee Interest	88									
		GRI 409: Compulsory Labor	4.5 Employee Relations	91									
			4.6.1 Diverse Welfare Systems	94									
	Integrity and compliance	GRI 205: Anti-Corruption	2.4 Compliance, Ethics and Anti-corruption	47									
		GRI 206: Anti-Competitive Behavior											
		GRI 307: Environmental Compliance	2.5 Information Security and Privacy Management	49									
		GRI 416: Customer Health and Safety											
		GRI 417: Marketing and Labeling	3.5.2 Product Environmental Labeling and Declaration	72	●	●	●	●	●			○	
		GRI 418: Customer Privacy											
		GRI 419: Socioeconomic Compliance	3.1.1 Green Operations Action Plans	60									
			4.4.4 Violation of Labor Standards Act	90									

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	The community
Moderate	Talent development and training	GRI 401: Employment	4.2.1	Employee Structure and Distribution	77								
		GRI 404: Training and Education	4.3	Employee Development and Training	84	●	○	○	○	○		●	○
			4.4	Protection of Employee Interest	88								
			4.6	LOHAS LITEON	94								
	Risk management	General disclosures	2.3	Corporate Risk Management	37								
		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											
	Customer relationship management	GRI 416: Customer Health and Safety	2.5	Information Security and Privacy Management	49								
		GRI 417: Marketing and Labeling	3.5.2	Product Environmental Labeling and Declaration	72	●	●	●	○				
		GRI 418: Customer Privacy	3.5.3	Environment-Related Substances Management	73								
	Talent attraction and retention	GRI 202: Market Presence	4.2.1	Employee Structure and Distribution	77								
		GRI 401: Employment	4.3	Employee Development and Training	84	●	○	○	○	○			○
		GRI 404: Training and Education	4.4	Protection of Employee Interest	88								
			4.6	LOHAS LITEON	94								
Supply chain management	RI 204: Procurement Practices	2.6.1.3	Supply Chain and Localized Purchasing	52									
	GRI 308: Supplier Environment Assessment	2.6.2.1	Sustainable Supply Chain Management Guidelines	53									
	GRI 414: Supplier Social Assessment	2.6.2.2	Sustainable Supply Chain Management Mechanisms	54	●	●	●						
		3.5.3	Environment-Related Substances Management	73									
Green product design	GRI 302: Energy	3.5	Product Green Design and Management										
	LOT-EN2: Energy efficiency improvement				●	●	○				○		
	LOT-EN3: Material resources saving												
	LOT-EN4: Reduction of use of the hazardous substance												





Customer satisfaction of 91%



Established the “Nomination Committee” directly reporting to the Board of Directors



Set up succession plans for board members and important management



ISO 27001 Information Security Management Systems Certification



From traditional QCDS supply chain management to QCDS-MIT with ESG sustainable supply chain management

## Corporate Governance

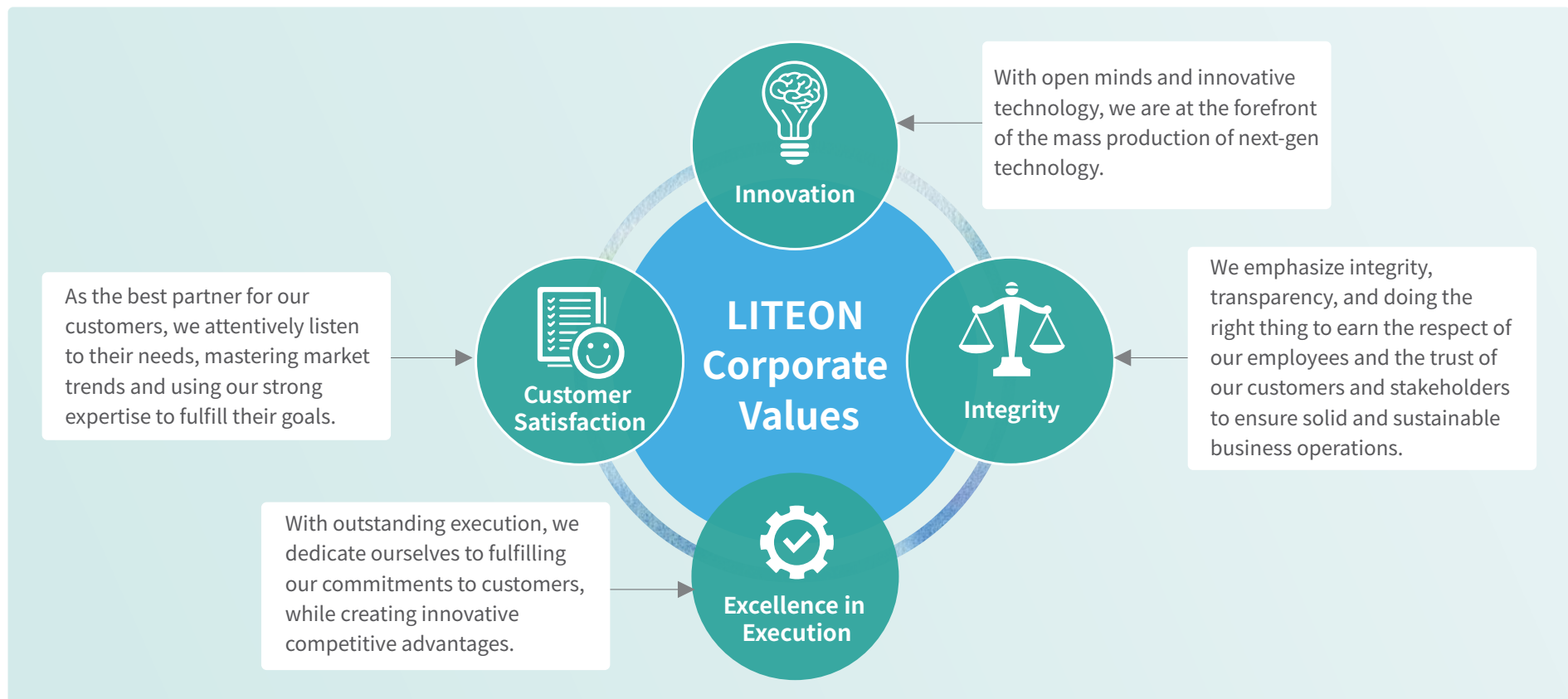
Innovation, Integrity, Customer Satisfaction, Excellence in Execution

# 2

## 2.1 LITEON Values and Governance

### LITEON Corporate Values

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



## Actions and Results

LITEON develops effective corporate governance and implements practices under 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. LITEON 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 LITEON website ([www.liteon.com](http://www.liteon.com)) to all stakeholders.

2020 Targets	Actions	Results
Maintain top performance in Corporate Governance Evaluation (Top 5% TWSE-listed companies)	<ol style="list-style-type: none"> <li>1. Establish the Risk Management Policy and Procedures to install mechanisms that ensure early identification, precise measurement, effective monitoring, and strict control in risk management 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>2. Set up succession plans for board members and important management, and disclose the progress (including training for directors, managers, and employees in detail) of the plans on the company website.</li> <li>3. Following the direction of corporate governance and strengthening the roles of the board, LITEON implemented the "Nomination Committee Charter" in February 2021, and passed the establishment of the "Nomination Committee". The Nomination Committee devises the criteria for directors and executive officers, and seeks and nominates candidates based on these criteria. The Nomination Committee establishes and develops the organizational structure of the board and its committees. It also conducts performance evaluation for the board of directors and its committees, performance evaluation for directors and executive officers, and independent assessment of independent directors. The Nomination Committee establishes and reviews regularly continuing training programs for director and succession plans of directors and executive officers.</li> <li>4. A report on the ethical corporate management and risk management plans and performance was arranged to be presented to the board of directors on October 30, 2020, as part of the effective implementation of the Ethical Management Policy.</li> <li>5. The chairperson of the Audit Committee delivered an annual risk management plan and report to the board of directors on December 16, 2020.</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> <li>· Top 6%-20% for the seventh year</li> </ul>
All factories received Product Liability Insurance AAA Certification	Nil LITEON did not obtain any new factory certification in 2020 due to COVID-19.	A total of 20 factories received Product Liability Insurance AAA Certification
95% of indirect employees in LITEON Taiwan complete the corporate governance (refresher) courses	<ol style="list-style-type: none"> <li>1. Awareness campaigns: LITEON 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, LITEON offers courses through the mobile app. Courses are available via multiple channels (offline, online, and mobile app).</li> </ol>	96.6%

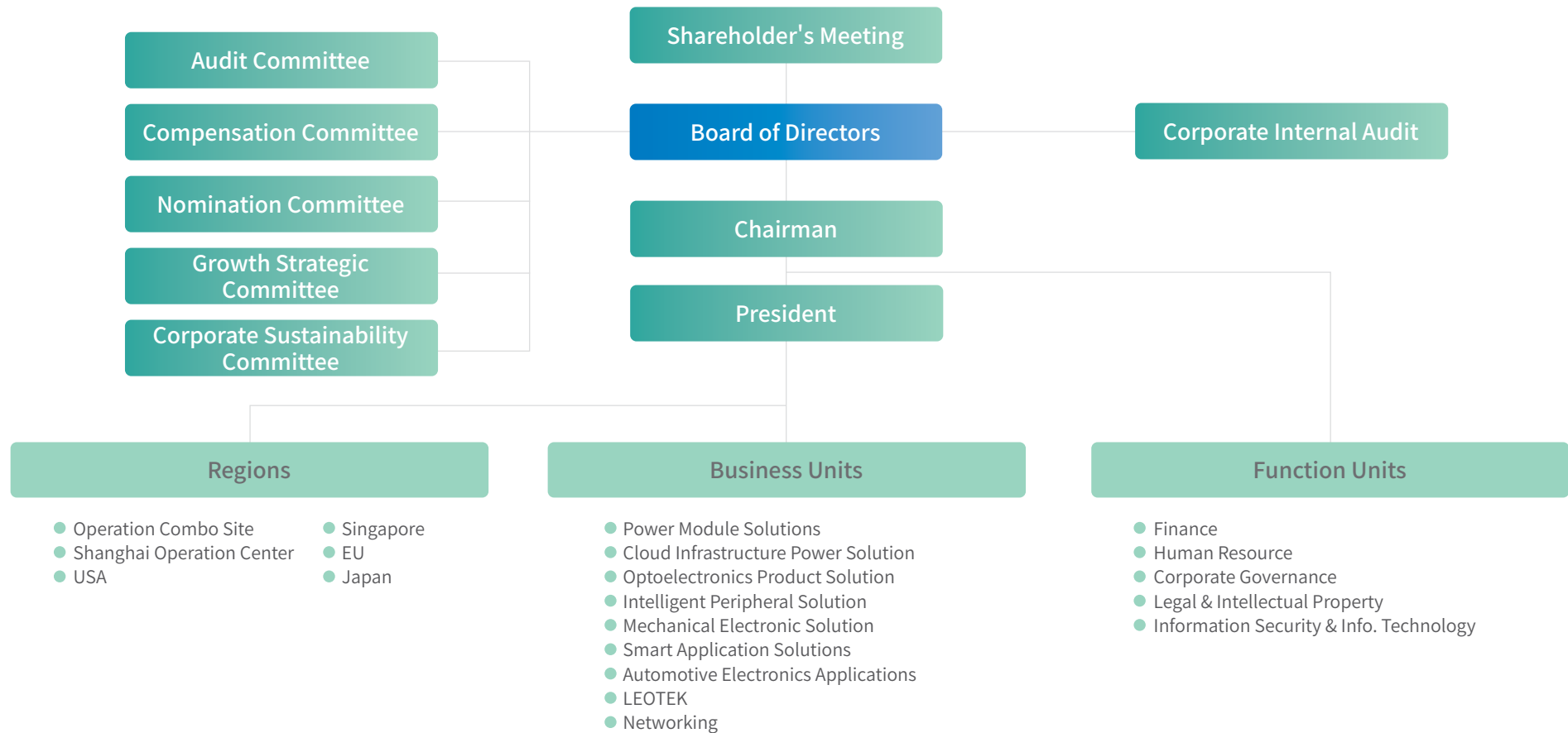
Note: 4 compliance courses: Material Insider Information Procedures, Anti-trust and Compliance Guidelines (basic and advanced), and Human Rights Policy and Ethical Corporate Management Best Practice Principles.  
2 InfoSec courses: InfoSec awareness campaigns and information asset gathering.

## Future goals

Target	Target year
Maintain top performance in Corporate Governance Evaluation (Top 5% TWSE-listed companies)	Continued
Increase the completion rate of refresher training on corporate governance course for indirect workers in Taiwan	96% in 2021



## 2.2 Organization Structure of Corporate Governance



### Change in organizational structure in 2020

1. Establishment of the operation combo site  
There is a need to continuously increase production capacity and strengthen supply chain management in order to be able to respond to drastic changes in the global economic and trade environment and achieve customer satisfaction. LITEON combines internal and external 4M1E (man, material, machine, method, and environment), and constructs an integrated coordination system and smart operations center.
2. Restructuring of business units
  - The business units were restructured in order to achieve the company's strategic goals, meet the demands of the organization's mission, ensure teams are coordinated and cooperating to generate synergy out of the organization's resources:
  - "Power Conversion " was divided into "Power Module Solutions" and "Cloud Infrastructure Power Solution".
  - "Mechanical Competence" was divided into "Intelligent Peripheral Solution" and "Mechanical Electronic Solution".
  - "Smart Life and Applications" was merged with "Storage" and then divided into "Smart Application Solutions", "LEOTEK", and "Networking".
3. In following the direction of corporate governance and strengthening the roles of the board, LITEON implemented the "Nomination Committee Charter" in February 2021, and passed the establishment of the "Nomination Committee". The Nomination Committee devises the criteria for directors and executive officers, and seeks and nominates candidates based on these criteria. The Nomination Committee establishes and develops the organizational structure of the board and its committees. It also conducts performance evaluation for the board of directors and its committees, performance evaluation for directors and executive officers, and independence assessment of independent directors. The Nomination Committee establishes and reviews regularly continuing training programs for director and succession plans of directors and executive officers.

## 2.2.1 Board of Directors and Functional Committees

LITEON's board of directors, Audit Committee, Compensation Committee, Nomination Committee, Growth Strategic Committee, and Corporate Sustainability Committee perform their duties in accordance with the "Regulation and Procedure for Board of Directors Meetings", "Audit Committee Organizational Rules", "Compensation Committee Organizational Rules", "Nomination Committee Organizational Rules", "Growth Strategic Committee Organizational Rules", and "Corporate Sustainability Committee Organizational Rules", respectively.

### 2.2.1.1 Board of Directors

1. The company's directors (including independent directors) are elected according to the "Director Election Policy", which follows a nomination system. The company is required by law to announce before the book closure date of its annual general meeting the period of director (including independent director) nomination (no less than 10 days) and the number to be elected. The list of director candidates (including independent director candidates) needs to be reviewed by the board to ensure that all candidates (including independent director candidates) are qualified before the election commences during the annual general meeting. The nomination and election methods for the 11th LITEON board of directors as well as the election results and terms (including education, experience, and current employment of individual directors) are published on [the company's website](#) or can also be accessed by scanning this QR code.



2. LITEON has explicitly provided a board diversity policy in the Corporate Governance Best Practice Principles, and enforces the management goal that no more than one third of the directors serve concurrently as the company's managers (currently 0 director serving as the company's manager). Individual members are equipped with various core competencies. They are assisted by independent directors from various professional backgrounds to ensure they fulfill their duties effectively. These members have been given the duty to exercise proper governance of the board of directors, to supervise/appoint/instruct the management, and to oversee the company's financial, social, and environmental performance in ways that maximize stakeholders' interests.



3. The current board of directors consists of nine members. All directors are elected by the shareholders. Board composition and their core competencies, education and experience, professional fields and related backgrounds are sufficiently diverse as follows:

Director		Diversification	Composition						Diversity status										Core competency						
		Nationality	Gender	Age			Year(s) as independent director			Business judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision making	Risk management	Finance	Business	Investment	Information	Communication	Operation management	Sustainability management
				40 to 50	61 to 70	71 to 80	Under 3 years	3 to 9 years	Over 9 years																
Director	Tom Soong <sup>Note</sup>	R.O.C.	Male	V					V		V	V	V	V	V	V	V		V		V	V	V	V	
	Raymond Soong <sup>Note</sup>	R.O.C.	Male			V			V		V	V	V	V	V	V	V		V	V		V	V		
	Warren Chen <sup>Note</sup>	R.O.C.	Male			V			V		V	V	V	V	V	V	V		V	V		V	V	V	
	Keh-Shew Lu, Representative of Ta-Sung Investment Co., Ltd.	R.O.C.	Male			V			V		V	V	V	V	V	V	V		V	V	V	V	V		
	C.H. Chen, Representative of Ta-Sung Investment Co., Ltd.	R.O.C.	Male			V			V		V		V		V	V	V		V	V			V		
Independent Director	Harvey Chang	R.O.C.	Male		V			V	V	V			V	V	V	V	V	V	V	V		V	V	V	
	Edward Yang	U.S.A.	Male			V		V	V		V	V	V	V	V	V	V		V	V	V	V	V	V	
	Albert Hsueh	R.O.C.	Male		V			V	V	V				V	V	V	V	V	V		V		V	V	
	Mike Yang	R.O.C.	Male		V			V		V		V	V	V	V	V	V		V		V	V	V	V	

Note: Raymond Soong and Warren Chen resigned as chairman and vice chairman on July 30, 2020. The board of directors subsequently elected Tom Soong to chairman.

The background, education, age, concurrent roles at other companies and boards of the directors, and functioning of the functional committees are disclosed in the company's annual report. The annual report can be found on the Market Observation Post System and the company's website (<https://www.liteon.com/en-us/investor/financialreports/9>).

In response to the world's growing awareness of corporate governance and CSR issues and trends, the company encourages directors to receive ongoing education and report completion of related courses. Details of ongoing education completed by the directors are published on the Market Observation Post System and the company's annual report (2020 annual report, p.63).

The information is disclosed on [the company's website](#) according to the Material Insider Information Procedures, or can be accessed by scanning the QR code. Education on material insider information regulations (including anti-corruption courses) is provided to all directors every year.



1. The information is disclosed on [the company's website](#) according to the LITEON Regulation and Procedure for Board of Directors Meetings. It can also be accessed by scanning the QR code for board meetings, which are held at least once every quarter. The board of directors met 6 times in 2020. The attendance (in person and by proxy) was 100%. 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 12 major key events were reported to the board of directors in 2020. Details can be found in the company's annual report (2020 annual report p.61). Important board resolutions can be found on the company's website (<https://www.liteon.com/en-us/investor/640>).



2. 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 (2020 annual report, p.28).



### 2.2.1.2 Committee Composition and Operation

Audit Committee	Compensation Committee	Nomination Committee	Growth Strategic Committee	Corporate Sustainability Committee
Chairperson: Albert Hsueh, independent director Member: Harvey Chang, independent director Edward Yang, independent director Mike Yang, independent director	Chairperson: Harvey Chang, independent director Member: Edward Yang, independent director Albert Hsueh, independent director Mike Yang, independent director	Chairperson: Mike Yang, independent director Member: Albert Hsueh, independent director Harvey Chang, independent director Edward Yang, independent director	Chairperson: Edward Yang, independent director Member: Tom Soong, chairman Warren Chen, director Keh-Shew Lu, director Harvey Chang, independent director Albert Hsueh, independent director Mike Yang, independent director	Chairperson: Tom Soong, chairman Member: Edward Yang, independent director Harvey Chang, independent director Albert Hsueh, independent director Mike Yang, independent director

Committee <sup>(Note)</sup>	Number of meetings held		
	Number according to the charter	Actual number in 2020	Attendance (in person and by proxy)
Audit Committee	4	5	100%
Growth Strategy Committee	2	2	100%
Compensation Committee	2	6	100%
Corporate Sustainability Committee	2	2	91%

Note: The Nomination Committee was established in February 2021.

The roles and responsibilities of each committee and key discussions are disclosed on the company's website: <https://www.liteon.com/en-us/investor/643>

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

To ensure effective corporate governance practices and enhance the roles of LITEON's board of directors and functional committees and to establish performance targets for better operational efficiency, LITEON followed the Rules for Evaluating Board of Directors and Functional Committee Performance\* and conducted board and committee performance evaluations in 2020. The results were presented to the board of directors in Q1 2021 and published on the company's website (<https://www.liteon.com/en-us/investor/677>).

\* The Rules for Evaluating Board of Directors and Functional Committee Performance can be found at <https://www.liteon.com/en-us/investor/640>

## 2.3 Corporate Risk Management

In response to changes and trends in the global political economy, LITEON adopts a robust risk management framework and a practical roadmap, and identifies and monitors the environmental, social, and economic (and governance) risks with a potential impact on the company's sustainable development. LITEON also implements risk mitigation, avoidance, transfer, and other management strategies and countermeasures to minimize potential risks and sometimes turn them into business opportunities.

Therefore, LITEON's risk management policy defines risks according to the company's overall business plan. The policy sets up risk management mechanisms for early identification, accurate measurement, effective supervision, and rigorous control. Given the acceptable risk, the policy prevents possible losses and adjusts and improves best risk management practices constantly to reflect changes in the internal and external environments. The goal is to protect the interests of LITEON's employees, shareholders, partners, customers, and other stakeholders and to create more value and achieve optimal resource allocation for the company.

### 2.3.1 Risk Management Policy and Framework

LITEON'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 should have a clear understanding of the operational risks, maintain the validity of the risk management system, and be ultimately responsible for risk management performance.

The Corporate Sustainability Committee is a functional committee under the board of directors. The committee has a risk management subcommittee led by the highest authority of the risk management department (served concurrently by the president). The risk management team is the organization 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, the Corporate Sustainability Committee Executive Office and the risk management subcommittee take an active approach to managing the risks associated with the company's operations. Hence, LITEON puts all heads of operational departments in charge of overseeing risk management and analyzing and monitoring risks in their own business to ensure effective execution of risk controls and procedures. Meanwhile, internal auditors are responsible for assessing risks and presenting annual audit plans accordingly. The auditors are also responsible for delivering reports on the status of risk management to the Audit Committee and the board of directors.



## 2.3.2 Risk Management Processes and Procedures

The risk management process consists of risk issue identification, risk assessment, risk control, risk reporting and disclosure, and response to risk disclosure. The process is conducted according to the PDCA cycle, which follows "plan, do, check, and act."



### Risk issue identification

LITEON has developed a comprehensive risk management framework with job functions and areas of responsibility segregated for risk identification purposes. The framework is able to cover different risks on various levels. The LITEON risk management subcommittee follows the materiality principle and divides risks into 8 categories by economic (including corporate governance), environmental, social, and other aspects as illustrated below.



In 2020, the risk management subcommittee used the risk matrix based on the possibility and degree of impact of each risk to assess key risk issues for LITEON and identified key risks. It helped LITEON take further steps to adopt countermeasures such as mitigation, avoidance, transfer, and retention. The PDCA cycle was deployed for continuous and effective improvement and a good grasp of risk factors. The goal was to reduce the probability and severity of losses arising from these risks.

### Risk matrix

Possibility of impact	High	<ul style="list-style-type: none"> <li>Operational hazards - operational (occupational health and safety)</li> </ul>	<ul style="list-style-type: none"> <li>Operational - supply chain (price)</li> <li>Operational - public relations</li> <li>Market - financial (interest rate/exchange rate)</li> <li>Human resources - human resources (human rights)</li> </ul>	<ul style="list-style-type: none"> <li>Operational - information security (digital information security risk)</li> <li>Operational - intellectual property (infringement)</li> <li>Operational - information security (general data protection regulations)</li> <li>Operational - operational (business contracts)</li> <li>Market - technology and industry</li> <li>Environmental - environmental (responsible investment)</li> <li>Human resources - human resources (talent development)</li> </ul>
	Medium		<ul style="list-style-type: none"> <li>Operational - operational (production capacity)</li> <li>Legal - compliance (import/export control)</li> <li>Legal - Legislation (government projects)</li> <li>Environmental - environmental (carbon rights/renewable energies/GHG)</li> <li>Operational hazards - operational (emergency preparedness)</li> <li>Human resources - workplace (employees)</li> </ul>	<ul style="list-style-type: none"> <li>Operational - financial (liquidity)</li> <li>Market - politics and economy</li> <li>Investment - investment (corporate investment)</li> <li>Legal - compliance (anti-money laundering)</li> </ul>
	Low		<ul style="list-style-type: none"> <li>Operational hazards - operational (chemicals management)</li> <li>Operational - internal control (internal control and audit)</li> </ul>	
		Low	Medium	High
		Degree of impact		



## Risk assessment

The operational departments, having identified potential risk factors, implement adequate measurement methods to provide a basis for risk management.

- Risk assessment covers risk analysis and measurement. 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 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.

## Risk control

The operational 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 summarized and presented in routine meetings of the Corporate Sustainability Committee.

## Risk reporting and disclosure

To record risk management procedures and results in detail, the risk management subcommittee should update the Corporate Sustainability Committee and the Audit Committee regularly on the company's risk management practices. The chair of the Audit Committee will in turn present reports and related information at board meetings.

## Risk response

The operational departments, having assessed and summarized the risks, will take appropriate actions in response.

## 2.3.3 Risk Management Projects

LITEON followed ISO 31000 risk management principles and guidelines and made plans for a project to implement an enterprise risk management (ERM) system. In addition, LITEON had completed internal risk issue identification and assessment within the scope of the LITEON Risk Management Policy and Procedures and taken risk management mitigation measures. These measures are described as follows:

### 2020 Risk Identification and Mitigation Measures

Aspect	Risk identification issue	Risk mitigation measure
Economic	Market risk (political and economic)	<ul style="list-style-type: none"> <li>· Sped up the preparation for a global production network and increased automation capabilities of the existing production lines to reduce dependence on Mainland China's demographic dividend.</li> <li>· Monitored regularly macroeconomic indicators in countries where the company had offices, and performed simulations and stress tests on major country risk scenarios.</li> </ul>
	Market risk (technology and industry)	<ul style="list-style-type: none"> <li>· Obtained progress updates on domestic and foreign technologies and industries on an ongoing basis.</li> <li>· Strengthened market research in relevant fields, renewed contracts with expert consultants, and built up R&amp;D capabilities.</li> </ul>
	Market risk (financial)	<ul style="list-style-type: none"> <li>· Assessed regularly the funding condition and bank rates in the market, and made hedging transactions.</li> <li>· Purchased interest rate hedging products to lock in interest rates and reduce the interest rate risk.</li> </ul>
	Operational risk (operational)	<ul style="list-style-type: none"> <li>· Established guidelines for terms of major contracts.</li> </ul>
	Operational risk (intellectual property)	<ul style="list-style-type: none"> <li>· Signed NDAs for production technologies to keep patents and process parameters from being leaked. Managed and allocated royalties by contract.</li> <li>· Made a product R&amp;D blueprint for the next 5 to 10 years, and invested more in expanding the range of product patents and purchasing patents from outside parties.</li> </ul>
	Operational risk (information security)	<ul style="list-style-type: none"> <li>· Used system access control to assign different levels of authorization to shared folders, and reviewed and audited the settings regularly.</li> <li>· Managed emails sent by employees from company accounts and the access of company information on personal handheld devices.</li> </ul>
	Operational risk (supply chain)	<ul style="list-style-type: none"> <li>· Made plans to add risk tolerance to the supplier selection criteria, and monitored supplier contracts via supplier management practices.</li> </ul>
	Operational risk (financial)	<ul style="list-style-type: none"> <li>· Set high liquidity as the principle of fund allocation to avoid systematic and liquidity risks in the market</li> </ul>

Aspect	Risk identification issue	Risk mitigation measure
Economic	Operational risk (internal control)	<ul style="list-style-type: none"> <li>Devised documents and guidelines for the processes, and ensured the SOPs were adhered to.</li> <li>Redesigned the flowcharts and started with more refined processes, and performed regular management evaluation.</li> </ul>
	Operational risk (public relations)	<ul style="list-style-type: none"> <li>Designed SOPs to handle labor disputes appropriately and reduced the chance of workers complaining about the company through other channels.</li> </ul>
	Legal and compliance risks	<ul style="list-style-type: none"> <li>Amended the management system, and implemented the detailed guidelines to ensure effective internal control.</li> <li>Followed the regulations and avoided direct or indirect business transactions with sanctioned countries/high money laundering risk countries or suppliers in those countries.</li> <li>Regular/Ad hoc training</li> </ul>
Environmental	Environmental risk (climate change and natural disasters)	<ul style="list-style-type: none"> <li>Made more extensive use of green (carbon-reducing) designs</li> <li>Optimized production processes and improved plant operations</li> <li>Developed (automated) energy-saving technologies</li> <li>Increased the percentage of use of renewable energies</li> <li>Implemented internal rewards and incentives for employees</li> <li>Promoted renewable energies and energy management programs</li> </ul>
Social	Operational hazards	<ul style="list-style-type: none"> <li>Complied with the regulations and establish operational management guidelines</li> <li>The Workplace Health and Safety Committee regularly reviewed compliance with occupational safety-related regulations.</li> </ul>
	Human resource risk management	<ul style="list-style-type: none"> <li>Performed regular human resource inventory and audits</li> <li>Designed and implemented employee training and career development</li> <li>Devised competitive compensation and benefit packages</li> <li>Formulated project for full training and cultivating local talent</li> </ul>
Other	Other risks (pandemic)	<ul style="list-style-type: none"> <li>Worked from home via IT platforms and tools</li> </ul>

## 2.3.4 Long-Term Emerging Risk Management

As more categories are being added to emerging risks around the world and the probabilities keep rising, LITEON has added emerging risk identification and management to its ERM program. New key environmental, social, economic, technological, and geopolitical risks identified in 2020 included (1) information security risk, (2) intellectual property risk, and (3) environmental risk (renewable energy).

### Information security risk

LITEON places a great emphasis on information security management along the value chain. The scope of information protection covers internal employees, external clients (customers, suppliers, consultants, and business partners), shareholders, and the safety of operation-related IT hardware/software. It includes employees, customers, suppliers, and shareholders. To protect the confidentiality, integrity, usability, and legality of information assets and avoid intentional or accidental internal or external threats, LITEON started promoting a companywide InfoSec management system in 2018 to comply with the ISO/IEC 27001: 2013 standards. Furthermore, LITEON obtained a certificate of third-party verification in 2020. The LITEON Information Security Policy was implemented to provide a basis for InfoSec management. The policy is implemented in all LITEON offices around the world. Please see "2.5. Information Security and Privacy Management" for more details on strategies and response measures.

### Intellectual property risk

LITEON receives third-party notice from time to time. Such notice often claims LITEON products may have infringed on a third party's patent or another form of intellectual property. These claims sometimes lead to legal proceedings. Therefore, we take an active approach to facing and handling intellectual property disputes as appropriate with priority given to protecting the company's market, products, technologies, and clients. We do not seek out fights, nor do we shy from challenges. Besides following the dispute resolution mechanisms to perform technical, legal, and industrial analysis and formulate dispute resolution strategies, we utilize various methods to erect technical barriers to trade for competitors, thereby acquiring protection of our intellectual property rights or avoiding infringement on patents of others. Please see "Intellectual Property Report" for more details on strategies and response measures.

### Environmental risks

LITEON thinks renewable energies present important risks and opportunities. The environmental sustainability team is in place to identify potential physical risks and transformation risks for LITEON to arise out of renewable energies. We take further steps to analyze these renewable energy 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 renewable energy data and the associated risks and opportunities. Please see "3.2. Climate Change and Energy Management" for more details on strategies and response measures.

## 2.3.5 Tax Management

LITEON 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, LITEON will re-examine the tax policy to ensure LITEON complies with the applicable laws and regulations in the appropriate regions.

LITEON'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

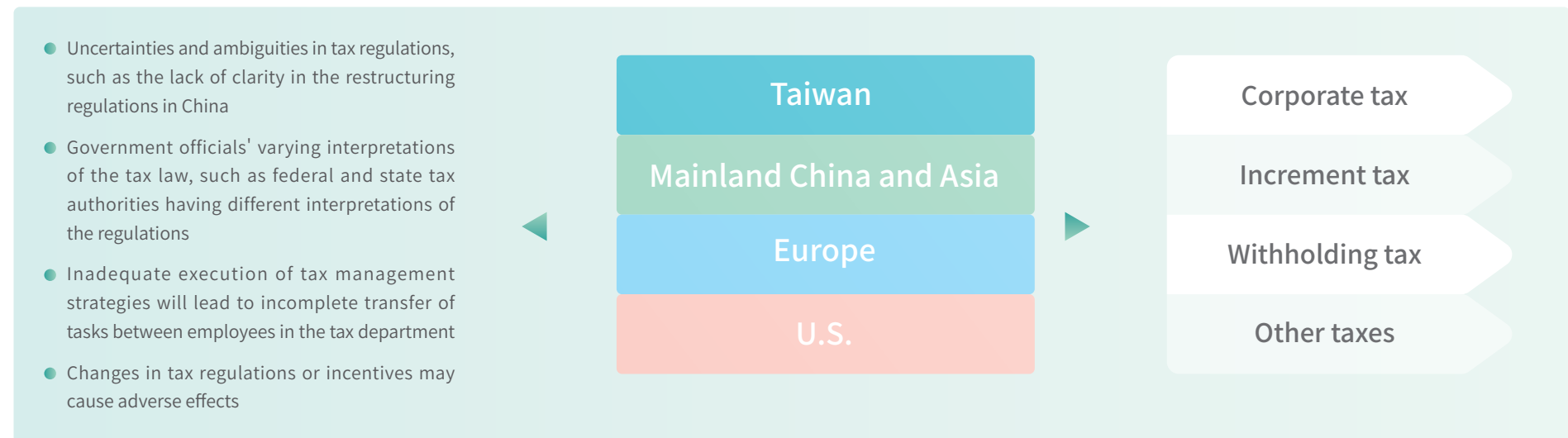
LITEON has a full-time tax unit under Finance Department in place to handle tax management related matters, such as tax administration and tax risk management. The

tax unit reports regularly to the top management 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, LITEON 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, LITEON hires external tax consultants to provide assistance as needed.

LITEON's risk management mechanisms are as follows:

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



## 2.3.6 Human Rights Management



The entire management team of LITEON understands that complying with international labor standards and upholding workers' rights is one of the essential criteria for a responsible company. Consumers, customers, government, the general public and other stakeholders also have expectations of the company's compliance. LITEON promises to comply with national labor laws and regulations, and to comply with international labor standards and other applicable international conventions in making ongoing improvements of working conditions and employee benefits. The goal is to design, implement, and maintain a sound human rights management system, and extend the same rules to suppliers and contractors.

### Human rights policy

LITEON respects and supports internationally recognized human rights principles and standards, including the Universal Declaration of Human Rights, the UN Global Compact, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. LITEON complies with local laws and regulations where the company is located, and has devised the LITEON human rights policy according to the UN Guiding Principles on Business and Human Rights.

#### The Human Rights Commitment

- I. LITEON firmly believes respecting and upholding human rights is the foundational to the sustainable development and operation of a corporation.
- II. LITEON takes into account human rights issues in every link of its operational value chain.
- III. LITEON provides open and accessible communication channels for stakeholders.

### Human rights due diligence

To effectively identify, prevent, and mitigate human rights impact and manage human rights issues, LITEON has undertaken human rights due diligence.



#### 1) RBA management framework

For effective human rights management, LITEON adopts the Responsible Business Alliance (RBA) Code of Conduct as the management framework for both the operations and the supply chain.

To identify, prevent, and mitigate the impact of human rights on LITEON and its supply chain, RBA proposed a risk assessment framework for employees and suppliers. For employees, LITEON performs regular risk assessments based on two quantifiable risk matrices, probability and severity.

For suppliers, LITEON follows the basic rule that the RBA Code of Conduct applies to suppliers, and requires that suppliers sign the written commitment to management assurance. We have also implemented RBA management guidelines for suppliers. Regarding the RBA-based investigation and assessment tools for human rights, the scope of assessment includes the restriction on child labor, protection of human rights, prohibition of discrimination, fair treatment, legal working hours, and wages and environmental management. The goal is to find out which items may cause material risks in the supply chain. We investigate at least once every three years. The last investigation was conducted in 2020.

#### 2) Human rights risk identification

All LITEON plants are equipped with a CSR team that follows the RBA audit procedure and conducts regular internal and external audits at the respective plant. The purpose is to ensure the adequacy, effectiveness and appropriateness of its CSR framework, and to monitor how progress conforms with prescribed guidelines, goals and regulations. The audit procedures clearly outline the responsibilities, processes, principles, and cycles of each audit, as well as what details are expected in an audit report and how audit findings should be followed up.

The RBA Code of Conduct provides standards for labor, health and safety, environmental protection, and business ethics guidelines. The company follows these guidelines to conduct self-inspections at each of its plants every month. Plants located in Guangzhou, Dongguan and eastern Mainland China have all assembled RBA committees to cross-audit each other every year and ensure 100% compliance. Any conduct that does not conform with the guidelines will be improved upon within the given timeframe. To ensure LITEON fulfills its corporate social responsibilities, progress and improvement on various indicators, including labor, ethics, environment, and health and safety will be reviewed every year during management review meetings. The company also conducts regular human rights surveys on external value chain partners (customers, suppliers, contractors, and local communities).



## Inter-plant cross audit flowchart

```
graph TD; subgraph CSR_Committee [CSR Committee RBA Subcommittee]; A[Prepare the cross-audit plan for the current year] --> B[Confirm auditor and auditee  
(units in the same division do not audit each other; pairing changes every year)]; B --> C[Confirm audit dates/time]; C --> D[Share audit results within the committees]; D --> E[Include non-conformance items in the monthly follow-up checklist]; E --> F[Report audit status/result in the region]; F --> G[Reporting to CSR Committee]; end; subgraph In-plant_RBA_Committees [In-plant RBA Committees]; B --> C; C --> D; D --> E; E --> F; F --> G; end; subgraph Auditor's_plant [Auditor's plant]; H[Confirm the list of audit team members] --> I[Send an audit notice]; I --> J[Visit Auditee to perform audit]; J --> K[Submit the audit report and notice for improvement]; K --> L[Submit the audit report to the committee of the region]; K --> M[Follow-up the improvements implemented by Auditee]; end; subgraph Auditee's_plant [Auditee's plant]; N[Prepare files for audit] --> O[On-site audit]; O --> K; K --> P[Make improvements and replies]; P --> Q[Fail] --> M; P --> R[Pass] --> L; end; A --> H; B --> I; J --> N; K --> O; L --> H; M --> I;
```

The flowchart illustrates the inter-plant cross-audit process, involving four main entities: CSR Committee RBA Subcommittee, In-plant RBA Committees, Auditor's plant, and Auditee's plant.

**CSR Committee RBA Subcommittee (Teal Box):**

- Prepare the cross-audit plan for the current year
- Confirm auditor and auditee (units in the same division do not audit each other; pairing changes every year)
- Confirm audit dates/time
- Share audit results within the committees
- Include non-conformance items in the monthly follow-up checklist
- Report audit status/result in the region
- Reporting to CSR Committee

**In-plant RBA Committees (Pink Box):**

- Confirm auditor and auditee (units in the same division do not audit each other; pairing changes every year)
- Confirm audit dates/time
- Share audit results within the committees
- Include non-conformance items in the monthly follow-up checklist
- Report audit status/result in the region

**Auditor's plant (Teal Box):**

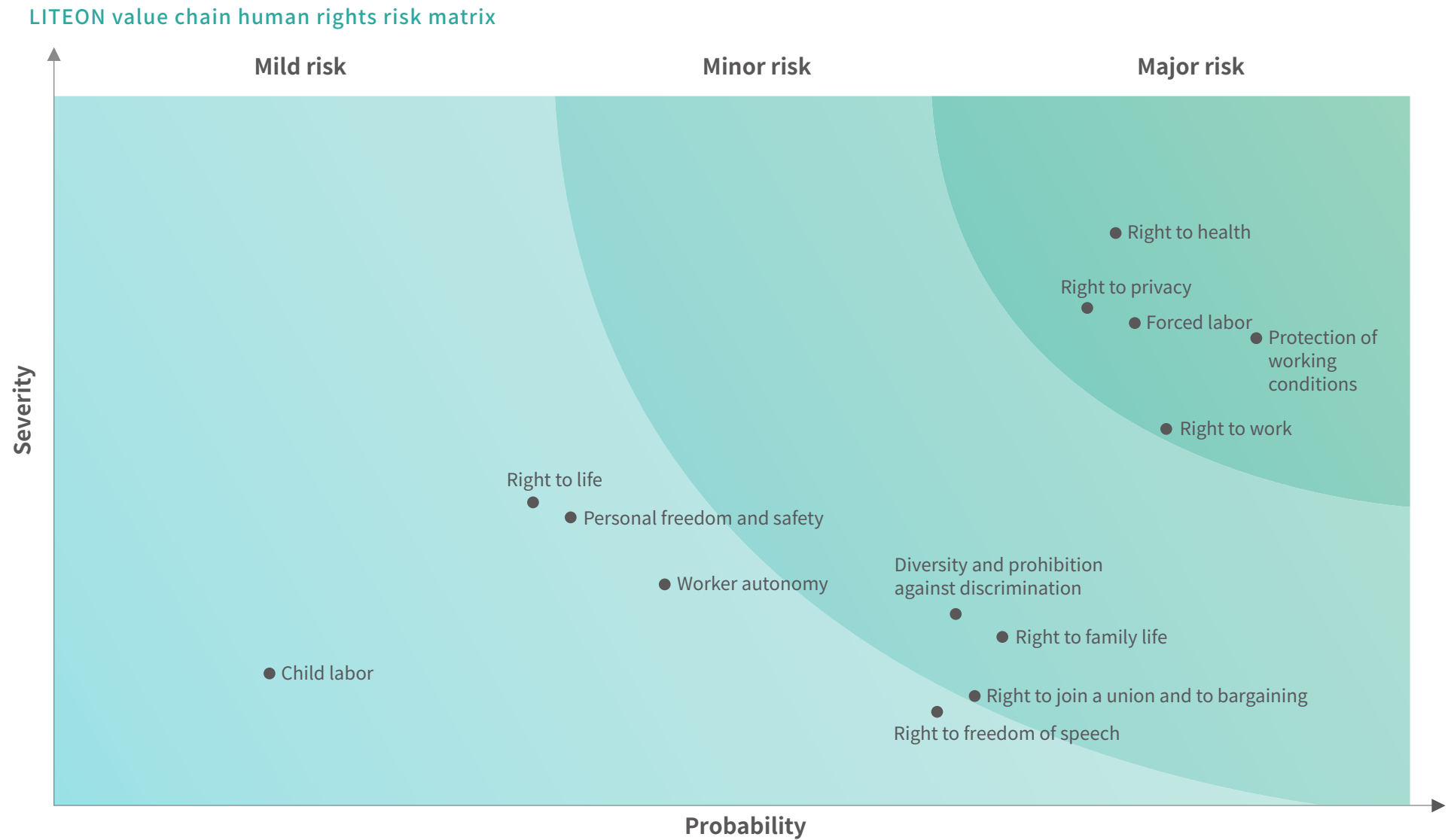
- Confirm the list of audit team members
- Send an audit notice
- Visit Auditee to perform audit
- Submit the audit report and notice for improvement
- Submit the audit report to the committee of the region
- Follow-up the improvements implemented by Auditee

**Auditee's plant (Orange Box):**

- Prepare files for audit
- On-site audit
- Make improvements and replies
- Fail (leads to Follow-up the improvements implemented by Auditee)
- Pass (leads to Submit the audit report to the committee of the region)

**Flow:**

- Prepare the cross-audit plan for the current year (CSR Committee RBA Subcommittee)
- Confirm auditor and auditee (units in the same division do not audit each other; pairing changes every year) (CSR Committee RBA Subcommittee)
- Confirm audit dates/time (In-plant RBA Committees)
- Share audit results within the committees (In-plant RBA Committees)
- Include non-conformance items in the monthly follow-up checklist (In-plant RBA Committees)
- Report audit status/result in the region (In-plant RBA Committees)
- Reporting to CSR Committee (CSR Committee RBA Subcommittee)
- Confirm the list of audit team members (Auditor's plant)
- Send an audit notice (Auditor's plant)
- Visit Auditee to perform audit (Auditor's plant)
- Prepare files for audit (Auditee's plant)
- On-site audit (Auditee's plant)
- Submit the audit report and notice for improvement (Auditor's plant)
- Make improvements and replies (Auditee's plant)
- Fail (Auditee's plant) leads to Follow-up the improvements implemented by Auditee (Auditor's plant)
- Pass (Auditee's plant) leads to Submit the audit report to the committee of the region (Auditor's plant)
- Follow-up the improvements implemented by Auditee (Auditor's plant) leads back to Submit the audit report and notice for improvement (Auditor's plant)



### 3) Improvement and follow up

Results of human rights assessment surveys are added to related responsibilities and processes. LITEON also makes improvements as needed to reduce human rights risk. This step enables LITEON to track response effectiveness and resolve adverse effects of human rights communication. Mitigation and remedial measures for human rights risk are as follows:

Nodes on the value chain			Risk category	Improvement measure (or corresponding section in this report)
Suppliers	Employees	Customers		
V	V		Occupational health and safety	Building a clean, healthy, and safe workplace Please refer to 4.6.2 Occupational Safety and Health.
			Labor relations and protection of working conditions	<b>Union activities:</b> Respecting employees' freedom of association <b>Working hours:</b> Arranging shifts in compliance with the law to avoid excessive working hours. <b>Wages and benefits:</b> Providing fair and reasonable wages and working terms and conditions. Please refer to 4.4 Protection of Interests, 4.5 Employee Relations, and 4.6.1 Diverse welfare systems.
V	V		Forced labor	<b>Prohibition of forced labor and child labor</b> LITEON adheres strictly to employment regulations, and prohibits the use of child labor aged below 15, and does not allow employees aged below 18 to perform dangerous work. Notices are given on all changes to terms of employment as required by law. <b>Establishment of the procurement policy regarding conflict minerals (metals)</b> Please refer to 2.6.3.1 Responsible Mineral/Metal Sourcing Policy. LITEON has declared and promised to refrain from the use of metals sourced from illegal smelters in conflict mines. The company also requires that all its suppliers comply with LITEON's procurement policy regarding conflict minerals/metals.

Nodes on the value chain			Risk category	Improvement measure (or corresponding section in this report)
Suppliers	Employees	Customers		
V	V		Right to work	A fair performance evaluation system Please refer to 4.4.1 Protection of Interests of Employment.
V	V	V	Right to privacy	<b>Proper management of personal data and information of stakeholders</b> The privacy policy and the Personal Information Protection and Management Guidelines are in place to ensure the collection, processing and use of personal information comply with the regulatory requirements.
V	V	V	Personal freedom and safety	<b>Professional security training</b> LITEON outsources security to a service provider. The service provider evaluation and selection processes require that the service provider's management and training procedures comply with the RBA standards. Therefore, all security personnel at LITEON have received human rights related training.
V	V	V	Diversity and prohibition against discrimination	<b>Prohibit against any form of discrimination</b> Provide a fair and equal work environment, and prohibit discrimination based on race, color, religion, ethnicity or national origin, gender, sexual orientation, age, disability, or other circumstances in hiring and employment practices such as training, rewards, promotions, termination, and retirement.

## 2.4 Compliance, Ethics, and Anti-Corruption

LITEON 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. LITEON also commits itself to complete compliance with one of its key policies. LITEON 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 LITEON 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, LITEON'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, LITEON's internal control mechanisms prevent potential fraud and inappropriate behaviors to minimize risks. Internal interdepartmental reviews and external inspections are in place to ensure the compliance of implementation and performance. For large investment projects, the company created task forces 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 NTD 1 million has been imposed in penalties is defined as a major event. Major events, if any, are disclosed in the appropriate chapters of this report.

LITEON requires that its employees, managers, executives, 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.

LITEON requires newly-recruited employees to sign a statement of commitment to ethical conduct upon onboarding to help them understand the importance and necessity of ethical

conduct. Furthermore, LITEON 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 LITEON 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, responsible 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 4.3 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 60 for the results of internal control in the 2020 Annual Report.

### Reporting mechanisms

LITEON 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 LITEON 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. LITEON 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, Neihs District, Taipei City 114956.
- 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>



## 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 to apply certain processes to manage and prevent the risk of fraud and prevent illegal activities.

- (1) A campaign to raise awareness of the LITEON 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, LITEON 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 2020

6 complaints were received through the channels, all of which were submitted by email. One complaint was transferred to the HR hotline after the case was closed. The Office of Chairman report investigation task force promptly launched an investigation for each email as it was received, and proceeded according to the local regulations. Five cases were found unsubstantiated and closed, and one is still under investigation. A summary of these cases is reported regularly to the Audit Committee.

## Case studies in lawsuits involving employee corruption

Case(s): A deputy manager of a certain business unit opened a company outside LITEON without applying for LITEON's prior approval. The investigation found no evidence of corruption. The head of the business unit issued a verbal warning pursuant to the company's rules.

For effective implementation of sound ethical management practices, LITEON created the Integrity Management Sub-committee 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 Sub-committee 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 have been made part of the mandatory annual training for all employees from 2019.

A statement on the judicial agencies' investigation at LITEON regarding Diodes Incorporated's acquisition of LITEON Semiconductor Corp:  
LITEON founder Raymond Soong has always been a law-abiding individual who holds himself to the highest standards. LITEON has faith in Mr. Soong's integrity and believes in his innocence. LITEON will provide all necessary assistance and support in future investigations.

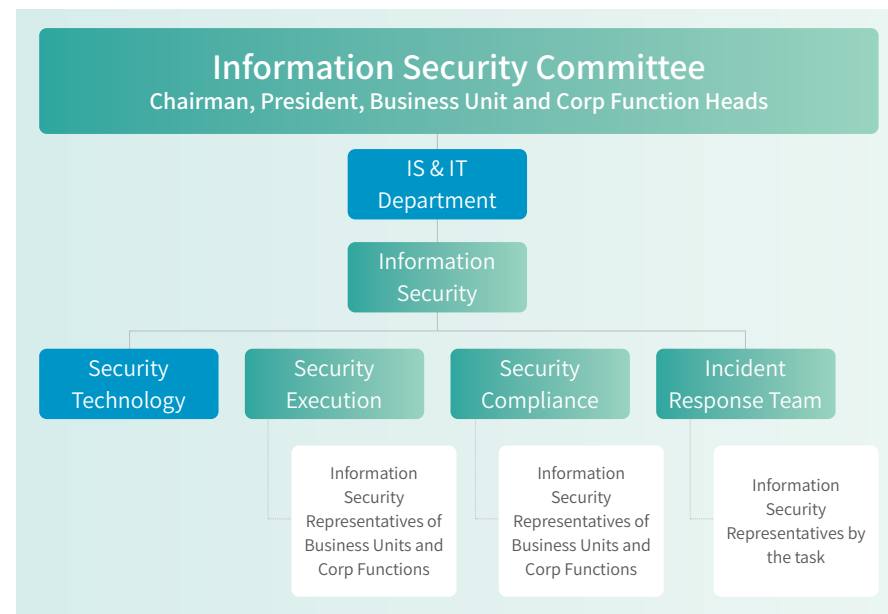
The investigation has no impact on the company's finance or operations. We will continue to adhere to the Ethical Management Policy to protect the interests of our shareholders and employees.

## 2.5 Information Security and Privacy Management

LITEON values the privacy and safety of its stakeholders, including employees in the company, outside partners (customers, suppliers, and consultants), and shareholders, and of operation related information assets. In 2018, LITEON worked hard to make the company's information security system comply with ISO 27001: 2013, and implemented the Information Security Policy to provide the basis for management. Meanwhile, in response to the requirements of the General Data Protection Regulation (GDPR), LITEON, for the purpose of ensuring the collection, processing or use of personal information complies with the GDPR, the Personal Information Protection Act of the Republic of China and related regulations, and the competent authorities' requirements, started amending the Personal Information Protection and Security Policy ("the Policy") and related guidelines in 2020. As a guide for personal information protection tasks, the Policy is implemented in all LITEON offices worldwide, and a cross-departmental and cross-functional information security organization is in place to perform information security related tasks. Meanwhile, information security management tools are being introduced on an ongoing basis, and information security mechanisms are constantly being strengthened in order to maintain effective and operational information security and privacy protection. No complaint relating to invasion of client privacy or loss of customer data was made in 2020.

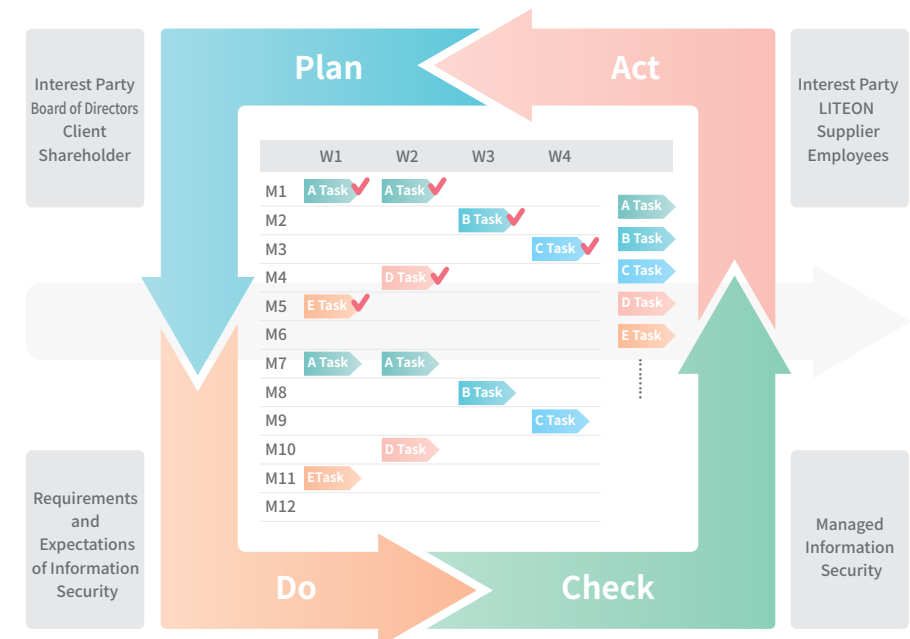
### Information security organizational structure

In 2018, the cross-departmental and cross-functional Information Security Committee was created with the chairman and president serving as the convener. In 2020, the Information Security Department was renamed from InfoSec to be Information Security and combined into IT Department as the part of the IS & IT Department to be responsible for information security operations and emergency response and recovery. The IS & IT Department's mission is to prevent information security breach and reduce losses arising from such incidents.



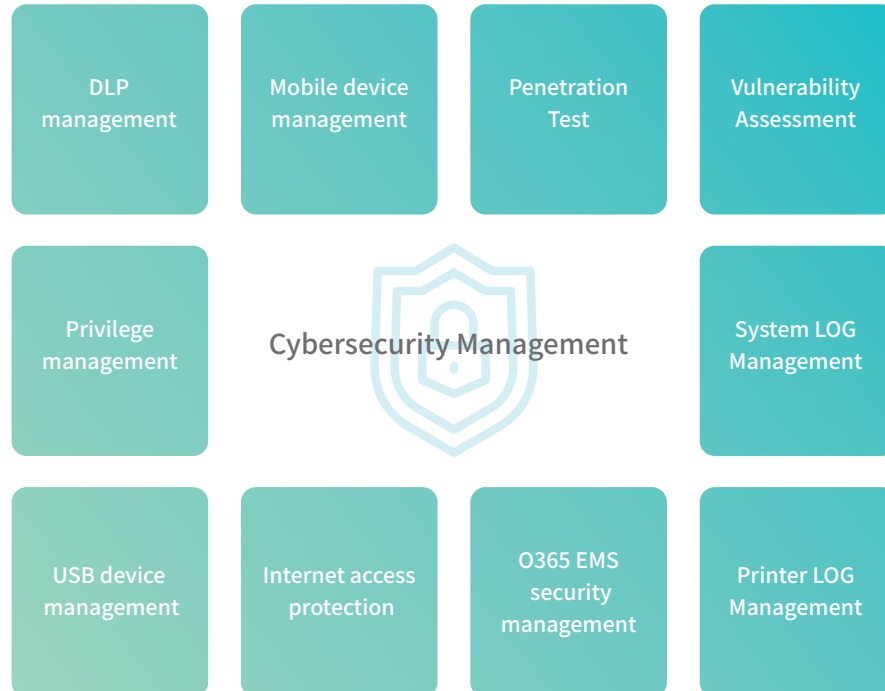
### Information security management and audit mechanisms

To ensure effective implementation of information security management mechanisms and maintain confidentiality, integrity, and availability of information assets, LITEON follows the ISO 27001: 2013 standards to implement information security management system documents, and uses the PDCA cycle to create, implement, maintain, and improve information security management systems. LITEON obtained ISO 27001 information security management system certification in 2020. Meanwhile, LITEON built and trained an information security audit team in 2020. All auditors on the team obtained ISO 27001: 2013 Lead Auditor certification.



## Implementation of information security technology controls

1. An information security monitoring system has been implemented to perform system vulnerability scanning and prevent hacker attacks and theft of confidential information. The complete information security network includes server rooms, network equipment, network connection, and personal IT equipment (e.g., desktop and laptop computers, tablets, and smartphones). The network is intended to ensure personal information, confidential business data, and customer and supplier information are effectively protected.
2. The Azure Information Protection (AIP) service is introduced to ensure LITEON data are protected. The AIP service uses digital cloud tools, such as Microsoft Office 365 and encryption, identification, authorization rules, and secure remote access, to protect employee information and confidential business documents.



## Information security education and training

To raise awareness of information security among employees, LITEON added the Personal Information Security Requirements and Training Administration Procedures to the information security management system documents to provide a basis for management.

1. Information security awareness campaigns: Information security news are announced, and campaigns conducted via various channels as needed to raise information security awareness in the workforce.
2. Information security education and training:
  - (1) To provide a better understanding of its information security policy, LITEON requires new employees sign the employee code of conduct agreement and receive information security training on the same day when they join the company.
  - (2) LITEON provides routine information security training for employees every year. All employees are required to complete a minimum of one hour of information security training every year. Information security courses on different topics are organized for employees based on their roles and responsibilities. A minimum of six information security and privacy courses were created this year. LITEON provides ongoing training as a means to raise information security awareness in the workplace and incorporate the elements into the processes in order to achieve the most secure and rigorous information protection.
  - (3) In addition to training provided by LITEON, primary information security representatives and information security auditors are required to participate in training activities or seminars organized by outside parties. The requirement is intended to enhance information security for LITEON by sending the information security personnel to learn more about information security mechanisms and the latest forms of information security attacks.
  - (4) Social engineering exercises are conducted as needed every year to raise information security awareness among employees.

Information security control mechanism	Description	Information security risk management
Privileged account management	Privileged local administrative account management system for clients	Prevent employees from installing illegal or pirated software or malware attacks
Peripheral management	Peripheral access and storage control system for clients	Prevent employees from leaking confidential/sensitive information via portable storage devices
Internet access control	Internet access control and threat detection system	Prevent employees from visiting malicious websites and incurring cyberthreats and virus attacks
Data leakage control	Data loss prevention (DLP) for computer data leakage prevention on client computers	Detect, record, and track confidential/sensitive information leakage
Data leakage control	Conditional access allows O365 access only on company computers	Prevent confidential/sensitive information leakage and hacker attacks
System vulnerability control	Desktop computer vulnerability scanning and detection system	Provide computer vulnerability check reports and prevent threats and attacks
Log audit control	Desktop computer log tracking and management system	Provide relevant information security audit event trace logs for inquiry
Network threat control	Unusual traffic volume and threat detection system for office and factory networks	Prevent the spread of online ransomware
Mobile device access control	MAM (Mobile APP Management)/ MDM (Mobile Device Management)/ MTD (Mobile Threat Detection) systems	Prevent employees from using personal mobile devices to leak confidential/sensitive information and cyberthreats
Remote access control	Remote access control for remote connections	Provide employees with an IT application system for accessing the company's systems remotely



## 2.6 Sustainable Supply Chain



### 2.6.1 Sustainable Supply Chain Management Policy and Targets

#### 2.6.1.1 Sustainable Supply Chain Management Policy

The products and services provided by suppliers may cause direct and tangible impacts to LITEON's products, services, and business activities. Meanwhile, the CSR practice of a supplier may cause indirect effects to LITEON's intangible reputation or turn into potential risks. As an important member of the global electronics manufacturing industry, LITEON makes continuous improvement in Sustainable Supply Chain Management (SSCM) in order to maintain the competitive advantages of LITEON and its suppliers as a whole. Therefore, LITEON selects responsible manufacturing and green products as the theme for its supply chain management strategies, and sets SDG 8 and SDG 12 as the long term goals.

The Supply Chain Management Sub-committee under the LITEON Corporate Sustainability Committee takes traditional supply chain management and adds domestic and international regulations and electronics industrial benchmark—Responsible Business Alliance (RBA) guidelines to build a strong and sustainable supply chain management framework. The framework provides the basis for LITEON's sustainable supply chain management policy. Furthermore, LITEON extends the scope of sustainable supply chain management to economics and governance, environmental protection, social inclusion and other ESG issues. Issues such as labor rights, environmental protection, health and safety, and ethics and management systems are made key components in supplier evaluation, selection and audit. This approach establishes risk controls and identifies 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 performance 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 LITEON's important partners on the path to sustainability. With equal emphasis on quality, cost, delivery, services, management, and innovation and technology (QCDS-MIT), LITEON looks forward to working with the supply chain in fulfilling corporate social responsibility in economics and governance, environmental protection, and social inclusion (ESGs) to increase sustainable competitiveness for a sustainable future.



- Ensure effective identification and management of economic, environmental, and social risks to enhance sustainability of the supply chain
- Strengthen responsible mineral management to ensure minerals from unqualified smelters in conflict-affected areas are not used and to build up responsible procurement practices
- Promote green supply chain concept and encourage suppliers to reduce the environmental impact of their products or business activities

#### 2.6.1.2 Sustainable Supply Chain Management Targets

LITEON has made a promise to build a supply chain aimed at sustainable development. Supplier management guidelines and regulations are in place to ensure workplace safety is upheld along the supply chain, employees and their dignity are respected, business activities contribute to the environmental protection and ethical codes are followed. LITEON works together with suppliers to fulfill corporate social responsibility and a sustainable supply chain. In addition, to lead the way to sustainability with suppliers and fulfill the promise of responsible manufacturing to customers, LITEON implements the Supplier Code of Conduct and the Responsible Mineral Sourcing Policy. LITEON also requires that suppliers sign management commitment statements (Supplier Executive Certification of Compliance) in order to ensure their ability to meet LITEON's SCM requirements. Following the sustainable supply chain management policy above, LITEON formulated strategy and targets for ongoing promotion of supply chain management throughout the year in 2020. All of LITEON's SCM targets were completed and achieved. Furthermore, LITEON is going to launch an energy conservation assistance program for suppliers and a new ESG sustainability audit plan in 2021. LITEON hopes, by fulfilling the corporate responsibility as a customer, the company may take the entire supply chain up to the next level.

#### 2.6.1.3 Supply Chain and Localized Purchasing

LITEON offers a diverse range of flexible products that are 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 a closely interconnected network of many different active entities. Raw materials involved in the supply chain include IC, PCB, electronic components, cables, plastic parts, metal parts, packaging materials and so on. LITEON works with 1,547 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 most of the time over the years. Direct purchases amounted to NTD 101.1 billion in total, or 95.47% of all purchases, in 2020. Furthermore, most of LITEON's production sites and suppliers on the supply chain are located in Taiwan, Mainland China, and Thailand. Local purchases amounted to NTD 93.4 billion in total, or 88.19% of all purchases, in 2020. Despite decreases in both direct purchases and local purchases due to COVID-19 in 2020 compared to 2019, LITEON kept trying to increase the percentage of direct and local purchases over the year. The amounts rose by 3.53% and 3.87%, respectively.

- Note:
1. Direct purchase is defined as a purchase made directly from a manufacturer, dealer, or distributor.
  2. Local or decentralized purchasing is determined by whether LITEON <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 distribution/shipping.
  3. The number of suppliers is reduced due to the successful sale of the Solid-State Drive Business Unit (SSD BU) to KIOXIA-Holdings Corporation on July 1, 2020, also because of LITEON internal organizational changes in 2020.

## 2.6.2 Sustainable Supply Chain Management Framework

LITEON lists three areas of sustainable supply chain management: sustainability guidelines, risk identification, and management systems. LITEON 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 supplier industries, and then deploys various management mechanisms to manage the entire supply chain.

### Sustainable supply chain management framework



### 2.6.2.1 Sustainable Supply Chain Management Guidelines

Regarding sustainable supply chain management, LITEON has implemented the Supplier Code of Conduct and Supplier Executive Certification of Compliance by adopting the Responsible Business Alliance (RBA) Code of Conduct and considering international regulations including the 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 Code of Conduct and Supplier Executive Certification of Compliance require all suppliers conduct all business activities in compliance with the rules therein regarding labor rights, health and safety, the environment, business ethics, and management system. It also requires suppliers comply fully with the laws and regulations in the countries/regions where they operate their businesses. Meanwhile, LITEON requires first tier suppliers impose the same guidelines on suppliers on the next tier.

#### Supplier Executive Certification of Compliance

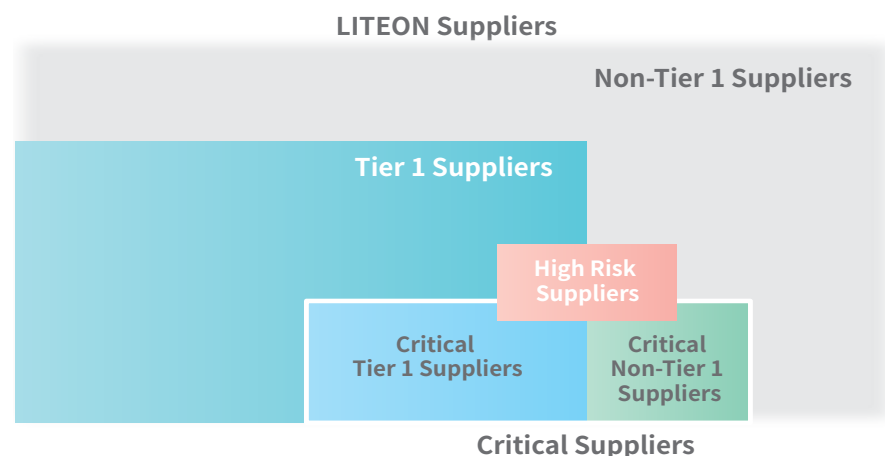
- \_\_\_\_\_, (hereinafter referred to as "we" or "our company") as a supplier of LITEON Technology Corp. and its subsidiaries and/or affiliated companies (hereinafter referred to as "LITEON Technology"), we sign this Certification of Compliance to commit:
1. Our company has read carefully with full understanding and shall comply with "LITEON Supplier Code of Conduct" including but not limited to, (a) operating the company's business in compliance with laws and regulations, and (b) not engaging in any illegal, improper or unfair competition business conduct; (c) providing employee safety and healthy working place, respect employee and endowed with dignity, and (d) relevant environmental protection responsibilities and business ethics must also be fulfilled when performing our company business. At the same time, our company's suppliers are also required to jointly implement this commitment.
  2. In the future, our company agree to actively cooperate with LITEON's audits and related investigations related to this Certification of Compliance, and will actively participate in LITEON's promotion and activities of relevant regulations and standards, and also agree that if our company violate this Certification of Compliance, our company is willing to cooperate and accept punishment from LITEON, including but not limited to terminating the business relationship between the two parties, etc.

Furthermore, regarding ethical corporate management, LITEON started requiring that all suppliers sign the "Integrity Commitment" in 2021. The commitment letter stipulates that no bribe shall be paid or any other inappropriate gains shall be provided or given between any supplier and LITEON employee for the purpose of closing a deal or performing a contract, and a supplier shall not engage in any conduct that directly or indirectly benefits a LITEON employee or stakeholder. Regarding product production, LITEON has the LS301 standards in place for products, materials and other green products provided by suppliers. The standards provide the restricted substance guidelines for green products and the responsible mineral management policy. Please refer to the corresponding sections for more details.

## 2.6.2.2 Sustainable Supply Chain Management Mechanisms

### Supplier screening and classification

LITEON divides suppliers into groups according to their attributes, and label them for better management. LITEON 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.



For effective supplier management, LITEON follows a set of screening criteria in the supplier selection process. In addition to the criteria for quality, cost, delivery, service, management, innovation, and technical capabilities (QCDS-MIT), LITEON implements green supply chain based procurement management system. The following principles are applied to evaluate all suppliers (and new suppliers).

- LITEON suppliers are required to sign Supplier Executive Certification of Compliance and promise compliance with LITEON Supplier Code of Conduct.
- LITEON's material suppliers must fully comply with local laws and regulations, and have risk control practices in place to ensure compliance.
- LITEON's suppliers should build up management systems for quality, environmental protection, health and safety, and for no use of hazardous substances.
- LITEON's material suppliers must comply with LITEON Standard of Controlled Hazardous Substance (LS301).
- Suppliers should follow LITEON's Restricted Substance Management Plan and provide adequate and regularly updated declarations or proofs.

### Identification of critical suppliers

For more effective supplier management, LITEON has identified a list of critical suppliers on which to direct its management efforts. The following principles were applied to identify critical suppliers based on the products, production processes, and sales characteristics of individual business groups in 2020:

- Top 75% of direct materials by annual purchase
- Exclusive or irreplaceable
- Critical parts or components
- Highly polluting production processes

In 2020, LITEON followed the principles above and identified 413 key suppliers, 38 of which might have potentially adverse effects on the environment. Meanwhile, LITEON took an extra step and implemented the "Supplier Qualification Evaluation Procedure" to introduce elements of the LITEON Code of Conduct, the LITEON Supplier Code of Conduct, and the Supplier Executive Certification of Compliance into supplier qualification evaluation. Audit results were divided into three categories, and included in the sourcing decision making process for the purpose of facilitating continuous improvement. LITEON also conducted review meetings to monitor suppliers' CSR performance in various areas.

### Audit and assistance on supplier CSR aspects- human rights, environment, safety, health, and management systems

LITEON has incorporated the RBA Code of Conduct into the supply chain. These rules help the company monitor suppliers on issues regarding Labor, Health and Safety, Environmental Protection, Ethics, and Management Systems. LITEON also encourages suppliers to develop materials and production processes that minimize environmental impacts or implement energy efficient and carbon emission reducing measures in production utilities. We modify the LITEON supplier audit forms according to the RBA requirements, and assess and evaluate suppliers' CSR general performance. In 2020, LITEON sent questionnaires to or performed online/on-site audits on 413 key suppliers identified as high priority, and none was listed as an unqualified supplier for violating CSR regulations.

### Supplier training and incentives

#### Seminars on corporate social responsibility of suppliers

LITEON organizes a number of supplier conferences and seminars or training courses for different business groups every year. In addition to presenting latest updates on LITEON's supply chain and awards to outstanding suppliers, LITEON uses these events to provide details on the scope of CSR and related activities, including updates on RBA, the Supplier Code of Conduct, and the Supplier Executive Certification of Compliance. LITEON requires that suppliers' management teams or top managers sign the Supplier Executive Certification of Compliance to confirm compliance with the rules and the RBA Code of Conduct in their management practices. Conferences and seminars were canceled in the real world to avoid crowds in 2020 due to the COVID-19. Instead, communication was delivered by mail and other means to inform suppliers of the latest status and requirements. Depending on progress in the fight against the virus, the conferences and seminars will be held in the real world or online as appropriate in the near future.

#### Supplier incentives for outstanding performance

The business groups implement suitable supplier incentives according to the nature of their sourcing activities and the characteristics of their suppliers. For PMS/CIPS, suppliers with (1) an outstanding QCDS (quality, cost, delivery, service, and technology) rating, (2) a total transaction amount ranked in top 30, or (3) other outstanding performance that meet the criteria will be selected as outstanding suppliers, will be presented awards at the supplier conference. Furthermore, MES presents special awards to suppliers that comply with the EU's RoHS Directive and have (1) a complete IECQ QC080000 management system, (2) an annual RSC audit score of more than 90, (3) no missing data in the GMS system, (4) no RoHS data exceeding the limits and (5) with internal testing facilities and random risk assessment mechanisms, will be presented awards at the supplier conference. AEA grants one-year audit exemption to outstanding suppliers that have passed supplier audits for three years in a row. Other business groups organize similar supplier conferences and outstanding supplier award ceremonies.

## 2.6.2.3 Identification of Supply Chain Risk

### Supply chain management mechanisms

As part of the commitment to responsible production and the development of suitable members for a sustainable supply chain, LITEON 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.



### Risk assessment process

LITEON treats supply chain risk management as one of the company's competitive advantages. In terms of the industrial sector, common economic, environmental, and social risks can generally be categorized roughly based on industry characteristics.

### Aspects of risk assessment

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

Economic	Environmental	Social
<ul style="list-style-type: none"> <li>• Quality, cost, delivery, services, innovation, management and technical capabilities</li> <li>• Business Ethics</li> <li>• Business integrity</li> <li>• Exclusive or critical source</li> <li>• 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>• Responsible mineral management</li> <li>• Work hours</li> </ul>

High sustainability risk factors and high sustainability risk supplier categories in LITEON's supply chain in 2020 were then identified by considering the factors above in terms of the market conditions in 2020 and the supplier categories of counterparties. The results are shown in the table below.

	Economic risk factors	Environmental risk factors	Social risk factors
	<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>
High sustainability risk supplier categories	IC	Printed circuit board/ power supply products/ cables/enclosure casing	Printed circuit board/ power supply products/ cables/ enclosure casing

Furthermore, LITEON performed preliminary supplier assessments based on place of manufacture, product characteristics, and nature of service, and determined whether a supplier category was a high sustainability risk one and whether a supplier was a critical supplier. Workers' rights, environmental protection, and health and safety practices along the supply chain were listed as risk control points. A sustainability risk survey was conducted specifically on critical suppliers. When the survey was completed at the end, high risk suppliers for the year were identified as those with total scores below 60 in all areas. 2 suppliers were named high risk suppliers and placed at the top of the list of onsite audits in 2020. Improvement measures were implemented and followed up on an ongoing basis to ensure errors were corrected completely and the risk levels were reduced.



## 2.7 Customer Service and Satisfaction

### 2.6.3 Responsible Mineral Management

#### 2.6.3.1 Responsible Mineral/Metal Sourcing Policy

As a responsible corporate citizen of the world, LITEON has declared and committed to refrain from the use of metals sourced from unqualified smelters in conflict mines. The company also requires that all its suppliers comply with LITEON's responsible mineral/metal sourcing policy:

- (1) ensure the absence of "responsible minerals from unqualified smelters" in Congo and surrounding countries and regions in their products, and adhere to the applicable regional and international laws for responsible minerals.
- (2) trace sources of all Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W), Cobalt (Co), and Mica and other sources of responsible minerals published in the Responsible Minerals Initiative (RMI) in all products; while all suppliers should complete a connection report to confirm sources of related minerals and should use a list of RMI compliant smelters/refiners to avoid mines directly or indirectly financing armed groups in conflict-affected regions.
- (3) convey these requirements to their upstream suppliers.

Note: Responsible minerals/metals refer to minerals mined under armed conflict or human rights abuses, especially minerals mined by armed groups surrounding the Democratic Republic of the Congo. These minerals include coltan, cassiterite, wolframite, cobalt and gold, and can be refined into Tantalum (Ta), Tin (Sn), Tungsten (W), Cobalt (Co) and Gold (Au). In addition, mica mined from India and other regions are also known as responsible minerals, and can be used in electronics and other products.

#### 2.6.3.2 Responsible Mineral Management Process

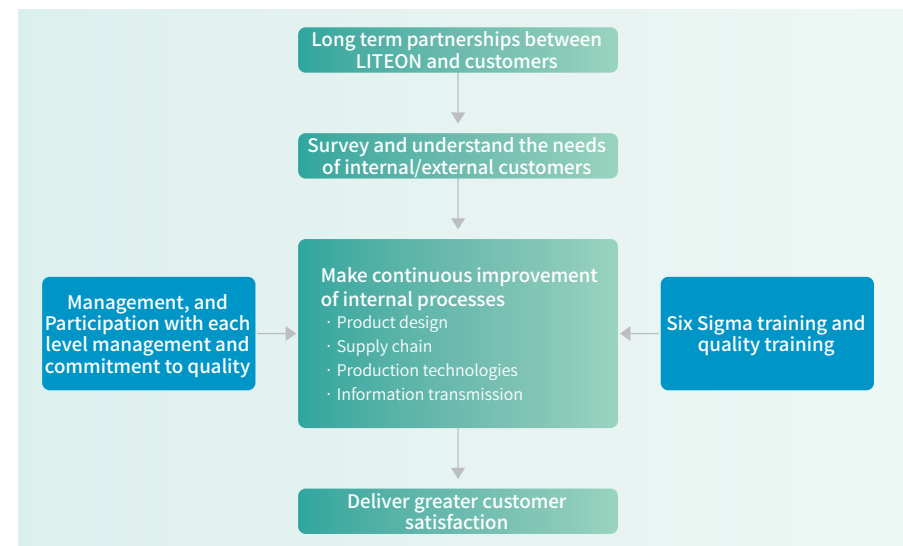
Regarding the responsible mineral management process, LITEON provides information on responsible minerals to suppliers working with LITEON for the first time or suppliers who need the information. LITEON also provides basic training on using the RMI management tool, responsible mineral reporting templates, including the Conflict Minerals Reporting Template (CMRT), the Cobalt Reporting Template (CRT), and the Mica Reporting Template (MRT). The business units require that suppliers implement complete control and verify any use of responsible minerals from unqualified smelters in materials after signing a declaration against the use of responsible minerals and providing RMI forms during material acknowledgment. Meanwhile, responsible mineral data from the business units will be summarized, and a risk assessment will be performed on materials supplied by the suppliers.

#### Responsible mineral management process



#### Customer service

LITEON'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.



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, LITEON 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 LITEON. Understanding and analyzing customer satisfaction is one of the important ways for LITEON 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, LITEON 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 will 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.

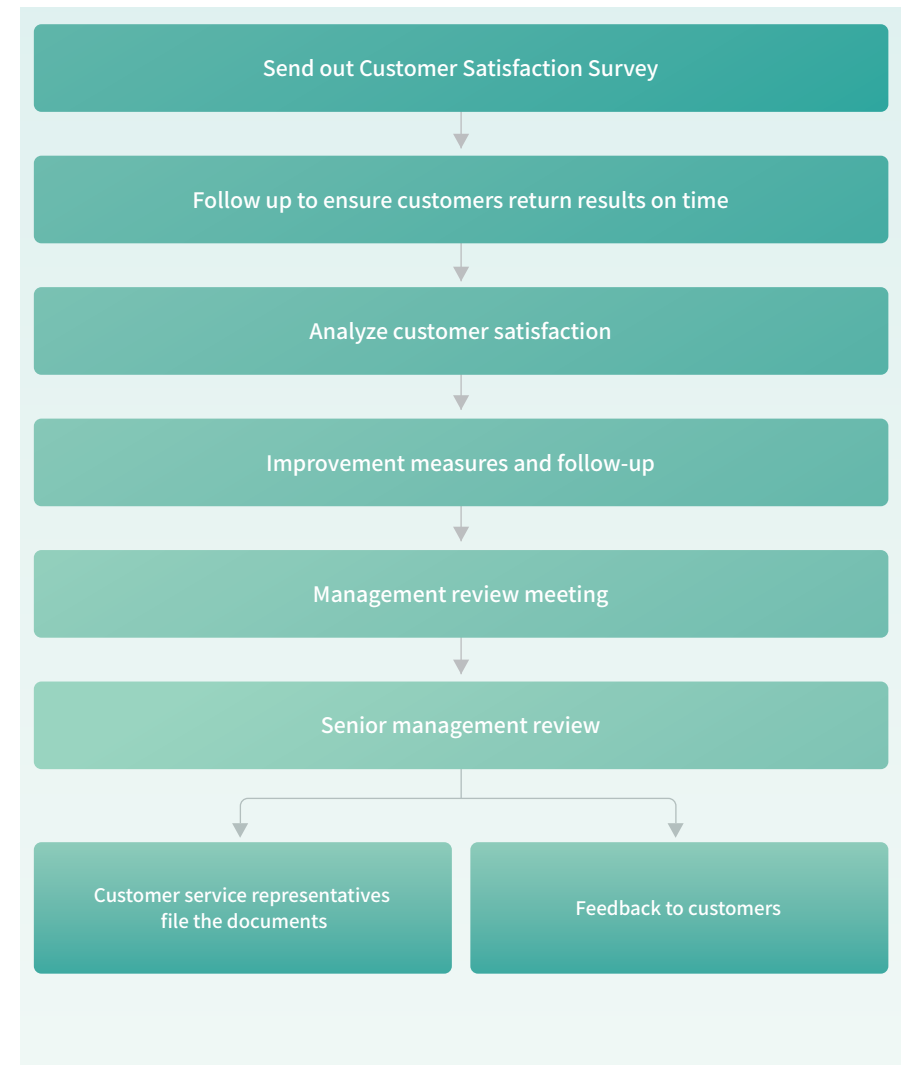
Below are the results of the customer satisfaction survey conducted by LITEON's core business in 2020

		Satisfaction Survey Items						Overall satisfaction
		Quality	Delivery	Services	Pricing	Technologies	Hazardous Substance Free	
Average Satisfaction	Score (out of 5)	4.53	4.59	4.6	4.37	4.5	4.7	4.57
	Satisfaction (%)	90.56	91.82	91.9	89.6	89	94.03	91.31

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

2. The customer satisfaction survey items changed in 2020, and the trend calculation is reset with 2020 as the base year.

#### Process of customer satisfaction survey





# 3

## LITEON and the Environment

Actions on circular economy, product green design, and internal carbon pricing

Reducing environmental impact and creating sustainable value together



2020 CDP Supplier Engagement Rating (SER) Leaderboard



Waste generation was reduced by 2,688 tonnes from the base year, a decrease of 11.44%



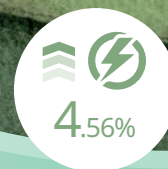
GHG emissions decreased by 61,216 tonnes CO<sub>2</sub>e from the base year, and the intensity decreased by 21.07%



Renewable energy usage of 57,097 MWh reached the ratio of 16.53%



LED Car Lighting Module passed carbon footprint certification (ISO 14067)



The energy conversion efficiency for power supply products improved by 4.56% from the base year



UV-LED energy efficiency increased by 25% from the base year



100% of products compliance with environmental directives

## 3.1 Environmental Sustainability Commitment and Policy



LITEON strives to improve corporate governance mechanisms in the company for a better sustainable management. As the highest authority in LITEON's sustainable operation, the Corporate Sustainability Committee reports directly to the board of directors. In the environmental aspect, the Environmental Sustainability Sub-committee under the Corporate Sustainability Committee is chaired by the head of manufacturing and responsible for green operations at the factories. The Green Design Sub-committee is chaired by the head of RD and responsible for the design and development of low carbon products. We aim to improve environmental management performance and risk management to achieve our environmental sustainability vision and to respond to the Sustainable Development Goals (SDGs).

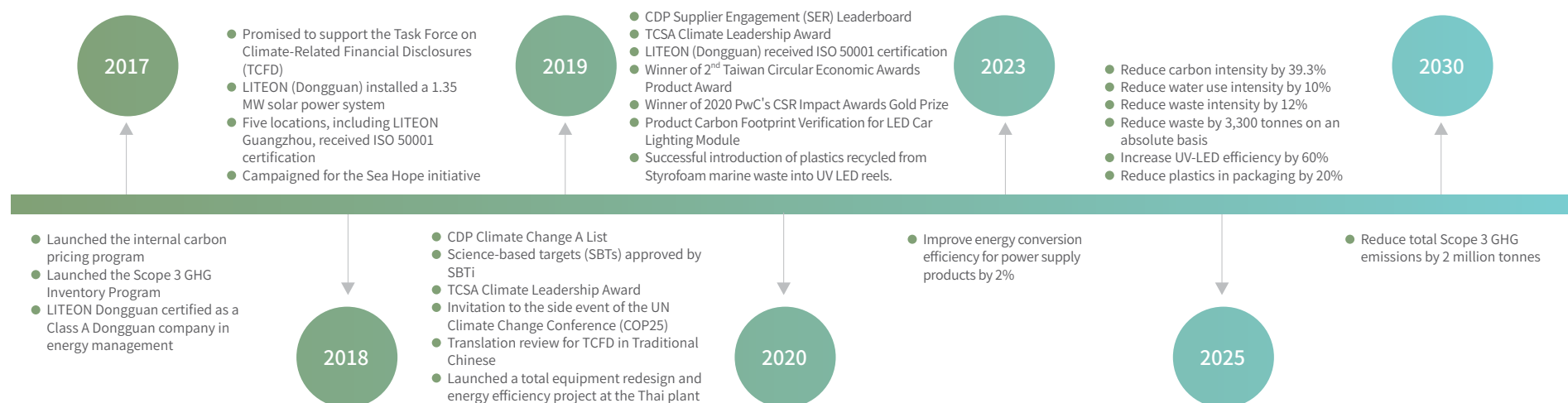
To fulfill our environmental commitment, LITEON adheres to the responsible production strategy in the Sustainability Strategy and Blueprint, and develops environmental sustainability strategies around green operations and low carbon products. Meanwhile, LITEON continues to take actions on climate change and energy management, water resource management, waste recycling and reuse, and green product design and management, to increase resource utilization efficiency, reduce the environmental impact of production activities, and build up LITEON's climate resilience and environmental sustainability.

### 2020 Achievement

- 2020 CDP Supplier Engagement (SER) Leaderboard
- Climate Leadership Award from Taiwan Corporate Sustainability Awards (TCSA) (2 years in a row)
- Industry leader in climate strategy on the Dow Jones Sustainability Index (DJSI) (5 years in a row)
- GHG emission aligned with SBT reduction target pathway
- 2<sup>nd</sup> Taiwan Circular Economic Awards Product Award
- 2020 PwC's CSR Impact Awards Gold Prize
- Product Carbon Footprint Verification for LED Car Lighting Module (ISO 14067:2018)



### Key sustainable environmental-related results and targets

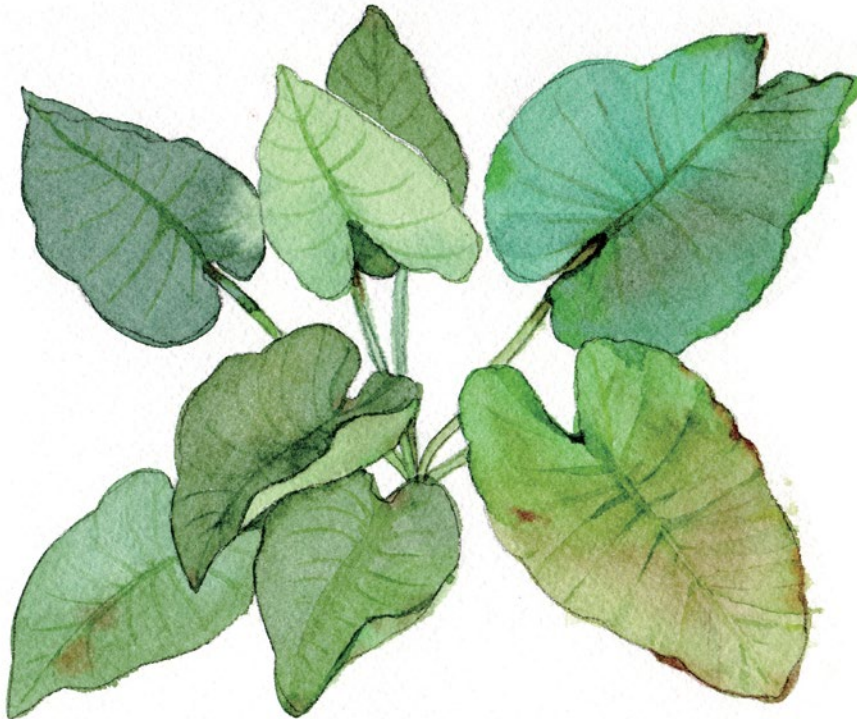




## 3.1.1 Green Operations Action Plans

### Circular economy

- In support of SDG 14, LITEON starts to reduce marine pollution by working with social enterprises in helping the Penghu County Government. The campaign has removed a total of 35 tonnes of Styrofoam marine waste since 2018. Meanwhile, the recycled Styrofoam is sent to ITRI for mixing and modification operations. The modified recycled plastics are used to make keyboards and mice. LITEON is the world's first manufacturer to introduce Styrofoam marine waste into electronic products.
- In 2020, LITEON finished developing containers that can reduce the volume of Styrofoam marine waste onsite. The company donated to the Penghu County Government and the Kinmen County Government the world's first containers that can process Styrofoam marine waste onsite and reduce its transportation volume significantly by 90%. These containers had processed 20 tonnes of Styrofoam marine waste by the end of 2020. The project also won the 2nd Taiwan Circular Economic Awards Product Award and the 2020 PwC's CSR Impact Awards Gold Prize.



### Internal carbon pricing

- LITEON has adopted the shadow carbon pricing methodology, and considered the carbon trading regulations in Taiwan and the market prices in Mainland China to determine internal carbon prices for main operation sites in Taiwan and Mainland China since 2018. The approach serves to reinforce the decision-making on the energy efficiency and carbon reduction measures and policies in the company
- As part of the strategy to reduce carbon emissions to fulfill our SBT promise, LITEON passed a new internal carbon pricing management policy in 2020. Starting in 2021, LITEON will charge internal carbon tax at USD 1/tonnes CO<sub>2</sub>e from business units that exceed their annual emission caps. This policy aims to reinforce the carbon reduction investment action for business units. LITEON also expects to raise the rate gradually in the future and invest the funds in carbon reduction technologies or renewable energies.

### Product green design

- The LITEON CSR code of conduct is based on life cycle thinking. With the 3Rs rule added to the product development process, the company engages in green product design, and develops nontoxic, easy to assemble/disassemble, and environmentally friendly products.
- AC metering IC integration technology is used in server power products to reduce the use of resistors, multilayer ceramic capacitors, metal-oxide-semiconductor field-effect transistors, and other active/passive components. The technology also reduces power consumption by 0.034W while metering IC is working, and reduces 51.81 tonnes of carbon emissions during the acquisition of raw materials and the use of products.

### Reducing the environmental impact of own business activities

- LITEON 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. The company also tries to achieve minimum waste and maximum resource recycling and reuse.
- Implementation of the energy recycling system (ERS) enables power consumed by burn-in processing to be recycled and reused. The system helps us to reduce power consumption by 5.8 GWh per year, which is the equivalent of reducing 4,853 tonnes of carbon emissions per year.
- LITEON was not involved in any significant environmental violation event in 2020.

### 3.1.2 Environmental Management Goals

Latest progress on current management targets\*

Item	Sustainable development target	2018 Result	2019 Result	2020 Result
Carbon emission and energy management targets	Carbon emission (Scope 1+2) per NTD million of revenue to decrease by 39.3% by 2025 compared to the base year 2014 <sup>1,2,3</sup>	-17.19%	-23.07%	-21.07%
	Energy conversion efficiency for power supply products to increase by 2% by 2023 compared to 2016	1.19%	1.80 %	4.56%
	UV-LED energy efficiency to increase by 60% by 2025 compared to 2018	-	21.15%	25%
	Power consumption to decrease by 6% on an absolute basis by 2020 compared to the base year 2017 <sup>1,2,3</sup>	+11.90%	+3.53%	+8.33%
Waste management targets	Waste to decrease by 6% on an absolute basis by 2020 compared to the base year 2017 <sup>1,2</sup>	-2.12%	-14.35%	-11.44%
	Waste to decrease by 3,300 tonnes on an absolute basis by 2025 compared to the base year 2017 <sup>1,2</sup>	-498 tonnes	-3,373 tonnes	-2,688 tonnes
	Plastics in packaging to decrease by 300 tonnes by 2025 compared to the base year 2018	-	31.79 tonnes	195.8 tonnes
Water resource management targets	Water consumption to decrease by 6% on an absolute basis by 2020 compared to the base year 2017 <sup>1,2,3,4</sup>	-1.37%	-2.71%	-0.72%

- Note:
1. The Vietnam plant was added to the data in 2020. The data cover a total of 23 bases worldwide.
  2. The Solid-State Drive (SSD) Business Unit completed transferring the business in the first half of 2020. For consistency in the calculation, the SSD Business Unit was removed from the 2018-2019 data, which were then recompiled accordingly.
  3. LITEON's global power and water resource consumption did not meet the targets as a result of the addition of the Kaohsiung Operations Center and the India plant and the expansion of the Vietnam plant.
  4. It was difficult to obtain accurate data on water resource consumption at the India plant given incomplete infrastructures. Therefore, consumption data on the India plant were not added here.
  5. While spreading production capacity out across the globe and starting transferring production bases, LITEON will set new renewable energy targets that cover all offices worldwide. The Taiwan plant did not use any renewable energy in 2020.

## 3.2 Climate Change and Energy Management



### 3.2.1 Climate Change Policy

Climate Change and Energy Management is one of the material topics and key risks in LITEON's sustainable development. Therefore, this company monitors and analyzes developments in these areas on an ongoing basis and works on adaptation and mitigation to greenhouse gases. 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 energy creation, conservation, and conversion products and solutions to meet aggressive GHG emission reduction targets. 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 construct countermeasures against potential risks in order to reduce the potential impact of climate risks.

### 3.2.2 Overall Impact and Challenges of Climate Change

Risks arising from climate change and natural disaster issues are one of LITEON's eight categories of sustainability risks. For the potential impact on business activities, LITEON has the internal climate change risk task force to handle the identification of physical and transition risks and opportunities, assessment of possibilities, and analysis of the influence. The task force is also responsible for devising appropriate countermeasures. In terms of climate risk issues, most major climate risks identified by LITEON came from the requirements of clients, investors and other important stakeholders for GHG reduction and compliance with product energy efficiency standards. The main climate opportunities are found in the wide range of green products and services that echo sustainability trends.

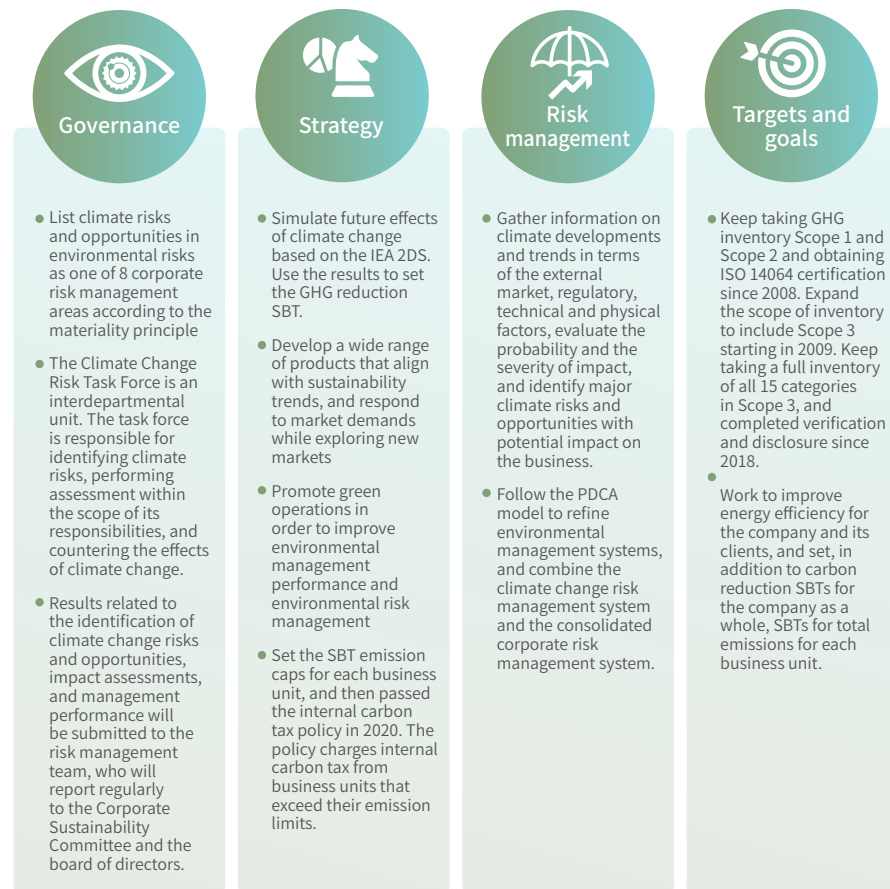
In 2020, LITEON assessed risks by probability and impact severity, then, identified that the company might be impacted by net-zero emissions commitments made by EU and Chinese economies and key clients. These commitments may prompt them to impose low carbon or even zero carbon emissions requirements on the company's operation and push up production costs. LITEON pays a lot of the attention to the potential financial implications of climate change risks. The company follows a risk management process (Section 2.3) and the PDCA cycle to monitor climate risks. Measurements are formulated to convert climate risks into financial data, and countermeasures are devised to reduce the probability and severity of these risks. The operation and results will be submitted to the risk management subcommittee to be reported to the Corporate Sustainability Committee and the Audit Committee. The chairman of the Audit Committee will in turn present a report to the board of directors. LITEON adopts a positive attitude to challenges in climate risks and opportunities. The company will perform climate scenario analysis specifically targeting higher climate risk factors and calculate potential financial impacts on an ongoing basis. The practice makes climate risk management part of the business operations.

LITEON strives to improve corporate governance mechanisms in the company for a better sustainable environment. Chaired by the head of manufacturing, the Environmental Sustainability Sub-committee is created to responsible for green operations to improve environmental management performance and environmental risk management. In addition, the internal carbon tax policy was approved in 2020.

Under the policy, all business units that exceed their emission caps will have to pay an internal carbon tax every year. The policy is intended to strengthen the business units' decision-making in carbon reduction measures and to meet clients' and other stakeholders' expectations.

LITEON's disclosure of climate risks and opportunities follows the TCFD framework as shown in the table below.

#### LITEON TCFD Reporting



## 3.2.3 Climate Change Response Measures

In terms of its climate change response strategy, LITEON continues to follow energy creation, conservation, and conversion as the means for mitigation, and focuses on renewable energies, energy management systems, process optimization, and plant operation improvement as key strategies. LITEON also adjusts the internal carbon pricing strategy and strengthens the carbon reduction investment decisions to fulfill LITEON's SBT commitments. Regarding climate change adaptation, LITEON 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.

### 3.2.3.1 Climate Change Mitigation

#### Renewable energy and energy management

LITEON strengthens renewable energy and energy management on an ongoing basis to enhance energy utilization efficiency. In 2020, production facilities at LITEON (Dongguan) and LITEON Power Technology (Dongguan) received ISO 50001 energy management system certification, giving LITEON a total of six ISO 50001 certified production facilities. Regarding renewable energy, LITEON keeps raising the volume and percentage of renewable energy consumption every year by our rooftop solar panel systems and International Renewable Energy Certificate purchased. Furthermore, as part of the effort to achieve low carbon manufacturing, the company seeks suitable renewable energy suppliers, and enters into green power purchase agreements or promotes public providers of renewable energy. In 2020, consumption of self-generated renewable energy and those purchased by the International Renewable Energy Certificate reached 57,097MWh, or 16.53% of total electricity consumption.

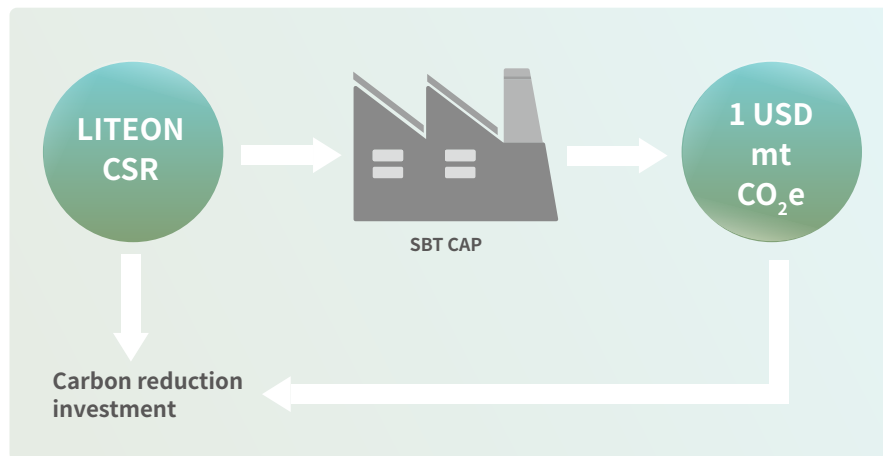
#### Enforcing GHG emissions reduction

As part of process optimization and plant operation improvement, LITEON achieves energy-saving and improved efficiency of the office and the plant through ongoing upgrade and improved management of the lighting system, improvement of production equipment, upgrade of air conditioning units, refinement of management systems and other energy-saving measures. In particular, the Burn-In ERS Saving Energy Program introduces energy recycling systems (ERS) into LITEON (Dongguan), LITEON (Guangzhou), and LITEON (Changzhou). The systems recycle and reuse power consumed by burn-in processing. The saving in power consumption is estimated to be 5.8 GWh per year, which is the equivalent of reducing 4,853 tonnes of carbon emissions per year<sup>1</sup>. Furthermore, a payback period policy for investment in new energy-efficient measures was approved at LITEON in 2020. The policy is intended to step up the execution of medium- and long-term energy-efficient measures. It is expected that 75 energy-efficient measures will be installed in 2021 to allow the company to reach the electricity-saving target of 16.83 GWh per year compared to 2020.

Note: 1. Based on the 2017 baseline emission factors for Mainland China's regional power grids (0.8367 kg CO<sub>2</sub>e /kWh for Southern Mainland China).

### Strengthening internal carbon pricing strategies

Taking into account the carbon trading regulations in Taiwan and the market prices in Mainland China, LITEON adopted the shadow carbon pricing methodology to determine internal carbon prices for key offices in Taiwan and Mainland China in 2018. The internal carbon price was set at USD 50/tonnes CO<sub>2</sub>e and USD 8/tonnes CO<sub>2</sub>e for key Taiwan and Mainland China offices, respectively. To reinforce the energy efficiency and carbon reduction measures and policies in the company, LITEON sets the business unit's specific SBT emissions targets to align with the overall carbon reduction SBT target. The internal carbon pricing policy was approved in 2020. Under the policy, the company starts to charge the internal carbon tax at USD 1/tonnes CO<sub>2</sub>e from business units this year that exceed their annual emission cap to reinforce carbon reduction investment decisions made by individual business units. LITEON also expects to raise the rate gradually in the future and invest the funds in carbon reduction technologies or renewable energies.



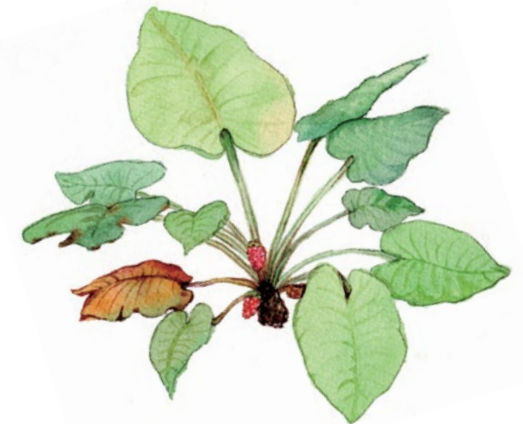
### 3.2.3.2 Climate Change Adaptation

#### Develop low carbon products

The LITEON CSR code of conduct is based on life cycle thinking. With the 3Rs rule added to the product development process, the company engages in green product design, and develops nontoxic, easy to assemble/disassemble, and environmentally friendly products. In particular, AC metering IC integration technology is used in server power products to reduce the use of resistors, multilayer ceramic capacitors, metal-oxide-semiconductor field-effect transistors and other active/passive components. The technology also reduces power consumption by 0.034W while metering IC is working, and reduces 53.68 tonnes of carbon emissions during the acquisition of raw materials and the use of products.

#### Development of automated energy-saving technologies

LITEON reconstructs quality manufacturing through automation and digital transformation. In 2015, the company was the first Taiwanese manufacturer 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 the use of family materials, family molds, and family jigs in production also helps to reduce the energy and resource input per unit product. To accelerate the development of production equipment and recyclability and reusability of key machine parts, LITEON has established standards for equipment design and data collection, including structuration of standard modules, standardization of machine testing procedures, and automated switching. Moreover, LITEON is capable of simultaneous operation with products, processes and equipment installed on the same platform in terms of automated production. 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 as part of the progress towards high-speed unmanned operations.

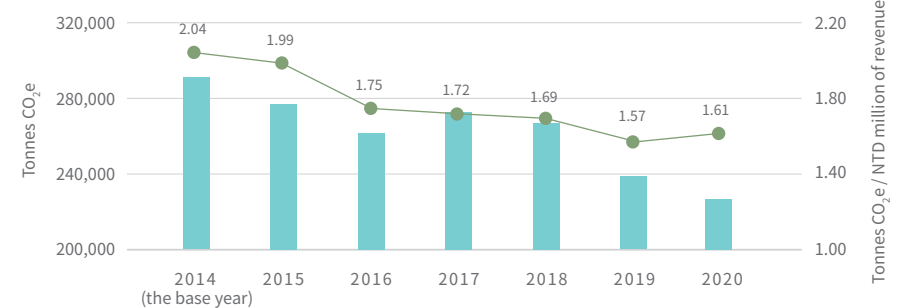




### 3.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)

In 2020, LITEON removed the previously transferred Solid-State Drive Business Unit, and added the Vietnam plant to the ISO 14064-1:2006 GHG verification before recalibrating the base year emissions. LITEON's Scope 1 and Scope 2 GHG emissions were 225,739.15 tonnes CO<sub>2</sub>e (market-based). The CO<sub>2</sub> emission reduction was 10,864.81 tonnes CO<sub>2</sub>e (4.59%) compared to 2019 or 61,216.12 tonnes CO<sub>2</sub>e (21.33%) compared to 2014 (base year). The carbon intensity was 1.61 tonnes CO<sub>2</sub>e /NTD million of revenue, 2.60% lower than in 2019 and 21.07% lower than the base year 2014. The emission aligned with the SBT reduction target pathway at 20.6% for 2020.

2020 LITEON Greenhouse Gas Emission Inventories<sup>1</sup>



#### GHG emissions in 2020

	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total
Scope 1 and Scope 2 emissions - by gas type	216,682.00	5,825.89	4.63	3,226.63	0.00	0.00	0.00	225,739.15

#### GHG emissions 2014-2020<sup>12345</sup>

	2014(base year)	2015	2016	2017	2018	2019	2020
Greenhouse gas emission (Scope 1), Tonnes CO <sub>2</sub> e <sup>2</sup>	11,241	14,841	13,488	13,485	11,693	9,119	11,947.73
Greenhouse gas emission (Scope 2), Tonnes CO <sub>2</sub> e <sup>3</sup>	275,714	258,313	245,479	256,020	252,098	227,485	213,791.42
Greenhouse gas emission (Scope 1+2), Tonnes CO <sub>2</sub> e	286,955.26	273,155.18	258,967.07	269,504.95	263,790.19	236,603.96	225,739.15
Greenhouse gas emission intensity, Tonnes CO <sub>2</sub> e /NTD million of revenue	2.04	1.99	1.75	1.72	1.69	1.57	1.61

Note: 1. The Solid-State Drive (SSD) Business Unit completed transferring the business in the first half of 2020. For consistency in the calculation, the SSD Business Unit was removed from the 2014-2020 data, which were then recompiled accordingly.

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).

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

4. GHG emissions by sources were calculated using emission factors. Preference was given to factors derived by a quantitative or material balance approach, followed by locally or internationally published factors. Scope 1 emission factors included the Mainland China Energy Statistical Yearbook, Provincial Guidelines for GHG Emissions Inventory, national standards of the Mainland China, Thailand energy factors (based on factors published by the Carbon Label & Carbon Footprint for Organization), Taiwan EPA Table of GHG Emission Factors 6.0.4, and Taiwan Bureau of Energy Recommended Emission Factors by Fuel (based on the IPCC2006 emission factor database). Scope 2 emission factors included the power emission factor published by Taiwan Bureau of Energy 2019 (0.509 kg CO<sub>2</sub>e /kWh), 2019 baseline emission factors for Mainland China's regional power grids (0.9419 kg CO<sub>2</sub>e /kWh for Northern Mainland China, 0.7921 kg CO<sub>2</sub>e /kWh for Eastern Mainland China, and 0.8042 kg CO<sub>2</sub>e /kWh for Southern Mainland China), factor published by the Energy Policy and Planning Office of Thailand Ministry of Energy (0.497 kg CO<sub>2</sub>e /kWh), electricity emission factor published by India Ministry of Environment (0.92 kg CO<sub>2</sub>e /kWh), and factor published by Vietnam Ministry of Natural Resources and Environment (0.913 kg CO<sub>2</sub>e /kWh).

5. The global warming potential (GWP) adopts the factor in the IPCC Fifth Assessment Report (AR5).

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

To maximize the value of the LITEON value chain and to identify key factors to mitigating climate change, LITEON not only takes inventories of emissions from its own business activities, but has started performing full inventory-taking, verification, and disclosure of emissions from 15 categories in Scope 3 every year since 2018. The practice allows LITEON to follow emission hot spots along the value chain and extend carbon management to business partners on the value chain. In terms of Scope 3 emissions, LITEON sets 2018 as the base year, and aims to reduce cumulative value chain emissions (Scope 3) by 2 million tonnes by 2030. Meanwhile, the company continues to deploy green product design and other strategies and work with value chain partners to develop low carbon products (Section 3.5) and combat climate change and global warming together.

Scope 3 Categories	Category	Source identification	Scope of verification	Emissions (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	10,838,793
02	Capital goods	✓	Office computer equipment purchased for the LITEON Building in Neihu	9
03	Excluding Scope 1 or 2 fuel- and energy-related activities	✓	Fuels burned by contractors at key offices around the world	3,760
04	Upstream transportation and distribution	✓	Miles in upstream transportation and distribution of raw materials for LITEON (Guangzhou) - Enclosure Division	43
05	Waste generated in operations	✓	Carbon emissions from processing waste generated in operations at key offices around the world	8,933
06	Business travel	✓	Air miles flown on business trips taken by employees at LITEON's Taiwan offices in a year	325
07	Employee commuting	✓	Miles of commuting by all employees at key offices around the world in a year	4,245
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 LITEON (Guangzhou) - Enclosure Division	31,815
10	Processing of sold products:	✓	Carbon emissions from power consumed by outsourced processing service providers of LITEON Li Shin (Huizhou)	316
11	Use of sold products:	✓	Server power supply, power supply units (laptop power)	1,714,383
12	End-of-life treatment of sold products	✓	Server power supply products, power supply units, chargers	89
13	Downstream leased assets	✓	Carbon emissions from power consumed by tenants in the LITEON Building	1,379
14	Franchises	-	LITEON Group	Note 2
15	Investment	✓	Carbon emissions from subsidiaries beyond LITEON's operational control	505
Total				12,604,594

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

2. No relevant business

### 3.2.6 Direct and Indirect Energy Consumption

95% or more of the total energy consumption at LITEON was indirect energy consumption that was primarily provided by purchased electricity, and followed by steam. Fossil fuels under direct energy consumption include diesel, petrol, natural gas, LPG, acetylene, and alcohol liquids that were used mainly in emergency power generators, forklifts, company cars, restaurants, and boilers in dormitories. In 2020, LITEON consumed a total of 1,298,532 GJ in energy. It was up by 60,005 GJ compared to 2019. The consumption intensity was 9.28 GJ/NTD million of revenue, up by 12.75% compared to 2019. The increase was mainly attributed to the implementation of automated production.

Energy consumption 2014-2020<sup>1</sup>

	2014		2015		2016		2017		2018		2019		2020	
	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ	MWh
Diesel	9,167	2,546	7,293	2,025	4,521	1,255	4,557	1,266	5,341	1,483	3,193	887	10,743	2,983
Gasoline	14,839	4,121	15,471	4,296	13,312	3,697	13,371	3,713	11,143	3,095	11,512	3,197	10,691	2,969
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	20,648	5,734
Liquefied petroleum gas (LPG)	653	181	527	146	521	145	730	203	369	103	300	83	943	262
Acetylene	1	0	1	0	2	1	14	4	1	0	2	0	1	0
Alcohol liquids	1,985	551	2,822	784	4,572	1,270	4,266	1,185	3,798	1,055	1,776	493	0	0
Total direct energy consumption	62,814	17,443	48,720	13,530	45,163	12,542	49,292	13,688	44,185	12,270	36,181	10,047	43,025	11,948
Renewable energy (RE) consumption (including consumption of self-generated RE and green power certificates)	0	0	24,063	6,684	53,011	14,725	55,388	15,385	73,611	20,447	162,228	45,062	205,557	57,098
Purchased electricity (non-RE)	11,532,35	320,334	1,081,342	300,364	1,024,877	284,680	1,087,283	302,015	1,210,207	336,159	1,028,250	285,617	1,037,710	288,245
Purchased steam	15,243	4,233	206,67	5,739	16,157	4,487	15,172	4,213	13,295	3,692	11,868	3,296	12,241	3,399
Total indirect energy consumption	1,168,479	324,567	1,126,072	312,788	1,094,045	303,892	1,157,842	321,613	1,297,113	360,298	1,202,346	333,975	1,255,507	348,741
Total energy consumption (non-RE)	1,231,293	342,011	1,150,730	319,633	1,086,197	301,709	1,151,746	319,916	1,267,688	352,122	1,076,299	298,960	1,092,976	303,592
Total energy consumption	1,231,293	342,011	1,174,793	326,317	1,139,208	316,434	1,207,134	335,301	1,341,299	372,569	1,238,527	344,022	1,298,532	360,689
Total energy consumption intensity (GJ/ NTD million of revenue)	8.77		8.57		7.68		7.69		8.61		8.23		9.28	

## 3.3 Water Resource Management

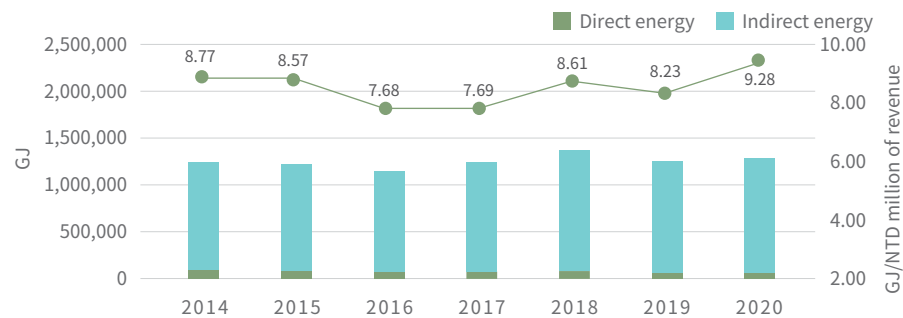
### 3.3.1 Water Resource Conservation

LITEON 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. LITEON 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. LITEON also strengthens daily management practices, such as implementing 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 2020, the total water consumption was 2,981,414 tonnes<sup>1,2</sup>, and the intensity of water consumption was 21.56 m<sup>3</sup> per NTD million of revenue, decreased 21,592 tonnes (0.72%) comparing to 2017 base year; the total volume of wastewater discharged, based on the actual discharged volume of the site in Vietnam and Mainland China's Code for urban wastewater and stormwater engineering planning, is estimated at 2,532,743 tonnes.

### 3.3.2 Wastewater Treatment and Resourcization

Water consumption at LITEON 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 meets the local regulatory requirements. The discharge of water should have no significant impact on the water body. To ensure effective wastewater treatment and resuscitation, LITEON has been adding facilities for recycling and reuse of air conditioning condensation water and RO wastewater, and recycling and reuse of pure water from facilities. The total volume of water recycled in 2020 was 170,997 tonnes, which was 1.35 times more than in 2019.

### Energy consumption and intensity 2014-2020



Note: 1. The Solid-State Drive (SSD) Business Unit completed transferring the business in the first half of 2020. For consistency in the calculation, the SSD Business Unit was removed from the 2014-2020 data, which were then recompiled accordingly.

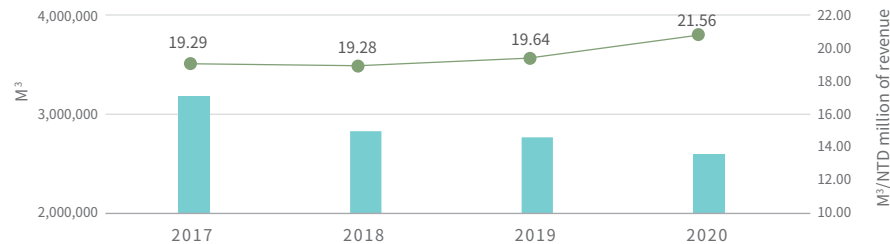
### 3.2.7 Air Pollution Prevention

Volatile organic compounds at LITEON come mainly from organic solvents used during production, such as soldering flux and isopropanol vapors. NO<sub>x</sub> and SO<sub>x</sub> emissions from generators used for emergency or testing in the plants and from hot water boilers in the living area are considered trace amounts. LITEON manages volatile organic compound (VOC) emissions through management styles, procedure improvement, training, and regular third-party inspection. In addition, LITEON started implementing stronger outdoor air pollution emission controls at its plants in Mainland China in 2017. Inspection data from the plants, actual factory conditions and local environmental policies were considered in the design of comprehensive and reasonable emission treatment systems with two levels or more (e.g., precipitators, UV photocatalysis, and activated carbon-based absorption). These systems were built to fulfill a comprehensive purpose including removing VOC pollutants, optimizing control, reducing consumption, and ensuring safety. VOC emissions at LITEON are calculated according to the third-party environmental compliance inspection reports and hours of operation. The total emissions reported by LITEON's main manufacturing bases worldwide (excluding Thailand and India) were 24.96 tonnes in 2020.

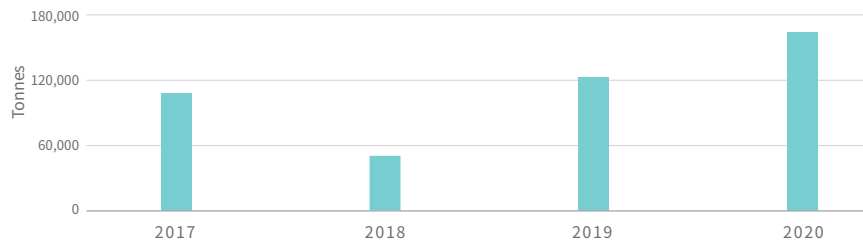


## 3.4 Waste Management, Recycling and Reuse

### Water consumption and intensity 2017-2020



### Water recycling 2017-2020



- Note: 1. The Solid-State Drive (SSD) Business Unit completed transferring the business in the first half of 2020. For consistency in the calculation, the SSD Business Unit was removed from the 2017-2020 data, which were then recompiled accordingly.
2. It was difficult to obtain accurate data on water resource consumption at the India plant given incomplete infrastructures. Therefore, consumption data on the India plant were not added here.

LITEON follows the ISO 14001 standard and installs full-time units to be responsible for waste management by monitoring and waste production source management. To achieve effective management and waste reduction, LITEON continues to develop optimized production processes and better plant operations to minimize waste production and maximum recycling and reusing. The company encourages green product designs and waste management measures on an ongoing basis to reduce production waste while achieving higher circulation and reuse of sustainable resources. The approach also allows LITEON to achieve effective waste management and reduction. As part of the commitment to responsible production, LITEON selects qualified recycling service providers equipped for effective waste processing to handle the operation's waste properly. Audits are conducted onsite or by customized forms to ensure waste is processed properly by the service providers and LITEON's waste will not cause any significant impact on the surrounding environment.

For example, the bulk of waste generated by the Kaohsiung Operations Center in 2020 mainly came from packaging materials (pallets, cardboard boxes, and plastics) used in supplies provided by upstream suppliers. Hazardous waste consisted mainly of 1.07 tonnes of isopropanol from manufacturing automotive electronics. In addition to hiring qualified waste collection and disposal service providers to handle incineration and processing for reuse, LITEON adopts the responsible production philosophy, and conducts regular supplier audits to ensure waste is properly handled. Furthermore, LITEON reuses certain resources in waste through supplier partnerships. In 2020, LITEON worked with suppliers to reuse intact pallets of certain specifications and materials in shipment or as turnover pallets. The number of waste pallets was reduced by 50% or more (4 tonnes) as a result.

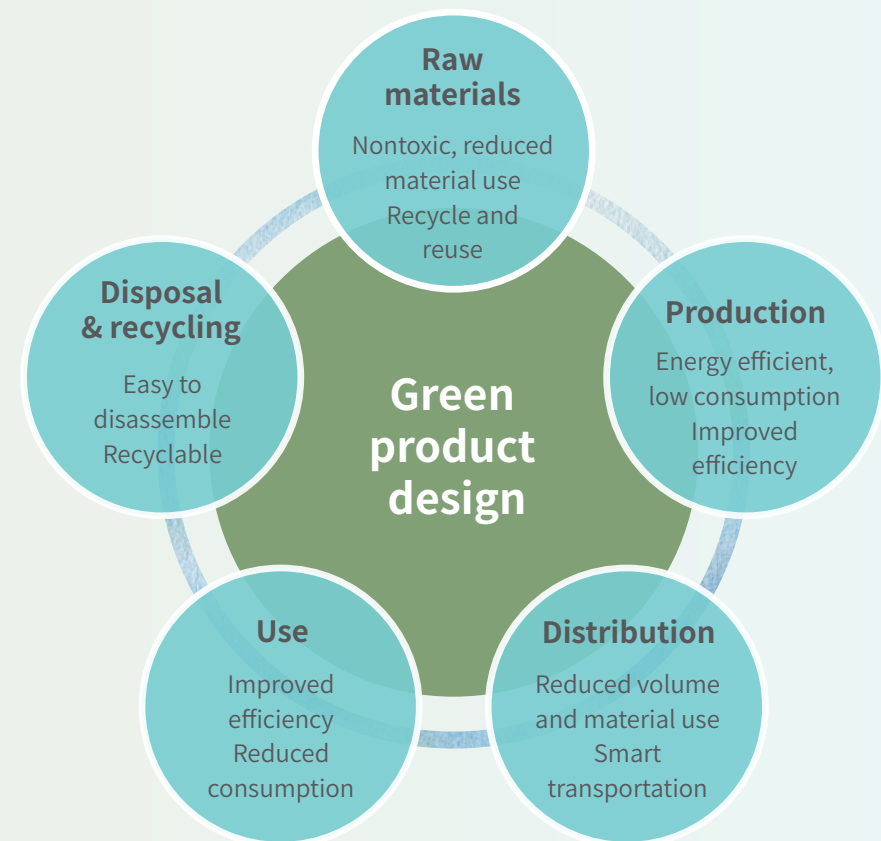
LITEON defines waste as materials that are discarded during operations and do not reenter production. The total amount by category is calculated by waste disposal service providers upon exiting the premises. The total amount of waste was 20,817 tonnes in 2020, which was an increase of 685 tonnes compared to 2019. It was a decrease of 2,688 tonnes, or 11.44%, compared to the baseline year 2017. The target to reduce waste by 6% on an absolute basis compared to the baseline year 2017 was met. The waste intensity was 0.149 tonnes/NTD millions of revenue in 2020, down by 1.48% compared to 2017. LITEON will continue to improve waste management and work towards the goal of reducing waste intensity by 12% by 2025.

## 3.5 Product Green Design and Management



### 3.5.1 Product Life Cycle Assessment

LITEON takes inventory for product life cycles by stage through raw materials, production, transportation, use, and disposal according to the ISO 14040/44 standards. Meanwhile, LITEON follows the IEC62430 standard and builds environmentally conscious design into the product development process. Quantitative carbon emission analysis is performed on the ITRI domestic life cycle assessment software and database, DoltPro Version 2020.0003.



#### 2017-2020 Total waste by category (tonnes)

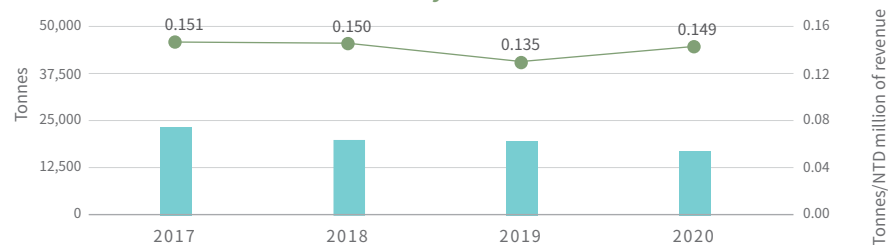
	General industrial waste (incineration)	General industrial waste (landfills)	Hazardous industrial waste	Waste from resources	Total waste
2017	209	4,149	660	18,487	23,505
2018	219	3,900	1,609	17,278	23,007
2019	236	3,590	2,003	12,610	20,132
2020	270	4,500	2,023	14,024	20,817

#### 2017-2020 Total waste by processing method (tonnes)

	Landfill	Recycling and reuse	Landfill
2017	4,149	19,356	23,505
2018	3,900	19,107	23,007
2019	3,590	16,542	20,132
2020	4,500	16,317	20,817

Note: 1. The Solid-State Drive (SSD) Business Unit completed transferring the business in the first half of 2020. For consistency in the calculation, the SSD Business Unit was removed from the 2017-2019 data, which were then recompiled accordingly.  
2. Recycling and reuse processing volume = incineration of general business waste (recycling) + hazardous business waste (recycling) + resource waste (recycling and reuse)

#### Total waste and waste intensity 2017-2020



Stage in product life cycle	Standards and guidelines	Results and benefits
Acquisition of raw materials	<ul style="list-style-type: none"> <li>· IECQ QC 080000</li> <li>· LITEON Product Green Design Criterion</li> <li>· LITEON Standard of Controlled Hazardous Substance (LS301)</li> <li>· LITEON Restricted substances management procedure</li> <li>· LITEON Design development management procedure</li> <li>· LITEON Guidelines for Green Procurement</li> </ul>	<p><b>Reduce :</b></p> <ul style="list-style-type: none"> <li>· AC metering IC integration technology in server power products reduces the use of resistors, multilayer ceramic capacitors, metal-oxide-semiconductor field-effect transistors and other components. The technology saves close to 4.9 million active/passive components and reduces carbon emissions from raw materials by 29.98 tonnes CO<sub>2</sub>e or more at the same time. Meanwhile, cooling copper rows were rearranged to reduce the size, and the material was switched to aluminum to reduce weight. As a result, carbon emissions from the products were reduced by close to 49.1 tonnes CO<sub>2</sub>e.</li> <li>· The shape of magnetic core in transformers was modified to improve product performance. The modification also reduced the use of powdered metals for magnetic core by 703 tonnes and carbon emissions from the products by 434 tonnes CO<sub>2</sub>e.</li> <li>· Technology optimization in the LED product packaging process focused on the use of phosphor powder. Consumption of precious rare-earth phosphor powder was reduced by 2.7 tonnes and carbon emissions from raw materials by 57.9 tonnes CO<sub>2</sub>e.</li> </ul> <p><b>Recycle :</b></p> <ul style="list-style-type: none"> <li>· Up to 50% use of Post Consumer Recycled plastic materials in power supply and casing products. Cumulative consumption of virgin plastics was reduced by 377.66 tonnes or more, and therefore carbon emissions were reduced by 887.94 tonnes CO<sub>2</sub>e. In addition, some products have also helped brand customers obtain the EPEAT label.</li> <li>· Plastics recycled from Styrofoam marine waste were introduced successfully into UV LED reels, and the part acknowledgment procedure was completed. and switch to use in a total of 1000 pieces. It is projected that a total of 10 tonnes of plastics recycled from Styrofoam marine waste will be used in 2021.</li> </ul>
Production	<ul style="list-style-type: none"> <li>· LITEON Product Green Design Criterion</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 108 MWh and carbon reduction of 108 tonnes CO<sub>2</sub>e °</li> <li>· LED products use adhesion promoters developed in-house instead of traditional adhesion promoters. The substitution increases yield to 10.55%, and reduces the single mode dry time by 300 seconds. It also translates to a cumulative energy saving of 474MWh and carbon reduction of 472 tonnes CO<sub>2</sub>e based on the total shipment of 13.3 million pieces in 2020.</li> </ul>
Shipping and distribution	<ul style="list-style-type: none"> <li>· LITEON Product Green Design Criterion</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 and SAP shipping documents are combined to effectively manage logistics. The integration also improves dispatch efficiency in shipping, and increases 20% to 50% loading on trucks to 90% or higher. It helps reduce energy consumption and carbon emissions during distribution and shipping.</li> <li>· To reduce plastic materials in enclosure products, EPE packaging materials were substituted with materials with a lower density. EPE consumption was reduced by 9.84 tonnes. The dimensions of packaging materials were optimized to save cardboard and EPE. The resulting carbon reduction was 382.2 tonnes CO<sub>2</sub>e.</li> <li>· An improved packaging design for street lighting products led to a 27% saving of materials in cardboard boxes. EPE consumption was cut by 49 tonnes, and total reduce weight by 126 tonnes. It also reduced waste generated from packaging materials, which was a carbon reduction of 167.98 tonnes CO<sub>2</sub>e based on the total shipment in 2020.</li> </ul> <p><b>Recycle :</b></p> <ul style="list-style-type: none"> <li>· Energy efficient LED streetlights are packaged in cardboard boxes made with 95% or more recycled pulp to reduce the use of virgin pulp. The carbon reduction was 593.6 tonnes CO<sub>2</sub>e based on the total shipment in 2020.</li> </ul>

Stage in product life cycle	Standards and guidelines	Results and benefits
Product use	<ul style="list-style-type: none"> <li>· IEC 62430</li> <li>· ErP</li> <li>· LITEON Product Green Design Criterion</li> </ul>	<p><b>Reduce :</b></p> <p><b>I. Energy efficient products:</b></p> <ul style="list-style-type: none"> <li>· Energy conversion efficiency of power supply products was improved by 4.56% compared to 2016, and reached the 2% improvement target ahead of schedule. The improvement, based on the shipments in 2020, can help users worldwide save close to 466 GWh in electricity and reduce carbon emissions by 237,000 tonnes CO<sub>2</sub>e per year.</li> <li>· In particular, AC metering IC integration technology in server power products reduces power consumption by 0.034W while metering IC is working. The cumulative power saving would be 42.89MWh based on the shipments. The technology also reduces carbon emissions by 21.83 tonnes CO<sub>2</sub>e or more at the same time.</li> <li>· Energy conversion efficiency of the latest generation of server power products has risen from Platinum (94%) for the previous generation to Titanium (96%). The carbon reduction from energy saving is estimated at 32,920 tonnes CO<sub>2</sub>e.</li> <li>· UV-LED energy efficiency improved by 25% compared to 2018. The improvement, based on the useful life of a product and application scenarios, is the equivalent of 1.94 GWh in power saving and 988 tonnes CO<sub>2</sub>e in carbon reduction. Meanwhile, low-power UV-LED (0.65W) energy efficiency also improved by 10%. The cumulative power saving is estimated at 3.43 GWh and carbon reduction at 1,750 tonnes CO<sub>2</sub>e at a shipment of 6kkpcs.</li> <li>· Given identical luminous flux, LED lighting is used to replace traditional high-pressure sodium (HPS) streetlights. Energy efficiency is improved significantly by 75%, and the product lifespan is 1.8 times that of an HPS streetlight. The energy saving, based on a total shipment of 140,000 units in 2020, is 184 GWh and the carbon reduction is 93,640 tonnes CO<sub>2</sub>e per year.</li> </ul> <p><b>II. Consumable reduction</b></p> <ul style="list-style-type: none"> <li>· Power consumption by wireless mice is reduced through energy efficiency enhancements. The saving in battery use is estimated at 1619kpcs and the carbon reduction at 98.8 tonnes CO<sub>2</sub>e based on a projected shipment of 2 million devices in 2021.</li> </ul>
Disposal & recycling	<ul style="list-style-type: none"> <li>· Waste Electrical and Electronic Equipment Directive (WEEE)</li> <li>· LITEON Product Green Design Criterion</li> </ul>	<p><b>Reduce :</b></p> <ul style="list-style-type: none"> <li>· Given LITEON manufactures primarily optoelectronics and key electronic components and some ODM/OEM terminal systems, 95% or more LITEON products have to rely on brand name clients for recycling and reuse. Therefore, LITEON'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>· For example, LITEON hired BV Laboratories to deliver a WEEE disassembly assessment report. The report showed that LITEON exceeded the requirements under the WEEE Directive, which stimulated a reuse and recycling rate of 55% or higher (currently 98% or higher) and a recovery rate of 75% or higher (currently at 99% or higher). The achievement significantly reduces waste to be generated from disposed products.</li> </ul>

Note: Quantified carbon emissions in this table were quoted from the carbon factors in the ITRI domestic life cycle assessment software and database, DoltPro Version 2020.0003. These factors included electronic parts and components, metal materials and power factors.







LITEON offers a wide range of products, including power supply, optoelectronics parts, automotive electronics, computer peripherals, and network communication. To make more energy efficient products and reduce their impact on the environment, LITEON performs green product design assessments based on life cycles, and evaluates environmental benefits in different stages, such as materials, production, transportation, use, and disposal. Meanwhile, the continuous development and application of sustainable Styrofoam marine waste and the reduction of packaging volume, material, and weight and reuse of materials are two of the ways to achieve the vision of manufacturing products with zero toxins, zero waste, and zero environmental impact.



## 3.5.2 Green Mark and Environmental Declarations of Product




### Green mark product certification

Green Mark are labels awarded by governments to products of which the type and specifications are established in compliance with ISO 14024 and which have been certified by a third party to be compliant with or exceed the regulatory requirements for the corresponding product type and specifications. Taiwan's EPA Green Mark, for example, is awarded to quality products ranked in the top 20% to 30% among their peers in terms of environmental performance. Other Green Mark follow similar rules. Given most LITEON products are ODM or OEM products, most Type I label applications are made on behalf of brand name clients. Applications made for LITEON itself are listed as follows.

Mark	Product type and quantity	
Taiwan energy efficiency label		Five items energy efficient streetlights received Taiwan's Energy conservation Labeling.
Energy Star		<ul style="list-style-type: none"> <li>Four products in two different type, including scanners and EV chargers, received the Energy Star labels.</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>Four products in two different types, including scanners and server power, received Mainland China CCC labels.</li> <li>Six products in two different types, including projectors and power chargers, received the EU CE mark.</li> </ul>
Mainland China Environmental Labelling		Scanners are certified by Mainland China Environmental Labelling.
US EPEAT		Helped clients obtain one silver and four bronze ratings for five enclosure products.

### Product carbon footprint declaration

LITEON, in fulfillment of its green product commitment, gives customers complete environmental details on the company's products. For key products, LITEON took the initiative to complete carbon footprinting. Inventory taking and quantitative methods followed the full life cycle assessment under ISO 14067:2018. In particular, A01 automotive LED modules had been certified by a third party, while desktop keyboards and laptop keyboards were assessed in house. The results are as follows:

Product	Appearance	Carbon emissions per functional unit
A01 automotive LED modules		0.63 kgCO <sub>2</sub> e
Desktop keyboards SK2086 series		<ul style="list-style-type: none"> <li>Virgin material based keyboards 6.788 kgCO<sub>2</sub>e</li> <li>Styrofoam marine waste based keyboards 6.347 kgCO<sub>2</sub>e</li> </ul>
Laptop keyboards SG-8775X and SG-9040X series		1.612 kgCO <sub>2</sub> e

Furthermore, all LITEON products comply with their respective information and labeling requirements. In 2020, LITEON 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.

### 3.5.3 Environment-Related Substances Management

In 2010, LITEON implemented the LITEON LS301 standards 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. The LS301 standards are revised from time to time after calibration with different versions adopted by different business units. The total number of restricted substances reached 323 in 2020.

The in-house Green product Management System (GMS) works with the "restricted substances management" and "design development management" procedures already in place as well as the LS301 standards for hazardous substance management. LITEON also requires that suppliers (including contractors) comply with the LITEON Guidelines for Green Procurement and submit the Supplier Statement of Restricted Substances Compliance for material/part acknowledgment and internal control. Furthermore, LITEON states explicitly in all procurement contracts the strict requirement for materials, parts, or semi-finished goods to comply with or exceed RoHS, REACH, California Proposition 65, and Montreal Protocol. With the implementation of green supply chain management, we hope to achieve the goal of sourcing environmentally friendly materials, manufacturing and providing to our customers low-toxicity and low-pollution products to minimize any harmful impact they may have on the human body or the environment.

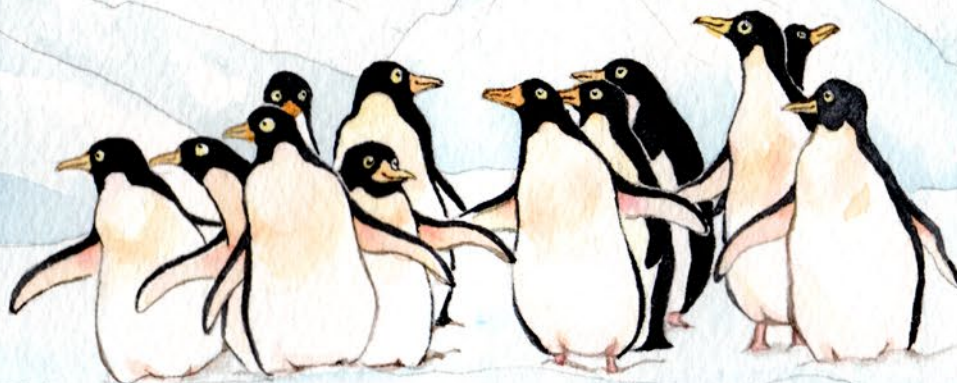
#### LITEON Standard of Controlled Hazardous Substance (LS301)

112 restricted substances (including 13 items Reporting Substances)	<ul style="list-style-type: none"> <li>• Lead (Pb) and compounds</li> <li>• Cadmium (Cd) and compounds</li> <li>• Mercury (Hg) and compounds</li> <li>• Hexavalent chromium (Cr(VI)) and compounds</li> <li>• Polybrominated biphenyls (PBBs)</li> <li>• Polybrominated diphenyl ethers (PBDEs)</li> <li>• Phthalate esters (DEHP/DBP/BBP/DINP/DIDP/DNOP)</li> </ul>
REACH 211 substances of very high concern	<ul style="list-style-type: none"> <li>• EU REACH SVHC 1-211</li> <li>• Bis(2-(2-methoxyethoxy)ethyl)ether</li> <li>• Dioctyltin dilaurate, stannane</li> <li>• Stannane, dioctyl-, bis(coco acyloxy)derivs</li> </ul>

LITEON installs the Green product Management System (GMS) to effectively manage and review compliance with the LS301 criterion for raw materials, parts, or semi-finished goods provide by the suppliers. GMS combines material requirements, international laws, international directives, customer policies, and supplier information. Suppliers file product testing and analysis results for the system to determine automatically whether they comply with the rules and directives. LITEON 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 LITEON 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.







## LITEON 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



Employee remuneration and benefits of NTD 20.6 billion, 13.1% of total revenue



Total of 724 new jobs were created in Taiwan



Employee frequency of disabling injuries rate decreased 53% Y-o-Y



100% of employee grievance cases were resolved



An average employee recognition rate of 82% according to the result of employee satisfaction survey



Certified as a Sports Enterprise (2020-2023) by Sports Administration of the Ministry of Education for the third time

## 4.1 Employee Policy

Since its establishment, LITEON's success has been founded on LITEON 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 LITEON a sustainable and trustworthy company to shareholders, customers, employees, and other stakeholders.

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

LITEON set up the human rights policy, and commit to protect 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.

### LITEON's Employee Care Vision and Strategy

- Comply with the laws and regulations to ensure employee rights are protected
- Maintain a friendly workplace with a greater sense of job security and happiness
- Take a people centric approach to better physical and mental wellbeing in the workforce

2020 Targets	Results
30 training hours per person on average	21.4 training hours per person on average <sup>1</sup>
Continue to develop 18 digital courses via industry-academia cooperation	25 courses completed under industry-academia cooperation
Hire quality experts to teach 30 in-house courses	26 courses completed <sup>1</sup>
Monthly average rate of critical position retention at 97% or higher	Critical position retention rate of 91.2% <sup>2</sup>
Disability frequency (FR) and severity (SR) reduced by 10% each compared to previous year	FR increased by 7.3% <sup>3</sup> 、SR reduced 53%

Note: 1. For the first half year, uncertainties early in the COVID 19 pandemic prompted the company to postpone most courses apart from the essential ones. Some courses were moved online (classroom courses requiring more hours to complete than online courses). As a result, the average training hours per person and the offering of quality courses fell under the targets for the year, while the offering of digital courses exceeded the target.

2. - 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 top managers 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 = Total sum of number of retained key persons at month end over the year/ Total sum of number of key persons at month end over the year

3. The global frequency rate of disabling injuries rose by 7.3% in 2020. The rise was mainly attributed to the 15 cases of work-related injuries in Mainland China in 2020 in addition to those reported in 2019 (the case number in 2019 being 0). These injuries were sustained by miscellaneous workers who were not employed by the company. A total of 60 work hours were lost, and the injuries were minor. To prevent similar incidents, the company immediately stepped-up health and safety management for miscellaneous workers who were not employed by the company.

Future Goals	Completion
30 training hours per person on average	2021
Continue to develop 20 digital courses via industry-academia cooperation	2021
Hire quality experts to teach 20 in-house courses <sup>1</sup>	2021
Monthly average rate of critical position retention at 91% or higher	2021
Disability frequency and severity reduced by 10% each compared to previous year	Continued

Note: 1. The company has been organizing quality courses for four years since 2017. Some courses will be changed to be offered every other year. Given spin offs and other organizational changes in 2020 had lowered the demand for manpower, the target number of courses to be given by hired lecturers was adjusted downward.



## Recruitment

Recruitment at LITEON 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

LITEON 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

LITEON 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. LITEON supports its employees in organizing a union and respects their right to negotiate with the management.

## A healthy workplace

LITEON 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.

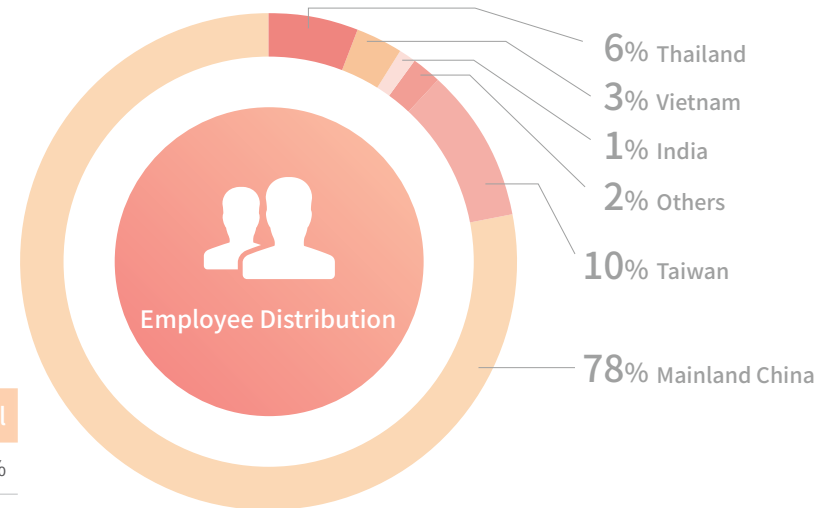
All LITEON's human resource policies have been based on "passionate, motivating, innovative, and growing", and are designed to give employees optimal care in work, life, and health. Treating every employee as a best partner, LITEON wishes to see employees enjoy their work and their goals are aligned to the company's to achieve greater success as well as a rewarding career. LITEON expended NTD 20.6 billion on employee remuneration and benefits, accounting for 13.1% of total revenue in 2020.



## 4.2 Employee Profile

### 4.2.1 Employee Structure and Distribution

As at the end of 2020, LITEON had 36,346 employees worldwide; 56.5% of whom were male and 43.5% were female. There were 3,679 employees in Taiwan, while the remaining 32,667 employees were located throughout other overseas (including Mainland China, Thailand, Vietnam, India, Singapore, Brazil, Mexico, U.S.A., Japan, Europe etc.). 98% of employees were in Asia.



	Taiwan	Mainland	Thailand	Vietnam	India	Others	Total
Male	6.7%	45.1%	1.2%	1.5%	0.6%	1.3%	56.5%
Female	3.5%	32.8%	4.6%	1.8%	0.0%	0.9%	43.5%

#### Employee composition contract type

Region	Gender & Type	Male			Female			Total
		Full Time	Part Time	Subtotal	Full Time	Part Time	Subtotal	
Taiwan		2,412	12	2,424	1,247	8	1,255	3,679
Mainland China		14,950	1,445	16,395	11,285	631	11,916	28,311
Thailand		446	0	446	1,679	0	1,679	2,125
Vietnam		561	2	563	643	0	643	1,206
India		231	0	231	14	0	14	245
Others		464	7	471	304	5	309	780
Worldwide total		19,064	1,466	20,530	15,172	644	15,816	36,346

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

### Dispatch employment

Region	Gender & Type		Dispatched Employees	
	Male	Female	Total	
Taiwan	67	122	189	
Mainland China	4,803	2,609	7,412	
Thailand	0	0	0	
Vietnam	0	0	0	
India	835	0	835	
Others	204	343	547	
Worldwide total	5,909	3,074	8,983	

Note: Dispatched employees are mainly direct labors on the production line. In response to short-term fluctuant demands from the industry, the company rely on professional dispatch/labor companies to provide manpower.

### Disabled and foreigner employment

Region	Gender & Type		Disabled		Foreigner		
	Male	Female	Total		Male	Female	Total
Taiwan	24	15	39		13	8	21
Mainland China	183	77	260		5	2	7
Thailand	0	0	0		0	0	0
Vietnam	0	0	0		0	0	0
India	0	0	0		0	0	0
Others	3	3	6		1	2	3
Worldwide total	210	95	305		19	12	31

### Recruiting local residents in high-level management

	Taiwan	Mainland China	Thailand	Vietnam	India	Others
High-level management employees	4.6%	2.0%	1.7%	0.2%	0.0%	22.1%
Percentage of local residents recruited in high-level management positions	98.2%	99.0%	100.0%	100.0%	0.0%	99.4%

Note: 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, India and other regions which are mainly manufacturing sites.



## Employee structure

### Gender and age distribution by region

Region	Male					Female				
	≤ 30	31-40	41-50	>50	合計	≤ 30	31-40	41-50	>50	合計
Taiwan	11.3%	20.5%	25.4%	8.7%	65.9%	4.4%	12.5%	12.4%	4.8%	34.1%
Mainland China	35.7%	16.8%	4.9%	0.5%	57.9%	19.6%	15.3%	6.9%	0.3%	42.1%
Thailand	8.4%	6.5%	5.1%	1.0%	21.0%	24.2%	22.5%	26.2%	6.1%	79.0%
Vietnam	36.3%	9.8%	0.6%	0.0%	46.7%	42.0%	10.4%	0.9%	0.1%	53.3%
India	84.1%	9.4%	0.8%	0.0%	94.3%	5.3%	0.4%	0.0%	0.0%	5.7%
Others	20.3%	19.6%	9.4%	11.2%	60.4%	10.0%	14.9%	8.5%	6.3%	39.6%
Worldwide total	31.6%	16.4%	6.9%	1.6%	56.5%	18.8%	15.2%	8.3%	1.3%	43.5%

### Gender and education distribution by region

Region	Male			Female		
	Masters & above	Bachelor	Others	Masters & above	Bachelor	Others
Taiwan	34.7%	29.8%	1.4%	8.3%	20.0%	5.8%
Mainland China	0.2%	10.6%	47.1%	0.2%	6.7%	35.2%
Thailand	0.0%	12.0%	8.9%	0.0%	16.9%	62.1%
Vietnam	0.0%	10.0%	36.7%	0.0%	10.0%	43.4%
India	0.0%	91.8%	2.4%	0.0%	5.7%	0.0%
Others	7.6%	49.1%	3.7%	1.9%	32.3%	5.4%
Worldwide total	3.9%	14.0%	38.7%	1.0%	9.3%	33.2%



### Gender and grade distribution by region

Grade and gender		Year					
		2018		2019		2020	
Executive management	Male	55	94.8%	63	94.0%	51	94.4%
	Female	3	5.2%	4	6.0%	3	5.6%
	total	58	100.0%	67	100.0%	54	100.0%
Senior manager	Male	165	87.3%	159	85.0%	133	88.1%
	Female	24	12.7%	28	15.0%	18	11.9%
	total	189	100.0%	187	100.0%	151	100.0%
Mid-level manager	Male	1,867	76.5%	1,901	76.0%	1,699	75.6%
	Female	574	23.5%	599	24.0%	547	24.4%
	total	2,441	100.0%	2,500	100.0%	2,246	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 and gender		Year					
		2018		2019		2020	
Indirect labor (IDL)	Male	8,301	65.4%	7,853	65.1%	7,543	62.9%
	Female	4,387	34.6%	4,218	34.9%	4,448	37.1%
	Total	12,688	100.0%	12,071	100.0%	11,991	100.0%
Direct labor (DL)	Male	15,079	51.8%	13,911	52.3%	12,987	53.3%
	Female	14,034	48.2%	12,694	47.7%	11,368	46.7%
	Total	29,113	100.0%	26,605	100.0%	24,355	100.0%
All employees	Male	23,380	55.9%	21,764	56.3%	20,530	56.5%
	Female	18,421	44.1%	16,912	43.7%	15,816	43.5%
	Total	41,801	100.0%	38,676	100.0%	36,346	100.0%

Note: Director labors are direct workers on production lines.

## 4.2.2 Employee Retention

LITEON 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, LITEON has designed regular compensation

reviews to ensure the company is able to retain talent while ensuring all employees receive above-average compensation. LITEON 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, LITEON 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

2020 Annual monthly average turnover rate (including voluntary and involuntary departures) - by age and region

Region	Type & age		Direct Labor (DL)							Indirect Labor (IDL)						
	≤ 30	%	31-40	%	41-50	%	>50	%	≤ 30	%	31-40	%	41-50	%	>50	%
Taiwan	165	9.5%	143	6.8%	19	2.0%	2	0.6%	183	2.6%	278	1.9%	224	1.3%	83	1.5%
Mainland China	46,034	27.8%	9,845	14.1%	1,787	6.9%	22	1.6%	1221	3.7%	562	1.4%	77	0.6%	13	1.4%
Thailand	361	5.6%	224	4.1%	40	0.7%	3	0.4%	30	1.9%	27	1.5%	10	0.4%	8	0.9%
Vietnam	196	2.3%	36	1.9%	1	0.8%	0	0.0%	22	2.3%	16	3.0%	0	0.0%	0	0.0%
India	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.1%	1	0.5%	0	0.0%	0	0.0%
Others	6	0.5%	13	0.8%	1	0.2%	1	0.9%	31	1.4%	57	2.9%	21	1.7%	10	0.9%
Worldwide total	46,762	25.4%	10,261	12.7%	1,848	5.6%	28	1.0%	1488	3.2%	941	1.6%	332	1.0%	114	1.3%

## 2020 Annual monthly average turnover rate (including voluntary and involuntary departures) - by gender and region

Region	Type & gender		Direct Labor (DL)		Indirect Labor (IDL)			
	Male	%	Female	%	Male	%	Female	%
Taiwan	34	3.75%	295	6.97%	528	1.72%	240	1.76%
Mainland China	39,131	26.32%	18,557	16.29%	1,214	2.32%	659	1.95%
Thailand	86	4.22%	542	3.35%	41	1.33%	34	0.98%
Vietnam	105	1.78%	128	2.70%	17	2.62%	21	2.31%
India	0	0.00%	0	0.00%	1	0.08%	1	0.98%
Others	5	0.36%	16	0.82%	87	1.95%	32	1.51%
Worldwide total	39,361	24.59%	19,538	13.85%	1,888	2.04%	987	1.83%

Notes: 1. Annual monthly average turnover rate = annual monthly average number of departed employees / annual monthly average month-end employee count

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.

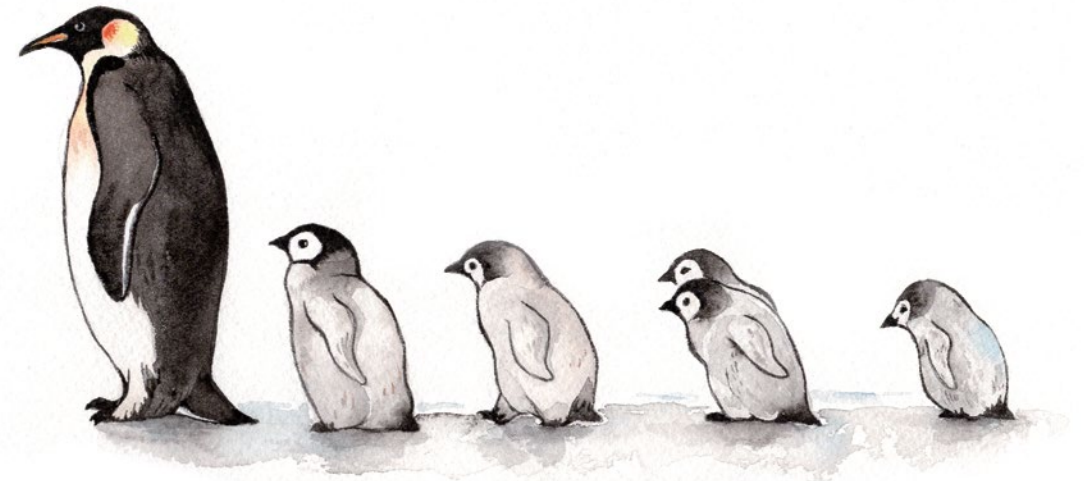
## 2. Analysis of 2020 Employees on child-care long-term leave (Taiwan)

LITEON offers a variety of assistance to employees with childcare needs, such as the option to take extended leave, choose different career paths, and receive subsidies. A total of 29 employees applied the childcare long-term leave, and 65% of those who did come back to job in 2020. This is a testament to how employees approve of LITEON's policies.

### 2020 child-care long-term leave status

Items	Male	Female	Total
Number of employees eligible for childcare leave in 2020 (A)	422	207	629
Actual number of applicants in 2020 (B)	7	22	29
Expected number of reinstatements in 2020 (C)	4	16	20
Actual number of reinstatements in 2020 (D)	0	13	13
Actual number of reinstatements in 2019 (E)	5	18	23
Number of people who continued to work for one year or more after reinstated from childcare leave in 2019 (F)	3	10	13
Retention rate after parental leave (F/E)	60%	56%	57%
Reinstatement rate after parental leave (D/C)	0%	81%	65%

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, 2017 and December 31, 2020.  
 2. The calculation of the number of people includes those who change the period of leave  
 3. Parental leave cannot be implemented in Mainland China or Thailand.



## 4.2.3 Employee Recruitment

LITEON 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.

### 2020 Annual monthly average new hire rate - by age

Type & age Region	Direct Labor (DL)								Indirect Labor (IDL)							
	≤ 30	%	31-40	%	41-50	%	>50	%	≤ 30	%	31-40	%	41-50	%	>50	%
Taiwan	17	1.0%	42	2.0%	12	1.3%	0	0.0%	250	3.5%	251	1.7%	133	0.8%	19	0.3%
Mainland China	45,778	27.7%	9,276	13.3%	1,607	6.2%	5	0.4%	1,171	3.5%	409	1.0%	49	0.4%	6	0.6%
Thailand	498	7.7%	265	4.9%	39	0.7%	0	0.0%	43	2.8%	16	0.9%	11	0.5%	0	0.0%
Vietnam	911	10.6%	156	8.1%	1	0.8%	0	0.0%	75	7.8%	32	5.9%	1	2.6%	0	0.0%
India	56	4.9%	0	0.0%	0	0.0%	0	0.0%	34	3.2%	5	2.6%	1	5.3%	0	0.0%
Others	19	1.6%	11	0.7%	4	0.9%	0	0.0%	382	17.0%	197	10.1%	235	19.4%	187	15.9%
Worldwide total	47,279	25.6%	9,750	12.0%	1,663	5.0%	5	0.2%	1,955	4.2%	910	1.5%	430	1.3%	212	2.4%

Note: Annual monthly average new hire rate = (annual monthly average number of new employees) / (total sum of month-end employee count from January to December / 12) \* 100%

### 2020 Annual monthly average new hire rate - by gender

Type & gender Region	Direct Labor (DL)				Indirect Labor (IDL)			
	Male	%	Female	%	Male	%	Female	%
Taiwan	23	2.5%	48	1.1%	423	1.4%	230	1.7%
Mainland China	38,753	26.1%	17,913	15.7%	1,086	2.1%	549	1.6%
Thailand	118	5.8%	684	4.2%	56	1.8%	14	0.4%
Vietnam	436	7.4%	632	13.4%	42	6.5%	66	7.3%
India	56	4.8%	0	0.0%	37	3.1%	3	2.9%
Others	19	1.4%	15	0.8%	565	12.7%	436	20.5%
Worldwide total	39,405	24.6%	19,292	13.7%	2,209	2.4%	1,298	2.4%



## 4.3 Employee Development and Training

### LITEON's commitment to learning and development

LITEON'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 LITEON.

### LITEON's learning structure and roadmap

LITEON'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.

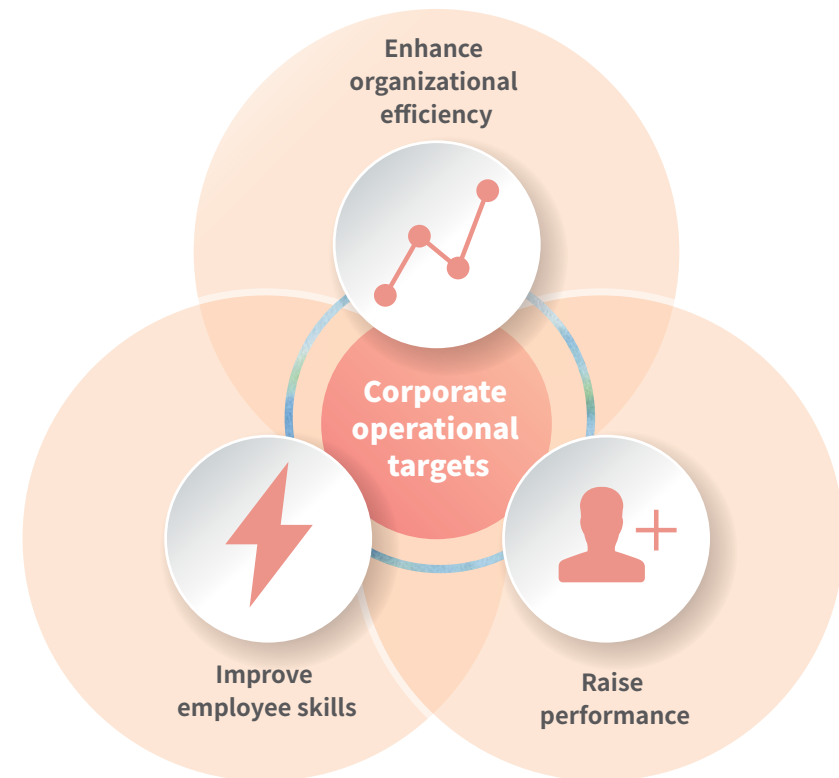
### Comprehensive learning and development strategies and plans of LITEON

The LITEON 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 LITEON and the Company's direction of future development. Then we provide self-learning resources, including digital learning and LITEON 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, LITEON 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.



## LITEON comprehensive employee learning and development strategy blueprint

### NTU College/Leadership

LITEON co-organized four advanced courses for managers with an academic institution over 2015 to 2019. The company again selected participants with potential and provided them with regular management and team building courses with onboarding/offboarding evaluation. The system is designed to help participants put their learning more extensively into practice.

#### OGSM training in 2020:

To achieve the company's targets, LITEON requires the planning, execution, control, assessment, and modification cycle be followed in sales, product development, supply chain management, production, and quality control. Hence, for the purpose of ensuring effective top-down implementation of the company's business strategies and enforcing internal management measures, LITEON introduced OGSM training courses this year. These courses are designed to help managers and their teams focus and communicate on and execute annual plans. Communication along the chain of command should remain open and uninterrupted. Managers should lead by example and start a positive accountability cycle. Internal management measures will be optimized on an ongoing basis.

Number of participants: 372, with 94.0% of Taiwan senior managers attending (158/168)

L4: Benefit evaluation	Contribution Revenue (NTD million of revenue)/ Number of Taiwan senior managers	NTD 935.3 million/person (up by 8.8% compared to 2019)
	Contribution Net profit (NTD million of net profit)/ Number of Taiwan senior managers	NTD 59.6 million/person (up by 31.6% compared to 2019)
L3: Behavior evaluation	Post-training follow up on 48 managers' behaviors (how to convey OGSM to team members)	100% completed
L2: Learning evaluation	Progress	100%
L1: Reaction evaluation	Satisfaction	91%(97 questionnaires returned)

### 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 the corresponding mandatory courses before nomination in order to ensure that they possess the necessary core management competencies for their intended positions.

### Digital learning

A wide variety of learning resources: The program combines external learning resources such as e-newsletters and CommonWealth Leader Academy courses. It provides a rich variety of micro-learning resources for LITEON employees. Online learning resources were accessed 147,068 times in 2020.

Development of digital courses: LITEON works with academic institutions and joins with business units to provide customized quality learning materials. A total of 25 courses were created in 2020.

### LITEON 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 LITEON employees.

### Skills

To help employees become better equipped for remote coordination in response to the change in the place of work due to COVID-19, the company provided O365 and WFH courses aimed at improving coordination. The number of participants exceeded 4,000, and the number of training hours accumulated exceeded 4,500. Satisfaction with the courses reached 94% (based on more than 2,500 questionnaires returned). More than 3,200 people activated a WVD account.

LITEON encourages employees to build up soft power by learning a foreign language. The company continued to offer a language incentive program for employees. A total of 222 people applied to participate in the English learning program this year. 144 people (65%) moved one or more level up and received a reimbursement.



### Advanced manufacturing

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

#### Example

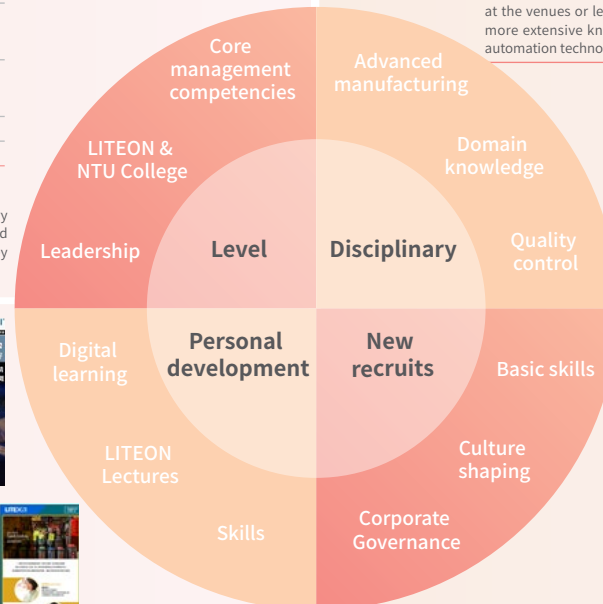
Project description

Background: LITEON 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 39 sessions of digital transformation and A-MFG courses were offered in 2020 (7 in Taiwan and 32 in Mainland China). The courses were attended by 606 people (208 in Taiwan and 398 in Mainland China), excluding those who were staff at the venues or lecturers. The courses gave participants more extensive knowledge of smart manufacturing and automation technology.

Project results are as follows

Category	Indicator	Project at Plant A	Project at Plant B
L4 : Benefit evaluation	Contribution to revenue	NTD 4.86 billion	NTD 50 million
	Increased yield <sup>Note 1</sup>	NTD 58.3 million	-
L3 : Behavior evaluation	Increased productivity <sup>Note 2</sup>	NTD 15.4 million	-

Note: 1. Reduced material consumption with increased yield  
2. Saving in the costs of time and manpower with increased productivity



### Domain knowledge / Quality control

To realize its vision and strategy, LITEON 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.



### Basic skills, Culture shaping, Corporate Governance

In order to quickly familiarize new employees with LITEON's corporate culture, in addition to the courses on their first day of work, new employees are required to complete orientation training within 1 month. 21 online courses are in place to convey the company's vision, mission, and regulations and help new employees quickly assimilate to the LITEON organization. (The completion rate was 91% in 2020)<sup>1</sup>

Note: 1. Formula: Number of new recruits completing the course/Number of new recruits (both excluding departing employees)

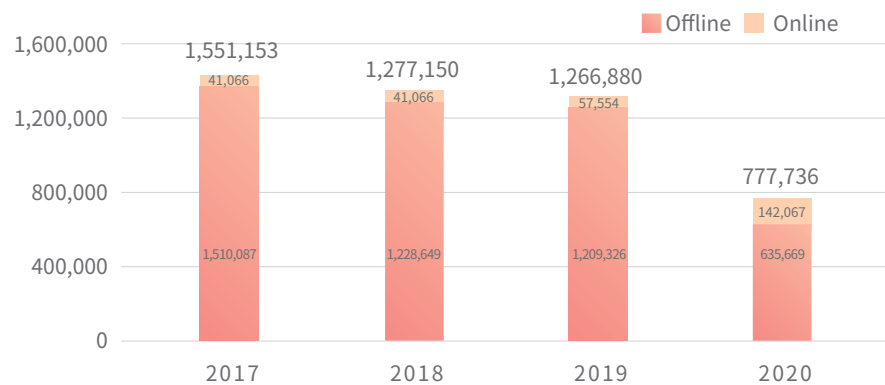


In 2020, LITEON employees completed 36,346 training sessions and a total of 777,736 training hours. On average each person completed 21.4 training hours. (including 2.0 hours of general compliance training and anti-corruption training)

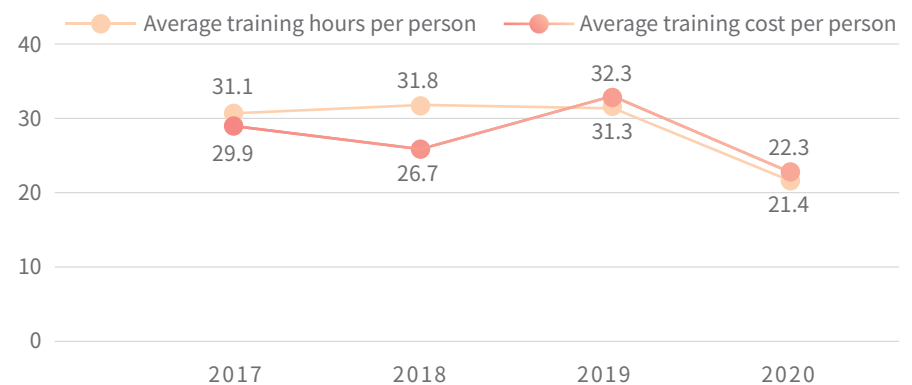
		Taiwan			Mainland China			Thailand			Vietnam <sup>1</sup>			India <sup>1</sup>			Other foreign countries <sup>1</sup>			Total		
Category		2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Male		29.1	26.0	29.5	22.7	27.7	32.6	3.5	9.5	59.3	4.6	3.9	-	7.9	2.3	-	25.2	67.3	-	22.4	27.7	32.8
Female		23.8	20.2	22.9	18.4	21.6	23.3	4.7	6.5	87.3	6.9	4.8	-	6.4	0	-	107.6	149.2	-	18.7	22.6	29.8
Indirect labor	Executive Management	20.5	8.6	13.1	0.0	8.0	-	0.0	-	-	-	-	-	-	-	-	11	17.7	-	19.2	9.4	13.1
	Senior Manager	28.2	11.0	19.1	2.8	17.3	9.4	0.0	-	-	-	-	-	-	-	-	5.9	3.7	-	23.2	10	18.4
	Mid-level Manager	27.6	19.1	24.6	20.0	12.6	14.2	14.4	18.5	56.0	-	-	-	-	-	-	13.0	9.6	-	24.5	17	22.7
	General Indirect Labor	30.5	20.5	25.0	32.5	16.2	12.2	5.3	26.0	12.5	5.7	4.2	-	12.2	2.3	-	15.3	16.9	-	29.4	17.2	15.1
Direct labor		5.1	4.9	2.6	17.3	27.1	33.2	4.0	4.0	91.7	5.9	4.2	-	3.4	0	-	140.7	240.9	-	17.1	27.6	46.6
Hours of external and live courses <sup>2</sup>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.3	0.2
Average training hours		27.3	23.8	27.0	20.9	25.1	28.7	4.5	7.1	81.6	5.8	4.2	-	7.8	2.3	-	57.9	98.7	-	21.4	31.3	31.8

Note: 1. Data for Vietnam, India and other countries are absent for the years prior to 2018  
2. For hours of external and live courses, the system is currently unable to separate regions or genders

Total training hours (online+offline) 2017-2020 (online+offline)



LITEON training hours per person (hours)/cost (NTD hundred) 2017-2020



### RBA code of conduct courses in 2020

Location	Number of employees	Training participation - male	Training participation - female	Total number of participants	Percentage of total	Total training hours
Taiwan	3,679	2,331	1,111	3,442	93.6%	7,426
Mainland China	28,311	16,863	10,855	27,718	97.9%	135,452
Thailand	2,125	216	1,160	1,376	64.8%	7,287
Vietnam	1,206	432	742	1,174	97.3%	587
India	245	174	5	179	73.1%	400
Others	780	130	153	283	36.3%	174
Total	36,346	20,146	14,026	34,172	94.0%	151,326

Note The courses cover the Responsible Business Alliance (RBA) Code of Conduct, the LITEON 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 2.0 hr/ person) in 2020

Location	Number of employees	Training participation - male	Training participation - female	Total number of participants	Percentage of total	Total training hours
Taiwan	3,679	2,279	1,020	3,299	89.7%	3,516
Mainland China	28,311	14,883	10,244	25,127	88.8%	65,115
Thailand	2,125	49	75	124	5.8%	1,300
Vietnam	1,206	432	742	1,174	97.3%	587
India	245	0	0	0	0.0%	0
Others	780	99	93	192	24.6%	384
Total	36,346	17,742	12,174	29,916	82.3%	70,902

Note: To enhance advocacy, it is also listed as a mandatory course in mainland China in addition to Taiwan, and the colleagues and business units who have not completed the course were prompted to complete increase the participation rate.

### Overall training performance assessment

Level	Items	2020	2019	2018	2017	
L5	Return on training (Net profit / Training cost)	122.1	75.0	71.4	16.3	
L4	Average contribution per person (NTD million of revenue/Total headcount)	4.3	4.6	5.0	4.1	
	Average contribution per person (NTD million of net profit/Total headcount)	0.28	0.24	0.18	0.16	
L3	DL Key person retention rate	91.2%	87.3%	86.8%	93.7%	
	IDL Annual monthly average turnover rate <sup>1</sup>	Male	2.0%	2.8%	4.1%	2.8%
		Female	1.8%	2.5%	3.4%	2.7%
	Self e-learning	147,068	90,811	74,744	30,208	
L2	Test score	89.9	92.2	92.4	91.9	
L1	Overall satisfaction	90.8% <sup>2</sup>	90.8%	90.6%	90.0%	
	Administration satisfaction	91.6% <sup>2</sup>	91.4%	90.8%	90.2%	

Note: 1. IDL Annual monthly average turnover rate calculation: Monthly average turnover rate = (Monthly average number of departing employee over the year) / (Total sum of month-end employee count from Jan to Dec/12) \*100%

2. Satisfaction is the result of an offline survey (4,400 questionnaires returned for 2020).

## 4.4 Protection of Interests



### 4.4.1 Protection of Interests of Employment

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

LITEON 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, LITEON 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:

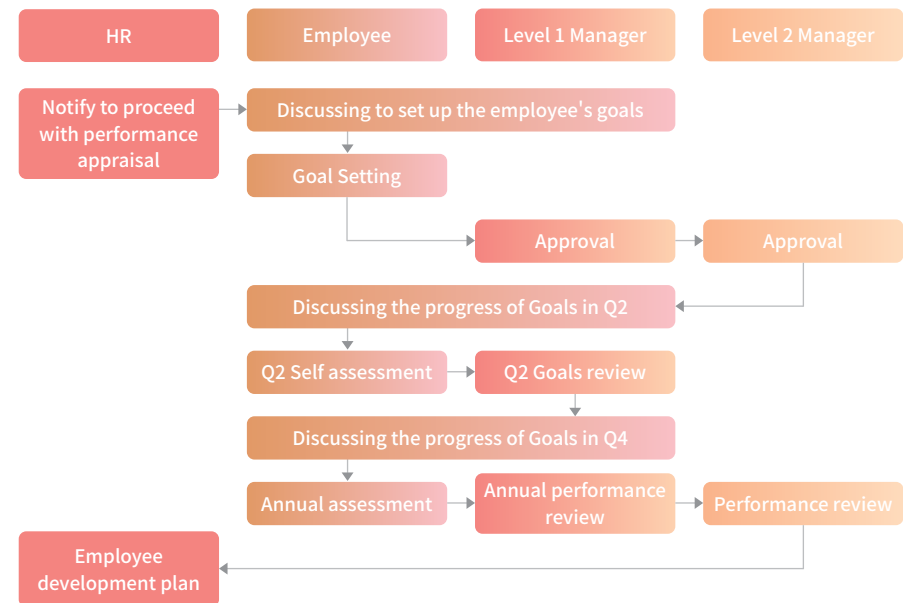
1. Those who have been in employment for three months or more but less than one year should be given a ten-day notice.
2. Those who have been in employment for one year or more but less than three years should be given a twenty-day notice.
3. Those who have been in employment for three years or more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

#### Manager performance review

To strengthen corporate governance, the Remuneration Committee passed a resolution, which had been approved by the board of directors in July 2020, to revise the performance indicators for managers as follows:

Indicator	Description	
	<b>Follow the company's business policies and sales targets and develop performance indicators to reflect the responsibilities of the position</b>	
Performance indicator (90%)	Financial (80%)	Contribution to net profit before tax/Annual growth/Budget execution/Annual revenue growth, net operating profit budget execution, etc.
	Corp Sustainability (10%)	Total quality management, internal control, training and succession, risk management and information security, customer satisfaction, employee satisfaction, and carbon reduction, etc.
Core competencies (10%)	<b>The scope covers execution, honesty and integrity, customer service, and innovation and improvement</b>	
	Performance of core competencies is assessed by quantity and persistence of expected behavior indicators displayed by the person being assessed during the period	

#### LITEON's performance appraisal cycle for indirect labor (excluding new hired employee)



#### 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.



## 4.4.2 Salary Assurance

LITEON, 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, LITEON offers some of the best starting salary packages for new hires.

Remuneration for directors is governed by Article 20-1 and Article 23 of the Articles of Incorporation and shall not exceed 1.5% of the current year profit. A reasonable amount based on the company's business performance and the contribution of individual directors to the business results should be made the current year remuneration for directors.

The remuneration policy for managers follows the LITEON Guidelines for Appointment and Dismissal of Managers and Remuneration. Remuneration is based on the average level of pay offered by competition for the same position, the authority and responsibility of the position, and the contribution to the company's business targets.

Regular employee remuneration is determined according to the Remuneration Management Guidelines by education, knowledge and 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. LITEON regularly has third-party consulting firms perform remuneration reviews in order to understand current market standards and trends. LITEON devises the remuneration policy based on the following rules:

- LITEON 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, LITEON's starting salary for direct labor is approximately 1.05 times the minimum wage in Taiwan, 1.28 times in Mainland China, 1.36 times in Thailand, 1.13 times in Vietnam, and 1.18 times in India.

The gender pay gaps by pay grade:

Grade	Annual salary		Monthly base salary	
	Male	Female	Male	Female
Directors and above	1	1.22	1	1.00
Managers	1	0.85	1	0.88
General employees	1	0.87	1	0.93
Direct labor	1	0.92	1	0.97

Item	Gender pay gap
Median of monthly base salary (hourly)	2%
Average of monthly base salary (hourly)	5%
Median of bonuses/allowances for the year	6%
bonuses/allowances for the year	6%

- Note:
1. The definition of annual salary includes base salary and all allowances and bonuses in the year. (same applies to all table below)
  2. Monthly base salary is defined as the salary for December 2020.
  3. Excluding employee remuneration in other regions, mainly due to restrictions imposed by local regulations.
  4. The proportion of men/women differs from each other by nature of duty, field, and seniority, and therefore remuneration of men is slightly higher than of women.

Average and median of annual salaries for full-time employees not in a management position:

Taiwan	2020 (NTD thousand)	2019 (NTD thousand)	Growth
Median	1,169	1,067	9.6%
Average	1,376	1,305	5.4%

Global	2020 (NTD)	2019 (NTD)	Growth
Median	257,871	228,692	12.8%
Average	344,467	305,541	12.7%

Note: Exchange rate: based on the average of monthly exchange rates in the year.

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

Year	2020	2019	Growth
Number of employees	31,115	36,588	-15.0%
Average benefit expense (NTD)	466,611	427,944	9.0%

Top manager and median salary:

Region	Ratio of top manager to median salary	Ratio of top manager salary increase to median salary increase
Taiwan	10,126%	0%
Mainland China	43,358%	0%
Thailand	47,553%	0%
Vietnam	78,351%	0%
India	1,576,025%	0%
Global	40,341%	0%

Note: 1. The ratio of annual salary for top manager to annual average salary for other employees is 24,667%.  
 2. Top manager salary is based on the company's business performance and calculated on an annual basis.  
 3. The ratio of top manager annual salary increase to median annual salary increase could not be measured due to change of top managers in 2020.

All LITEON plants around the world comply with local regulations regarding protection of employee rights. The Taiwan plant, for example, enrolls all employees in the Labor Insurance and National Health Insurance schemes on their onboard date, and makes contributions to the pension funds as required by law. In addition to mandatory coverage, the company provides group insurance policies that offer better medical protection and coverage: 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 outstationed 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.

## 4.4.3 Pension Scheme

LITEON 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 Mainland 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 Mainland 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 Mainland China. This reserve has accumulated to NTD 990 million 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.

## 4.4.4 Violation of Labor Standards Act

Time of penalty	Plant	Organization	Article(s)	Amount of penalty (NTD)
2020/7/2	Kaohsiung	Export Processing Zone Administration, Ministry of Economic Affairs	Article 32, Paragraph 2	NTD 50,000

### Explanation

#### Article 32, Paragraph 2 of the Labor Standards Act:

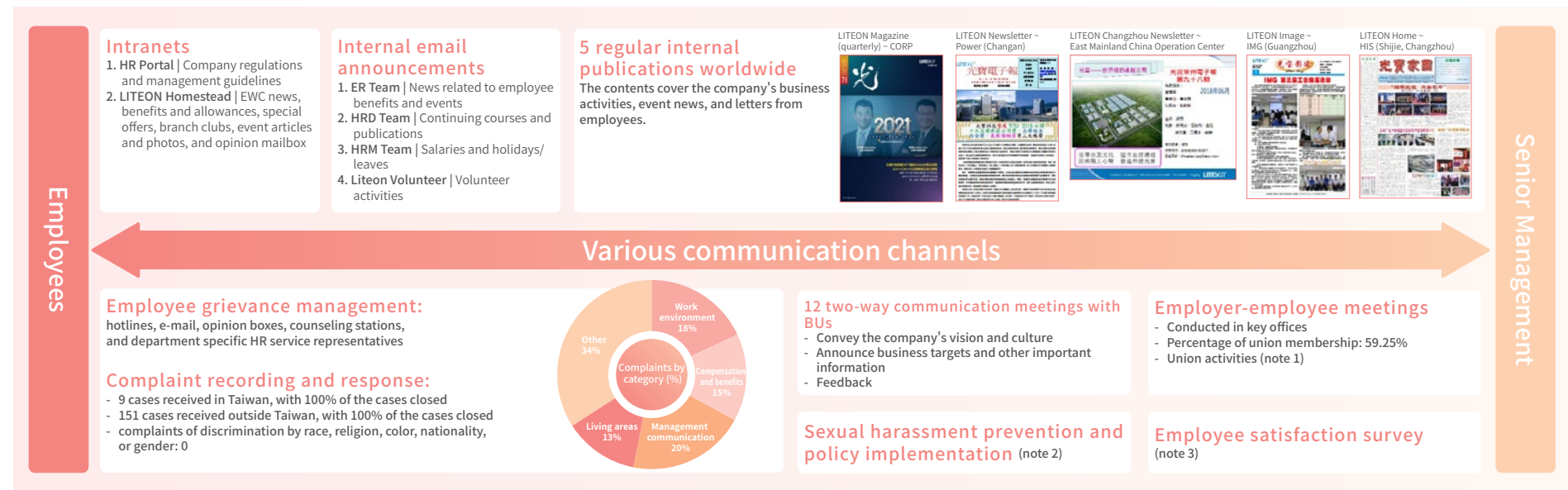
The violation was that the extension of working hours exceeded the statutory limit. The violation was accidental, and was dealt with promptly and corrected. In addition to adjusting manpower allocation and shift scheduling, the company used an online system to manage working hours more effectively and improve compliance. There has not been any violation since the system was implemented. The company's employee attendance policy is in complete compliance with the law. The policy provides explicit attendance and overtime rules in order to uphold employees' rights. The company also publishes a calendar every year to give employees a clear idea about the working days and holidays in the year. In addition, the company holds regular employer-employee meetings to engage employees.

All information above is published on the company website: <https://www.liteon.com/en-us/joinus/661>

## 4.5 Employee Relations

To facilitate cordial employee relations, LITEON has various communication channels in place to maintain two-way open communication so the company may listen and respond to employee feedback. In addition to regular communication channels, department meetings are held routinely, and work in coordination with the employee grievance channel and satisfaction surveys to create a fully developed communication platform. The platform enables open communication between the company and employees and ensures transparency and timeliness. Employee feedback and suggestions give the company a basis for progress and improvement. The system serves to protect employees' legal rights.

### Communication channels



#### 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

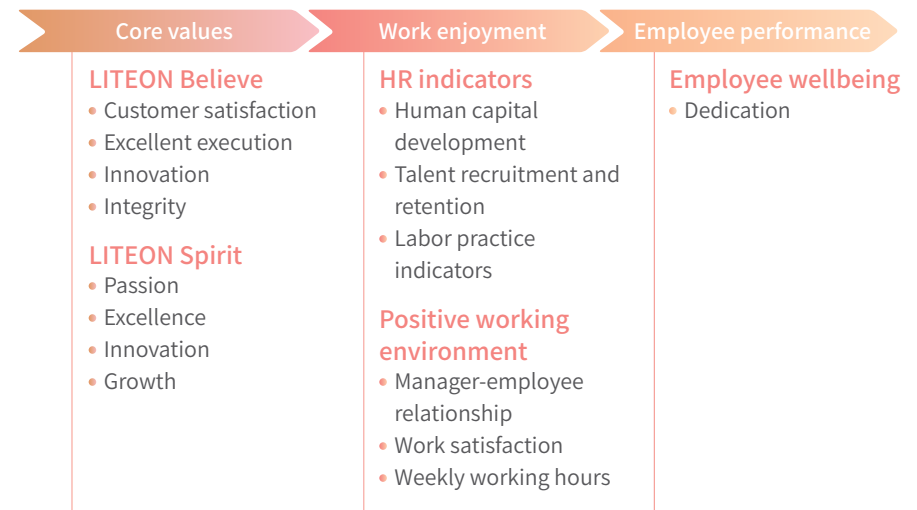
LITEON prohibits all kinds of sexual harassment and discrimination within the workplace. The company

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. LITEON has also setup e-mail mailboxes and hotlines. There are strict confidentiality rules in place to protect the complainant's identity. No sexual harassment complaint was received in Taiwan in 2020. There were no sexual harassment complaints in overseas offices.

Furthermore, to ensure all employees have a good 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.

### Note 3: Employee satisfaction survey

The company hired the NTU College of Management to conduct the 2020 employee satisfaction survey. The team performed a "core value and work enjoyment survey" on all employees at all Taiwan plants and key Mainland China production bases (Changzhou and Guangzhou plants). The purpose of the project was to provide indicators for sustainability and continuous improvement and to find out about how much employees identified with the company's philosophy and vision. The content was divided into three areas (core values, work enjoyment, and employee performance) and five aspects (LITEON Believe, LITEON Spirit, HR indicators, positive working environment, and employee wellbeing).



### "Core values and work enjoyment survey" framework

The "core values and work enjoyment survey" was conducted in Taiwan for the first time in 2020. It was conducted in Mainland China at the same time. The methodology and results are as follows

1. The survey in Taiwan was conducted as an online survey by O365 Forms. 84.1% of the employees completed the survey. The results are as follows:

	Core values		Work enjoyment		Work performance		Average	Identification
	LITEON Believe	LITEON Spirit	HR indicators	Manager-employee relationship	Work satisfaction	Dedication		
Degree of agreement	5.10	5.45	3.94	4.05	4.73	4.28	4.59	81%
Max degree	6.00	6.00	5.00	5.00	6.00	6.00	5.67	

2. The survey in Mainland China was conducted as an online survey by apps such as WeChat and Jinshuju. 98.2% of the employees completed the survey. The results are as follows:

	Core values		Work enjoyment		Work performance		Average	Identification
	LITEON Believe	LITEON Spirit	HR indicators	Manager-employee relationship	Work satisfaction	Dedication		
Degree of agreement	5.14	5.61	3.82	4.19	4.88	4.6	4.71	83%
Max degree	6.00	6.00	5.00	5.00	6.00	6.00	5.67	

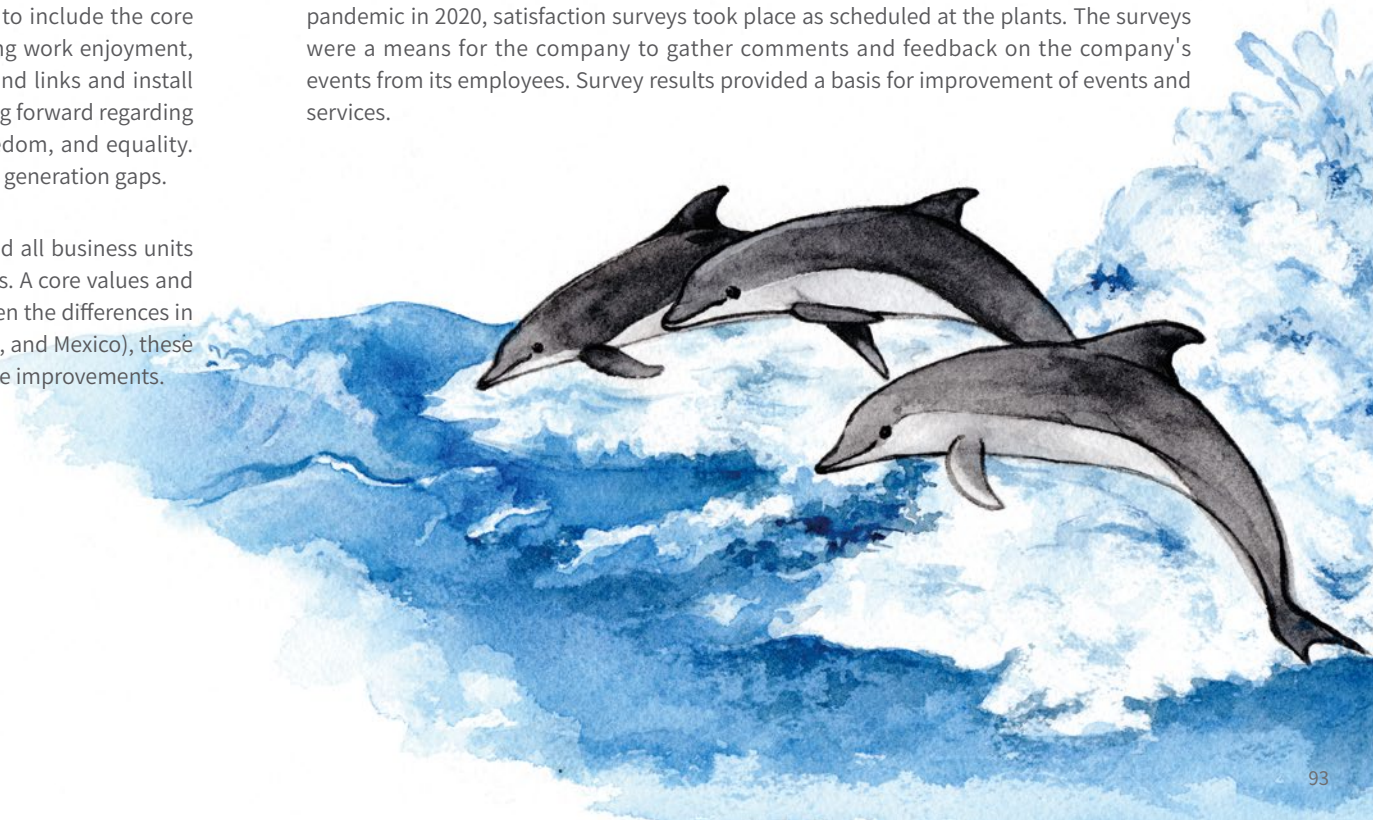
According to the survey results, employees' average scores in core values, work enjoyment, and employee performance were all above the theoretical medians. The overall performance was good. The results are as follows:

	Core values		Work enjoyment		Work performance		Average	Identification
	LITEON Believe	LITEON Sprit	HR indicators	Manager-employee relationship	Work satisfaction	Dedication		
Degree of agreement	5.12	5.53	3.88	4.12	4.80	4.43	4.65	82%
Max degree	6.00	6.00	5.00	5.00	6.00	6.00	5.67	

The survey agent suggested that LITEON step up the delivery of the contents and importance of the company's core values. The agent also suggested to include the core values in the selection and performance evaluation criteria. Regarding work enjoyment, the agent suggested to strengthen interdepartmental coordination and links and install routine job rotations as well as differentiated training contents. Looking forward regarding work enjoyment, LITEON can reinforce a workplace of diversity, freedom, and equality. The company will continue to engage all generations in order to bridge generation gaps.

The survey results above were provided to the management team and all business units for their use in formulating service improvement and related measures. A core values and work enjoyment survey will be conducted every year in the future. Given the differences in industry and geographic conditions at overseas plants (Brazil, Vietnam, and Mexico), these plants conduct their own surveys and analysis, and implement separate improvements.

Furthermore, while the company did not organize any large events in Taiwan due to the pandemic in 2020, satisfaction surveys took place as scheduled at the plants. The surveys were a means for the company to gather comments and feedback on the company's events from its employees. Survey results provided a basis for improvement of events and services.





## 4.6 LOHAS LITEON



Employees are LITEON's best partners on the path to sustainability. LITEON continues to build a comprehensive employee welfare system that takes care of the physical and mental health of employees. LITEON 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 LITEON. All benefits provided by LITEON around the world comply with or are better than the requirements of local regulations. Certain benefits are modified to suit individual plants.

### 4.6.1 Diverse Welfare Systems

#### Employee care and benefits

##### Employee benefits

- Recognition for senior employees
- Marriage allowance
- Continuing education allowance
- Hospitalization relief
- Holiday benefits (new year/dragon boat festival/ midautumn/labor day/birthday)
- Employee care
- Statutory employee benefits
- Group insurance
- Childbirth allowance
- Children's education allowance
- Funeral relief
- Personal travel allowance
- Employee assistance programs (EAPs)

##### 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.
- Taiwan plants provide an emergency allowance between NTD 30,000 to NTD 100,000 for employees in need.

##### Employee Assistance Programs (EAPs)

To help employees revolve everyday problems, LITEON 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 2020	
Status	Employee satisfaction
<ul style="list-style-type: none"> <li>- 58 people sought advice</li> <li>- 4 people sought free advice via land line</li> <li>- 54 people sought professional advice</li> </ul>	98.5 (The professional consulting satisfaction survey had a 100% response rate)

#### 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, LITEON encourages its employees to form different clubs, and provides funding and assistance in support of the clubs to attract participation.</li> <li>- A total of 65 clubs were formed in Taiwan in 2020. All clubs were invited to participate in a presentation event in October.</li> </ul>	<ul style="list-style-type: none"> <li>- Received Sports Company Certification by the Sports Administration of the Ministry of Education for the third time in 2020 (eligible to enroll once every three years).</li> <li>- Co-hosted a Sports Company Certification seminar with the Sports Administration of the Ministry of Education in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>- Suspended large events in the interest of employee health in 2020 in response to the pandemic.</li> <li>- Organized other regional events, such as mountain hiking, riverside walks, field trips, and holiday parties as well as singing competitions (Taiwan and Thailand) and holiday events (Songkran Festival in Thailand, New Year sports party, and Diwali in India).</li> </ul>

#### Taiwan plant seminars

Series	Coverage rate	Overall rating
1. Happiness Seminars - Taiwanese Master Lectures <ul style="list-style-type: none"> <li>- EQ Stories - Winetasting</li> <li>- Taiwanese Teas - Tea tasting</li> </ul>	100%	92/100
2. Women empowering seminar - Your image is the best word of mouth <ul style="list-style-type: none"> <li>- Image management helps you build confidence and learn to communicate, present yourself, and deliver ideas and creativity.</li> </ul>	Aimed at Zhonghe and Neihu plants 100% coverage	94/100

## 2020 Certified Sports Company seminar



## Happiness Seminar Q3: EQ Stories - Winetasting



## Happiness Seminar Q4: Taiwanese Teas - Tea tasting



## Events in Taiwan Dayuan Hike



## Zhonghe Riverside Walk



## Hsinchu Plant Mid-Autumn Party



## Overseas events Events at Mainland China plants



## Vietnam plant yearend party



## Thailand plant singing competition



## Women empowering seminar - Your image is the best word of mouth



## Women empowering seminar: (Dayuan)



## Women empowering seminar: (Zhonghe)



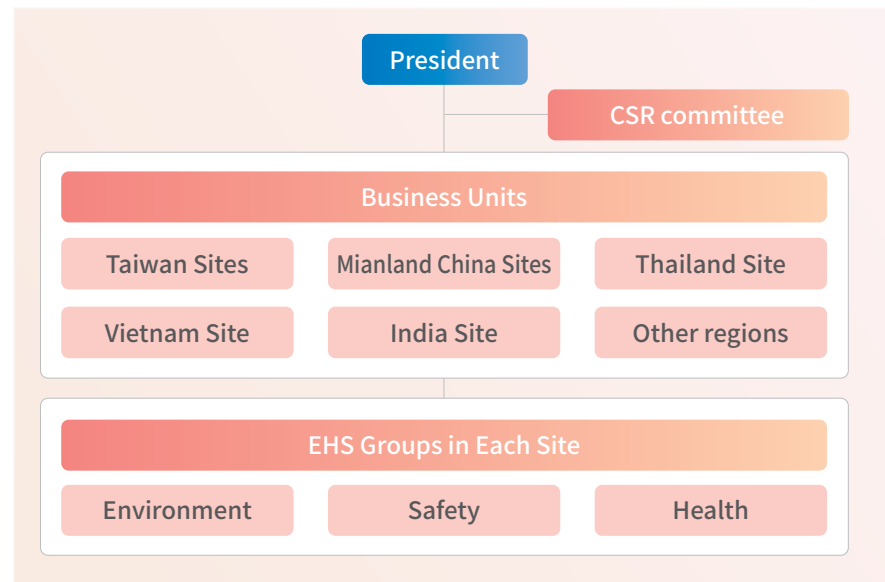
## 4.6.2 Occupational Health and Safety

LITEON 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. LITEON 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 President results in areas including overall conditions of plants in the group and occupational health and safety.

LITEON establishes the rights and obligations regarding occupational health, safety, and hygiene in employee contracts and health and safety guidelines. LITEON 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

### LITEON's Occupational Safety and Health Organization



### Occupational safety and health management system

To protect workers' safety in the workplace, LITEON, 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 LITEON'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

LITEON 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 LITEON'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 2020.



## Occupational health services

LITEON provides pre-employment checkups for new hires as well as regular physical examinations for active employees. LITEON has installed nurses and emergency care staff in all plants to ensure necessary measures are taken in case of emergency. LITEON 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 follow up 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

- prevention of cardiovascular diseases
- obesity
- Food safety and other health issues



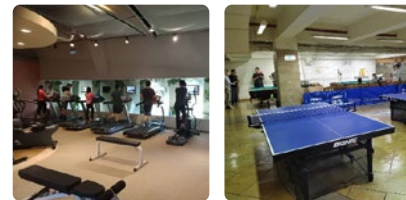
### Monitoring of working environment in Taiwan

- Monitor the working environment according to the Workplace Inspection Guidelines and other applicable regulations



### Health and safety checks in plants

- Onsite inspectors make health and safety rounds to check and give instructions in plants



### Fitness center Mainland 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

- LITEON worked with medical institutions and hired professional nutritionists to hold a weight loss campaign. The company invited employees whose BMI exceeded the recommended limits to learn about proper diet and healthy exercise as a means to lose weight and avoid obesity related diseases. The campaign also supported charities as the company made donations in proportion to employees' final weight loss.

Number of participants	82
Total weight loss	261kg
Body fat reduction	112%
Lost 3% weight or more	57
Charitable donations	NTD 526,000 (as of Sept. 30 <sup>th</sup> )



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

Most LITEON's production sites are located in Taiwan, Mainland China, Thailand, Vietnam, and India. 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 Mainland China or Thailand, LITEON 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 LITEON's global locations, and the key issues discussed in 2020.

Region	Taiwan	Mainland China	Thailand	India	Vietnam
Employee representatives on the occupational health and safety committee (%)	45%	Not applicable	Not applicable	Not applicable	Not applicable
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 - Machinery safety and protective measures - Chemical safety measures	- Occupational health and safety training - Machinery safety and protective measures - Chemical safety measures	- Occupational health and safety training - Machinery safety and protective measures - Chemical safety measures
Notes	The committee has 38 members; 17 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.			

## Worker training in occupational health and safety

LITEON 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.

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.



Health and safety training



Fire safety training



CPR & AED training



Training on other first-aid equipment



## Worker health promotion

LITEON values a culture of health. Every month, the company sends health e-Newsletters 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 LITEON Magazine to promote health and safety and prevent hazards as needed. LITEON 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, LITEON 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 LITEON employees, LITEON 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.

## Workers covered by occupational safety and health management system

Workers covered by LITEON 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 LITEON 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 LITEON's facilities. Therefore, they are not counted in "miscellaneous workers who are not employees".



Contractor safety awareness



Contractor safety monitoring

## 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, LITEON tracks statistics on occupational injuries as follows:

- Vietnam and India plants were added to the disclosure for 2020. The global disabling injury frequency rate was 0.69, and the global disabling injury severity rate was 8.

- Before the addition of India and Vietnam plants in 2020, the disabling injury frequency rate was 0.73, up by 7.3% compared to 2019. The rise was mainly attributed to the 15 cases of work related injuries in Mainland China in 2020 in addition to those reported in 2019. These injuries were sustained by miscellaneous workers who were not employed by the company. A total of 60 work hours were lost, and the injuries were minor. To prevent similar incidents, the company immediately stepped up health and safety management for miscellaneous workers who were not employed by the company. The disabling injury severity rate was 8, down by 53% compared to 2019.

## Number of operators, working hours, and occupational injury statistics

Year	Region	Subject	Total work hours	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Occupational disease rate	Occupational deaths
2019	Taiwan	Employees	7,872,717	0.63	13	0	0
		Miscellaneous workers	21,373	0	0	0	0
	Mainland China	Employees	89,574,376	0.73	19	0	0
		Miscellaneous workers	5,238,928	0	0	0	0
	Thailand	Employees	445,205	0	0	0	0
		Miscellaneous workers	0	0	0	0	0
	Total 2019		97,892,298	0.68	17	0	0
2020	Taiwan	Employees (male)	4,789,824	0.2	7	0	0
		Employees (female)	2,479,880	0	0	0	0
		Miscellaneous workers (male)	132,392	0	0	0	0
		Miscellaneous workers (female)	241,072	0	0	0	0

Year	Region	Subject	Total work hours	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Occupational disease rate	Occupational deaths
2020	Mainland China	Employees (male)	33,052,320	0.96	15	0	0
		Employees (female)	24,022,656	0.33	4	0	0
		Miscellaneous workers (male)	9,682,848	1.23	0	0	0
		Miscellaneous workers (female)	5,259,744	0.57	0	0	0
	Thailand	Employees (male)	888,432	2.25	0	0	0
		Employees (female)	3,344,568	1.19	19	0	0
		Miscellaneous workers (male)	0	0	0	0	0
		Miscellaneous workers (female)	0	0	0	0	0
	India	Employees (male)	556,248	0	0	0	0
		Employees (female)	33,712	0	0	0	0
		Miscellaneous workers (male)	2,010,680	0	0	0	0
		Miscellaneous workers (female)	0	0	0	0	0
	Vietnam	Employees (male)	1,261,120	0	0	0	0
		Employees (female)	1,440,320	0	0	0	0
		Miscellaneous workers (male)	0	0	0	0	0
		Miscellaneous workers (female)	0	0	0	0	0
	Total 2020 (excluding India and Vietnam)		83,893,736	0.73	8	0	0
	Total 2020		89,195,816	0.69	8	0	0

Note: 1. The focus for the current year was to obtain complete data on "miscellaneous workers", and contractor data were therefore not disclosed. Contractor data are expected to be disclosed in the 2021 annual report.

2. Formula:

- Disabling injury frequency rate (FR) = Number of disabling injuries × 1,000,000 / Total work hours elapsed [per million work hours]
- Disabling injury severity rate (SR) = Total work days lost × 1,000,000 / Total work hours elapsed [per million work hours]
- Occupational disease rate = Number of workers contracting occupational diseases × 1,000,000 / Total work hours elapsed [per million work hours]
- Total work hours = Number of employees in the region x Number of working days in the year x Number of working hours in a day



# 5

## LITEON and Society

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

Practicing social inclusion and extending social impact



A total of NTD 37.7 million expended in social inclusion



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



A total of 805 works participated in competition for LITEON Award



SEA HOPE Project



The world's first onsite Styrofoam marine waste volume reduction containers

SDG14

Design for SDG14- Marine friendly design incubation program



14 beach cleanup events cleared away a total of 10,063 kg marine waste



LED Lighting Fixture to mitigate light pollution for sea turtle conservation





## 5.1 Social Inclusion Policy



A multicultural, caring, creative, and sustainable society is set as LITEON's vision of social inclusion. LITEON 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 the upbringing of the younger generation, shortage of life-long educational resources, lack of creative talent, and increasingly serious environmental and ecological issues. LITEON's efforts have focused on building a society full of multi-culture, education, creativity, and environmental sustainability. 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 products and environmental conservation. The accomplishment of the above missions depends on how we execute our concrete strategy, and some of the projects undertaken have included a community assistance program, community college, LITEON Award, educational support, a corporate volunteer system, marine conservation initiative, eco-friendly and sustainable technology products, etc. The above strategies were executed mainly through the following actions:

- Community volunteer training (in assistance, diversity, and environmental sustainability)
- 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
- Partnership with Family Education Centers
- Adult education (including disabled and disadvantaged people); provision of the life-long learning platform and green courses
- Encouraging creative technical designers and integrating into technology incubation programs
- Industry-academia collaboration—combining theory and practice
- Green design and sustainable energy-efficient products development in coordination with involvement with charities to help disadvantaged groups and support social enterprises
- Building the LITEON Volunteer System in four areas: community service, talent development, environmental sustainability, and charity & sponsorship
- Sustainable marine resources initiatives, marine waste recycling development, marine environmental education, and ecosystem conservation activities



### 2020 Results

	2020 Targets	Progress
LITEON Award	Promoting sustainable training in technology innovation: More than 2,000 contestants with more than 1,000 submissions	A total of 1,747 contestants with 805 entries <sup>1</sup>
	Raising awareness and participation of training in technology innovation: One or more partners	1 customer and 2 suppliers
Internship platform	Offering more than 100 college internships	56 <sup>2</sup> interns
Marine conservation activities	12 themed beach cleanups that cleared away 10,000 kg marine waste	Organized 14 coast cleanups that cleared away 10,063 kg of marine waste
	3 or more marine environmental education seminars; 500 or more participants	Invited 5 design faculties from 4 colleges and universities to participate in the courses, which were attended by 2,337 students. Hosted 2 public presentation events
Community assistance	2,000 or more disadvantaged schoolchildren received small group and one-on-one volunteer counseling services	626 in total <sup>3</sup>
Xinyi Community College	Offered 300 courses and received 7,000 or more students	460 courses and 7,204 participants
	Consistently named an excellent community college by the Education Department every year	Excellent

Note: 1. The number of foreign participants dropped due to the pandemic, and the number of total participants and entries fell as a result.  
 2. Overseas summer internships were not offered due to the pandemic.  
 3. Recruitment of assistance volunteers on campus was suspended in the first half of 2020 due to the pandemic. The number of people served was lower as a result.

### Future strategies and goals

Future goals	Completion
Xinyi Community College to be consistently named an excellent community college by the Education Department every year	Continued
Offering of more than 100 college internships	Continued
The LITEON Geekathon is a contest that identifies works and teams with potential, and facilitates extensive industry-academia collaboration. The content received more than 60 entries, and identified teams with potential for industry-academia collaboration: 3 entries	2021
6 themed coastal cleanups that cleared away 5,000 kg of marine wastes	2021
The company promotes microgrid projects for charities. The campaign helps one or more minority groups or social welfare organizations alleviate the burden of power consumption every year.	2021

### LITEON's social involvement expenses

Item	NTD million
Charity expenses and donations <sup>1</sup>	1,561
Education campaign expenses and donations	2,205
Total	3,766

Note: The expenditure calculation of LITEON Cultural Foundation only includes the donation provided by LITEON Corp.

## 5.2 2020 LITEON Award: Working with customers and suppliers in support of advanced technology innovation and application



The "LITEON 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 light, electricity, energy conservation and smart technology. For 20 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.

### 2020 Results

Strategy	Goal	Progress
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>1,747 contestants this year</li> <li>805 entries</li> <li>2 online Taiwan Campus Innovation Seminars and 5 offline seminars, attended by 550 participants in total</li> <li>*The number of participants above was affected by the COVID-19 pandemic</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>1 customer and 2 supply chain partners participated in joint promotion of technology innovation</li> <li>Partners participated in 50% or more online/offline innovation information seminars</li> <li>Canceled international forums due to the pandemic</li> </ul>

### 20<sup>th</sup> LITEON Award teamed up with customers and suppliers to encourage innovative thinking in Taiwanese students

For 20 years, the LITEON Award has been an advocate of the importance of innovative design in technology products in the Chinese speaking community and the investment in the area. The award gives young creative teams in Taiwan a platform for exchanging ideas with world-class corporate, academic, and technical experts and social resources worldwide. The 20th LITEON Award welcomed the support of LITEON customer, Mouser Electronics, and LITEON suppliers, Infineon and Merck, as co-sponsors. The award attracted 1,747 participants despite the pandemic. While the finalists focused on smart living, there were a number of entries that explored smart healthcare and disease control applications and brought technology innovation into new fields. The Southern Taiwan University of Science and Technology (STUST) became first to win gold in both the Technical Innovation category and the Design Innovation category. Its entry in the Technical Innovation category was the AI-assisted vocal assistant system for laryngectomy. The gold winner in the Design Innovation category was "HanDo", a modular prosthetic limb for unilateral child amputees. The design offered affordability and flexibility at the same time.

### LITEON Award to be reborn as LITEON Geekathon

The LITEON Award encouraged innovative design in technology for 20 years, and received more than 2,000 participants a year for 10 consecutive years. More than 30,000 people competed in the event over the years. The award helped new generations of innovative designers find matching industry demands and connect with the world. Starting in 2021, the LITEON Award will become known instead as the LITEON Geekathon. The focus will be shifted to technology, and the contest topics will be closely aligned with LITEON's direction for future development. The purpose of the event will be to facilitate industry-academia collaboration and help entries find their place in the industry.

### Goals of LITEON Geekathon 2021

Strategy	Goal
1 To identify works and teams with potential through a contest, and facilitates extensive industry-academia collaboration	<ul style="list-style-type: none"> <li>More than 60 entries</li> <li>Identified teams with potential for industry-academia collaboration: 3 entries</li> </ul>

### Photos of winners of 2020 LITEON Award



Gold Award winner of LITEON Award Technology Category



Silver Award winner of LITEON Award Technology Category



Bronze Award winner of LITEON Award Technology Category



Gold Award winner of LITEON Award Design Category



Silver Award winner of LITEON Award Design Category



Bronze Award winner of LITEON Award Design Category

## 5.3 LITEON Plain Jade Project: Connecting industry and academia, training young talent, and facilitating employment



LITEON promotes the Plain Jade Project, and establishes campuses in North, Central, and South Taiwan. They serve as short-term (summer internship), medium-term (industry-university cooperation), and long-term (inter-school management) cooperation models to bring the industry and academic institutions together in cultivating young talents and increase employment. 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 a all-win situation among society, schools, corporations, and students.

LITEON 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. LITEON 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. Overseas internships were not offered in 2020 due to the pandemic. Nevertheless, the company organized the RD camp in addition to help interns build up practical skills. Students with outstanding performance during their internship will be offered priority in applying for positions in the company. There had been students returning to work at LITEON after graduation and doing excellent work in the company.

Internship type	Summer internship	Semester internship	The Foundation	Total
Number of interns	35	12	9	56

Note: Overseas summer internships were not offered in 2020 due to the COVID-19 pandemic.

### Students' end-of-program parting words to LITEON

**XXX-Yi Li:** With buck circuits, for example, we had used buck circuits in our senior year simply with capacitors, semiconductors, magnetic components, and an IC powered switch to provide switch signals. While some of the main circuit structures differed little from what we made at LITEON, feedback and isolation components were added to others to allow the switch duty cycle to change with load. We also added components to make the circuits stable, such as filter capacitors and compensating

circuits. An understanding of each component's role made debugging circuits easier. For example, we were seeing a lot of ripples in a voltage wave in one experiment, and solved the problem easily by changing the inductance value and adding filter capacitors. We may not be able to design circuits from scratch yet, but had gained a better idea about debugging and the roles of different components.

**XXX-Yun Chen:** We learned a lot about circuits here. Being in sophomore year meant we were not quite clear on some of the basic stuff. But the teachers here always took time to explain the circuits to us. Also, we thought we knew how to use many of the instruments, but having attended the classes and actually got some hands-on experience made me realize there were many functions I was not aware of.

**XXX-Ying Su:** I learned how the internal circuits of many frequently used components worked and how to select components. Otherwise in the lab we tended to look only at how to arrange the components and how to calculate the values. We would not have looked so closely.

**XXX-Yu Hsu:** I gained a lot of professional knowledge and learned to combine it with textbook theories and certain details in practice.

**XXX-Ren Tian:** I now have a better understanding of how to operate measuring instruments and how to use components in circuits of different nature. I learned about circuits not yet covered in school (booster/buck) and tried to put what I learned in school into practice.

**XXX-Xian Lin:** I learned a lot of practical skills. Both theoretical and practical lessons were taught in different ways from before. A lot of it was knowledge not covered in school.

**XXX-Chen Wu:** I had taken power electronics in school. Even with a simple buck circuit, the number of components to be used by the company would differ hugely from the number of those used in school. This is because the number of problems to be found in a product would be way more than that to be found in an ideal circuit. When circuits are added to solve certain issues, new issues will arise. Little things like what the waves on the oscilloscope mean and how to operate an instrument are something not taught in school.

**XXX-Qian Huang:** I learned a lot of practical skills in circuit design.

**XXX-Xuan He:** I learned a lot here what I would not have learned in school, including important details in practice and circuit welding that never occurred to me. I gained a lot of experience coming here.

Group photo of RD interns on first day



## 5.4 SEA HOPE Project



A total of 8 million tonnes 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. LITEON is rooted in the island of Taiwan. Situated on the world's largest convergent boundary between land and sea, LITEON follows responsible production as a corporate citizen committed to the plastic reduction and marine conservation. LITEON has been placing a greater emphasis on environmental sustainability to which the company has made a long-term commitment. In support of UN SDG 14, LITEON created the SEA HOPE Project and launched a series of marine conservation themed activities as the company's response to issues of marine environment arising from modern production and consumption patterns. These activities included promoting marine waste based circular economy, launching a marine environment initiative, and utilizing core competencies for marine conservation.

### I. LITEON SEA HOPE - environmental volunteering

To raise awareness of ocean conservation and pollution, LITEON volunteers organized coastal cleanups to take action to support ocean conservation. LITEON held 14 coastal cleanup events in 2020. The events together connected 21 external sponsors and gathered 1,459 volunteers who provided a total of 3,548 hours of service. The coastal cleanups in New Taipei City, Taoyuan, Changhua, Yunlin, Tainan, Yilan, Kinmen, and Lanyu cleared away a total of 10,063 kg of marine waste. In particular, LITEON held Taiwan's first tech industry coastal cleanup aimed specifically at recycling marine plastic waste. This event brought together volunteers from four companies, which were LITEON, Advantech, Compal Electronics, and Poseidon Global Industries. The volunteers cleaned up the beach and sorted 1.7 tonnes of marine plastic waste to be recycled instead of being incinerated directly. This was consistent with the initiative to combine marine conservation and a circular economy.



Under the premise of achieving environmental sustainability with the epidemic control measures taken into account, LITEON SEA HOPE volunteers would continue to visit different locations and follow marine waste pollution, marine ecosystem conservation, and sustainable use of marine resources and related issues.

### II. Design for SDG14 - marine friendly design incubation program

LITEON makes active efforts to protect the marine environment and cultivate young designers who think in green design and sustainability. As part of the efforts, the company started expanding its well-developed R&D and design operations that were typical of a manufacturer in 2019, and embarked on a cooperative program with design related programs in colleges and universities with a focus on SDG 14 marine sustainability issues, namely the Design for SDG14 - Marine friendly design incubation program. The program connects commons CSR and USR goals of one corporation and five programs in four schools. It takes marine protection to the beginning and extends the reach into design education so to bring design students into the field of environmental sustainability and community care.

New industry-academia collaboration model to introduce sustainability driven changes in design education

The "Design for SDG14" is a new industry-academia collaboration model created by LITEON to bring a corporation's professional competencies to the front line of design education in colleges and universities. As the module planner and coordinator, LITEON integrated internal and external resources and designed interdisciplinary modules that combined design and environmental education. LITEON assembled a team of instructors with experts in the company, hired professionals, and design teachers from the partner schools, and introduced the modules into the design curricula of the partner schools. These courses guided students to apply design thinking in different areas of design, and propose innovative strategies and design plans to counter marine environmental issues.



LITEON SEA HOPE - coastal cleanup volunteering



Tech industry coastal cleanup volunteering



All five programs in four schools involved in this program focused on SDG14 for ocean-friendly conservation design as the theme for the semester. The program combined a wide range of design programs, and encourage design students to venture outside their field of study and learn about ocean issues unknown to them. The objective was to develop a basic understanding of the marine ecosystem, art and culture, and social enterprises. A total of 2,337 students participated in the courses. The program is the first of its kind in cultivating talent in green and sustainable design. It helps schools boost their innovative design momentum and promote USR, and pushes for higher design education of better quality. UN SDGs are incorporated into design philosophies and added to environmental education and design courses to strengthen core elements such as environmental awareness, social responsibility, and design ethics in the existing design learning environment. The addition embodies the practice to apply CSR to drive USR and work together toward sustainable goals.

#### Multi-sector collaboration to achieve synergy and lasting benefits

The program connects government, industry, and academia as well as the general public in various ways. In addition to bringing different design schools under the same roof, the program also invites NGOs, social enterprises, and other professionals to join the team of instructors. The results are presented in events co-organized with parties in the public sector. Furthermore, the program works with local coastal communities on an ongoing basis in implementing design proposals and showcasing portfolios. The program makes it easier to develop strong local ties and ensure effective design results, thereby enabling boosted synergy and lasting benefits.

The design output from the program in 2020 received a lot of positive feedback. In October 2020, the program was invited by the National Museum of Marine Science & Technology to present the



Environmental monitoring study off-campus



Marine sustainability design courses

"Design for SDG14 - LITEON and NTUT marine waste based lighting exhibition." In December 2020, LITEON and NTUT were invited by the Taipei City Government to be the SDG Sustainability Team at the Environmental Sustainability Exhibition, the opening exhibition at Popop Taipei. These two public exhibitions gave the public a good look at how sustainability and design could work together, and tried to inspire more people to think in terms of environmental sustainability.

#### III. The world's first onsite Styrofoam marine waste volume reduction containers

LITEON launched the SEA HOPE – the Sustainability Development Project based on the idea of a circular economy. The partnership with QiHui Environmental Technology has so far helped the Penghu County Government clear away 35 tonnes of Styrofoam marine waste. The volume is estimated at more than 3,300 cubic meters, or the equivalent of 1.5 Olympic-sized swimming pools. In addition, LITEON held a donation and launch ceremony on May 8, 2020 for containers that were able to reduce volume of Styrofoam marine waste onsite. The company donated to the Penghu County Government and the Kinmen County Government the world's first processing containers that could process Styrofoam marine waste onsite and reduce its transportation volume significantly by 90%. These containers were expected to be able to process 50 tonnes or more Styrofoam marine waste per year.



Statistics show that a 60 kg Styrofoam buoy can break down to 7.6 million pieces of 2.5 mm diameter microplastics in the ocean. The microplastics have a huge impact on the environment.



Inter-school joint presentation



Creative marine waste based design presentation



Meanwhile, according to the 2019 Taiwan coastal waste quick screening survey, marine waste in Taiwan weighed a total of 646 tonnes. The largest groups in terms of volume percentage were Styrofoam fishing equipment, discarded fishing gear, and plastic bottles. Unlike plastic bottles, which have a fully developed recycling system and can be developed into recycled materials for reuse, Styrofoam marine waste with its massive volume faces shipping costs far exceeding returns on recycling. While local governments

on smaller islands are unable to pay for cleanup, Styrofoam processing has become a difficult issue in marine waste. Hence, LITEON and QiHui teamed up further and created the world's first "portable Styrofoam marine waste volume reducing container." Shipping the front-end equipment for the Styrofoam recycling process to the location of waste could reduce the volume by 90%. Moreover, subsequent processing could be completed by sending the recycling bins back to Taiwan. The approach saves shipping costs and increases recycling efficiency.

To ensure more consistent quality in recycled Styrofoam-based recycled plastics, LITEON works with the Industrial Technology Research Institute to modify recycled Styrofoam marine waste, and turn r-PS into HIPS. Modified recycled plastics will be able to be used to make LITEON keyboards and mice. The world's first onsite volume reduction approach for Styrofoam marine waste can be expected to be adopted by more local governments. A plan to introduce the approach to countries with diplomatic ties has also started taking shape. It will bring more citizens of the world together in finding solutions to ocean pollution.

#### IV. Lanyu light pollution mitigation and sea turtle conservation project

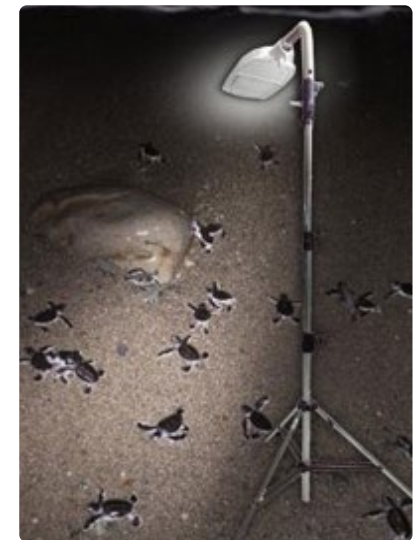
LITEON SEA HOPE also covers "habitat conservation" and "wildlife restoration." LITEON utilizes core competencies to support the light pollution mitigation and green sea turtle habitat conservation project.

Lanyu, Taitung is one of the very few habitats in Taiwan where green sea turtles come ashore to lay eggs. According to the research team of National Taiwan Ocean University, this place has the largest number of births in Taiwan, making it the most important origin of green sea turtles. However, the beach that is a nesting ground for green sea turtles is threatened by light pollution



caused by excessive direct lighting from the coastal highways on the island. The light cuts the habitat into small fragments, and therefore has a severe impact on the nesting behaviors of green sea turtles. Female sea turtles become less willing to come ashore to lay eggs, and the process is disrupted. There is also less room on the sandy beach for nesting, and overcrowding tends to reduce the hatch rate and interfere with how baby sea turtles make their way back to the ocean.

As a benchmark LED lighting manufacturer, LITEON started proposing shading products and developing blue-light-free lighting equipment (with a turtle-friendly wavelength) in 2019 as solutions to the problem of light pollution along the coastal roads of Lanyu. Through industry-academia collaboration, the company helps the Marine Ecology and Conservation Laboratory of National Taiwan Ocean University conduct experiments on lighting equipment and publish related studies. LITEON also has plans to assist the research team in relocating sea turtles and other restoration efforts to further increase the hatch rate.



The experiment of sea turtle friendly lighting equipment



## 5.5 LITEON Volunteers



### Activities of LITEON volunteers in Taiwan



Community  
First Social Welfare Foundation  
Midautumn Party



Community  
Angel Garden Field Trip



Community  
First Social Welfare Foundation  
Christmas Party



Talent Development  
New Taipei City Shuangxi  
after-school English tuition



Talent Development  
New Taipei City Jinhe  
after-school English tuition



Environmental sustainability  
SEA HOPE



Charity & sponsorship  
LITEON "Save a Life" blood drive



Charity & sponsorship  
Health and Charity campaign



Charity & sponsorship  
LITEON Light of the World program

### Activities of LITEON volunteers overseas



Community service  
Changan Plant's support for  
disadvantaged schoolchildren in  
Sichuan



Community service  
Beihai Plant's support for poverty  
reduction in Zhongzhancun



Environmental sustainability  
Changzhou Plant's Love Earth cleanup  
campaign



Environmental sustainability  
Tianjin Plant's tree planting event



Environmental sustainability  
Guangzhou Plant's environmental  
campaign at Dinghu Mountain,  
Zhaoqing



Environmental sustainability  
Changzhou Plant's tree planting event



Charity & sponsorship  
Beihai Plant's support for farmers



Charity & sponsorship  
Huadong Operations Center 17th  
blood drive



Charity & sponsorship  
Beihai Plant's blood donations

Note: 1. In 2020, LITEON suspended volunteer activities in Thailand, Vietnam, and India due to the COVID-19 pandemic.  
2. Details of LITEON volunteer activities are disclosed on the company website: <https://www.liteon.com/en-us/globalcitizenship/504>

## 5.6 LITEON Cultural Foundation

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

### Vision

The LITEON 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, LITEON endeavors to facilitate upward sustainable development in these four aspects in society.

LITEON Cultural Foundation website

<https://www.liteoncf.org.tw/index.html>

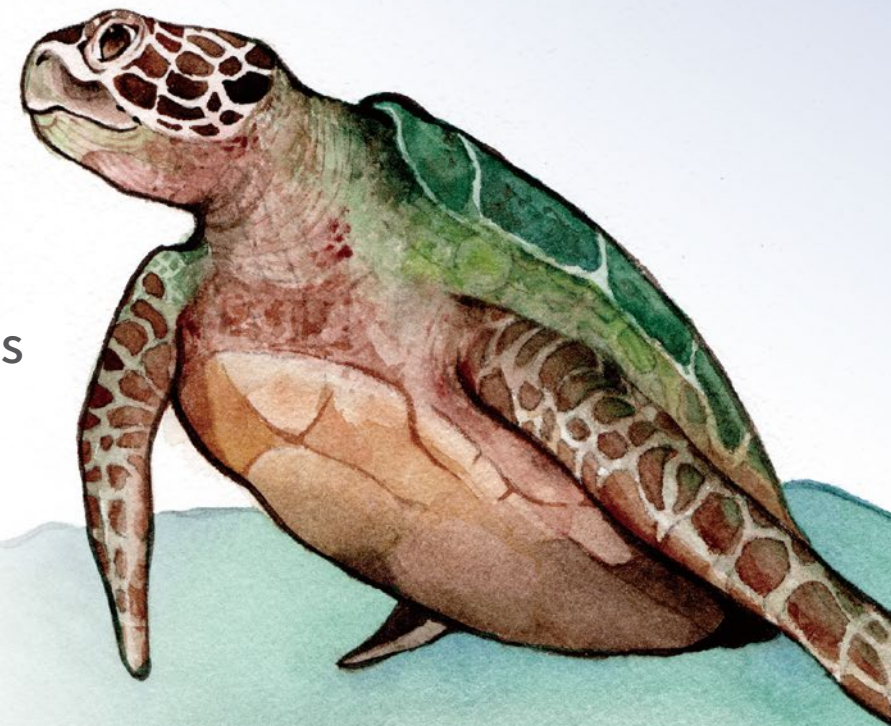


### 5.6.1 Promoting Community Learning Activities



### Commitments

Parental courses and community learning activities are being promoted on a long term basis. Systematic learning brings family members closer together and fosters positive relationships. Meanwhile, volunteers are able to put their training into practice to help schools, residents, and education institutions in the community. The three themes are food education, EQ, and environmental sustainability. Bringing more love and respect into the home, getting involved in social issues, and developing the ability to connect with the community are all part of a community learning process rooted in sustainability.





## 2020 Results

Strategy	Targets in 2020	Actions in 2020	Progress
Nurturing cultural character	Promoting volunteer empowerment courses through community education	<ul style="list-style-type: none"> <li>Trained close to 500 community volunteers to help disadvantaged students and families on an ongoing basis</li> <li>Instructor enhancement learning - food education, EQ, and environmental sustainability</li> </ul>	<ul style="list-style-type: none"> <li>3,844 people from 24 schools in total participated in community volunteering training</li> <li>Attended by 120 people</li> </ul>
	Strategic alliances	<ul style="list-style-type: none"> <li>Internship platform for universities and colleges</li> <li>Designed community learning activities for parents for the Education Department of New Taipei City</li> <li>The Family Education Center under the Education Department of New Taipei City and that of Kaohsiung City co-organized the "Family Education in the Workplace Summer Camp for Grandparents and Grandchildren" at the instruction of the Ministry of Education</li> </ul>	<ul style="list-style-type: none"> <li>9 interns from 2 universities and colleges</li> <li>Attended by 2,560 people from 16 institutions</li> <li>Two sessions attended by 439 people</li> </ul>
	Radio station interviews	<ul style="list-style-type: none"> <li>To promote community education, community assistance director Nora Wu accepted interviews with Police Broadcasting Service Kaohsiung and National Education Radio Taipei and Kaohsiung</li> </ul>	<ul style="list-style-type: none"> <li>Gave 2 interviews on radio</li> </ul>
Caring for corporate culture	One big family camp	<ul style="list-style-type: none"> <li>The camp was shortened to a one-day experience due to the coronavirus. It was also held at the Kaohsiung Branch for the first time.</li> </ul>	<ul style="list-style-type: none"> <li>Attended by 218 people in Taipei and 32 in Kaohsiung for a total of 250</li> </ul>
	7R green installation art - zero waste Godzilla at LITEON building	<ul style="list-style-type: none"> <li>Advocated for reduction of single-use plastic and paying attention to employees' physical and mental health as well as a sustainable future</li> </ul>	<ul style="list-style-type: none"> <li>On display between April and December 2020</li> </ul>
	LITEON Magazine	<ul style="list-style-type: none"> <li>Published regularly on LITEON Magazine to announce important projects the foundation was working on and share articles on family education</li> </ul>	<ul style="list-style-type: none"> <li>Sent in 7 articles in 2020</li> </ul>
Promoting charitable works	Join with the CSR team for coastal cleanup	<ul style="list-style-type: none"> <li>Joined with the CSR team to hold coastal cleanup events, and acquired in-depth knowledge of environmental change, ocean sustainability and other environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>70 people participated in the event</li> </ul>
	Marine conservation and maintenance initiatives	<ul style="list-style-type: none"> <li>Sponsored copies of "Oceans at 23.97" by author Hung-Chi Liao and published by Youth Literary as part of the campaign to support marine conservation and maintenance initiatives</li> <li>Brought together National Museum of Marine Science &amp; Technology, LITEON, and National Taipei University of Technology to organize the "marine waste based lighting exhibition" as part of a circular economy initiative</li> </ul>	<ul style="list-style-type: none"> <li>The "Oceans at 23.97" book tour events were attended by 150 people</li> </ul>
	Physical/Mental wellbeing of seniors in the community	<ul style="list-style-type: none"> <li>Worked with long-term partner Yeliou Senior Citizens Center in New Taipei City to host senior care activities in the community. The games were shared with children at the Yeliou Elementary School after the events</li> <li>Worked with the Mental Health Foundation and others to promote brain exercises for seniors in communities in Alian District, Kaohsiung and Shanshang District, Tainan</li> </ul>	<ul style="list-style-type: none"> <li>Attended by 270 people</li> </ul>
Supporting children's growth	On-campus counseling and mental health education	<ul style="list-style-type: none"> <li>Delivered mental health education through morning sessions and story time</li> </ul>	<ul style="list-style-type: none"> <li>3,598 volunteers provided service</li> </ul>
	Small group and one-on-one volunteer counseling services for disadvantaged schoolchildren	<ul style="list-style-type: none"> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>626 volunteers provided service</li> </ul>
	Charity donations	<ul style="list-style-type: none"> <li>Continued to promote Community Assistance Scholarships, which totaled NTD 2.6 million</li> <li>Donated scholarships to Hualien baseball teams under the Baseball Development Association for Indigenous People of ROC, which totaled NTD 200,000</li> </ul>	<ul style="list-style-type: none"> <li>136 students benefited from the assistance program in 2020</li> </ul>
	Environmentally Friendly Treasure Hunt for Christmas - a circular economy charity sale	<ul style="list-style-type: none"> <li>Invited by the Department of Environmental Protection of New Taipei City Government to a secondhand goods drive in support of the environment. Collected NTD 15,000 and donated the sum to the "New Taipei City Good Day assistance for disadvantaged children and youth" account</li> </ul>	<ul style="list-style-type: none"> <li>Attended by 1,000 people</li> </ul>

## Highlights of 2020

### Community learning course: "healthy diet, healthy EQ, and environmental sustainability"

Every bite we take comes from the land. The bounty that we enjoy is the fruit of harmony between man and nature. It is also an extension of sustainable agriculture. Studies have shown that diet can affect a person's emotion, intuition, and brain health. It can have an impact on personal relationship, quality of life, and happiness index. According to scientists, 91% of plastic waste generated by humans' production or consumption activities is not recycled. 8 million tonnes of plastic waste enter the ocean every year. Scientists estimate that waste in the ocean may outweigh fish by 2050. Moreover, most plastic does not decompose, and is therefore a huge hazard for earth and human health. The project combined expressive art crafts, multi-stage games, and everyday exercises to guide community members and their families to enjoy healthy diet, healthy EQ, and a sustainable lifestyle.



Learning about what to eat and what to avoid through hands-on activities, and checking and changing one's own eating habits to improve health.

### Working with businesses to become family friendly - Family education in the workplace

"No other success can compensate for failure in the home." ~J. E. McCulloch

"Family" is the first and most important unit to which a person is exposed. In support of the UN International Day of Families on May 15, the Ministry of Education launched the campaign, "Working with businesses to become family friendly - Family education in the workplace", in 2020. The campaign was aimed to draw public attention to the importance of family. The New Taipei City Family Education Center co-hosted with LITEON the Family Camp at the National Taiwan Science Education Center on July 25. The Family Education Center under the Education Bureau of Kaohsiung City Government co-hosted with LITEON the "Family Education in the Workplace Summer Camp for Grandparents and Grandchildren" on August 22. By working with a corporation to strengthen the bonds between different generations, the centers wished to teach children to honor and respect the elderly and to value intergenerational relationships. With the use of board games and hands-on learning activities, the events brought out awareness of food education, emotion, and environmental conservation among different generations. The event also helped participants become more tolerant and have more love and respect when dealing with other family members. A report was presented to the Ministry of Education at the public lifelong learning platform in October 2020. URL for activities at the summer camp:

<https://www.liteoncf.org.tw/dm/167/167.html>, <https://www.liteoncf.org.tw/dm/168/168.html> , <https://www.liteoncf.org.tw/dm/169/169.html>



With exciting interactive games, interns guided parents and children on a journey to learn about the role of the ocean and become environmentally conscious citizens of the world.

### Marine ecosystem and conservation initiatives

The company sponsored copies of "Oceans at 23.97", which contained seven chapters. The book was written from the ocean's perspective, and reflected on journeys from the mountains to the oceans and from fishing for food and marine mammals to human consumption of environmental resources and the campaign to "slow down, achieve sustainability, and go green". The idea behind the book was deeply rooted in culture as well as in self-control and conservation. The book was proof of the extensive reach of ecological civilization. An essay program based on experience with the ocean was conducted to echo the core values of the twelve-year basic education. Educational campaigns were conducted in schools to raise awareness of plastic reduction at the sources (SDG 14) and climate change issues (SDG 13) through hands-on activities. It was hoped that the campaigns would unite different parties to start teaching children early about plastic reduction at the source and marine waste issues. The ultimate goal is to create a sustainable city (SDG 11) and join the global partnership (SDG 17). Website: [https://www.liteoncf.org.tw/download/action\\_7.pdf](https://www.liteoncf.org.tw/download/action_7.pdf)



The author uses two lighthouses at the same latitude to establish a link between Hualien and Changhua. He explores the many environmental, ecological, and cultural differences in everyday experience from the coast to the sea.

## Future strategies and goals

The coronavirus caused a global panic in 2020. It changed the world's spending habits as well as the healthcare and other industries. People were quick to realize that new industries, commercial design systems or spending patterns must not go against nature. Healthy habits and spending behaviors were a way of respecting diversity and sustainability. It was hoped lifelong learning and parenting would promote food education, EQ, and environmental sustainability. The concept of environmental protection on a personal, household, regional, and social level could be activated or created through slow down, sustainable development, green management and other environmentally conscious ideas. The ideas could then be expanded into actions that would encompass regional ecosystems. The system, meanwhile, echoed the elements of health and wellbeing (SDG 3), education quality (SDG 4), and marine ecosystem (SDG 14) in the UN Sustainable Development Goals (SDGs). It demonstrated a combination of global perspective and local action. The momentum was fueled by extensive knowledge and personal experience that encouraged sharing of corporate social responsibility and community learning.

Strategy	Future goals (2021~)
Nurturing cultural character	<ul style="list-style-type: none"> <li>Promoting human resources empowerment courses through community learning: empowerment training for volunteers and instructors</li> <li>Industry, academia, and government collaboration - partnerships with New Taipei City Family Education Center and National Taiwan Library</li> <li>Industry and academia collaboration - Internship platform for universities and colleges</li> <li>Visual campaigns: food education, EQ and environmental sustainability, and course video production</li> </ul>
Caring for corporate culture	<ul style="list-style-type: none"> <li>One big family: Summer camps for children of LITEON employees, with one planned in Neihu</li> <li>Company outings for charitable causes: 6 events planned</li> <li>2 family education seminars for employee and stakeholders: Parent effectiveness, and marine literature</li> </ul>
Promoting charitable works	<ul style="list-style-type: none"> <li>Quality education in health and environmental sustainability: Publication of an EQ care book</li> <li>Support and sponsorship for local revitalization oriented social enterprises</li> <li>Environmental Sustainability project at National Museum of Marine Science &amp; Technology</li> <li>Collaboration with Kao Family Foundation: Field experienced instructor exchange program, and photography internship program</li> </ul>
Supporting children's growth	<ul style="list-style-type: none"> <li>Child care services: Volunteering on campus and in communities and institutions</li> <li>Hands-on learning tours on campus: food education, EQ, and environmental sustainability</li> <li>Scholarship assistance program</li> </ul>

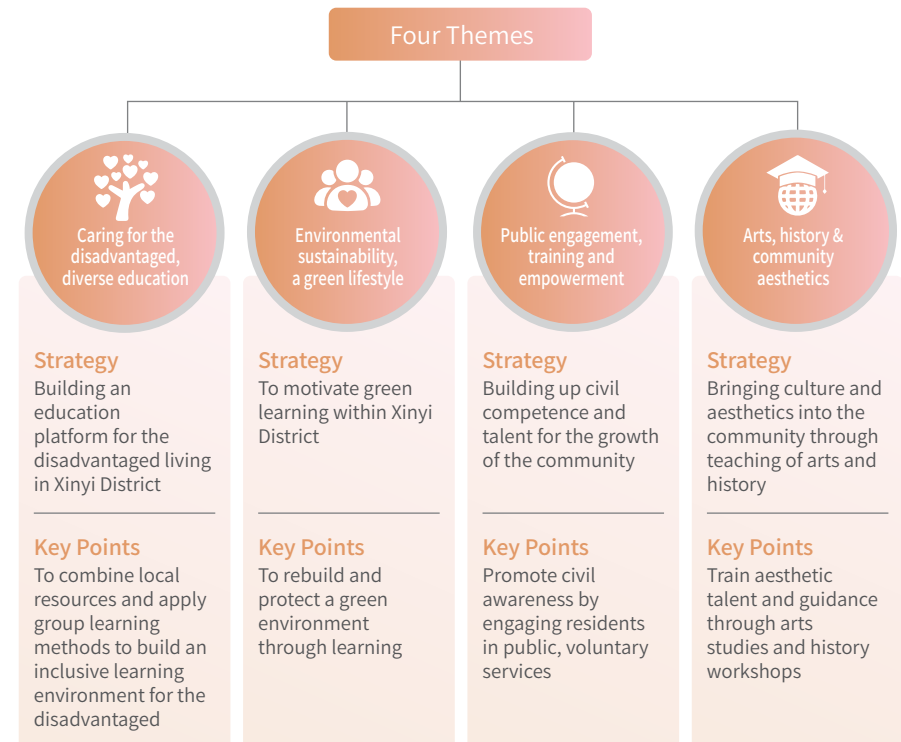
## 5.6.2 Taipei Xinyi Community College



**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



## 2020 Results

A total of 460 courses (including spring/autumn and summer/winter courses) were offered, and were attended by a total of 7204 participants (including spring/autumn and summer/winter courses). The college was rated "Excellent" again by the Education Department of Taipei City Government.

Strategy	Targets in 2020	Actions in 2020	Progress
Environmental sustainability, a green lifestyle	<ul style="list-style-type: none"> <li>To promote Xinyi Green Lifestyle bases and manage 4 community bases</li> <li>To bring together LITEON 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> <li>The green rooftop project - the vanilla community to organize small farmers market and add a daycare center</li> </ul>	<ul style="list-style-type: none"> <li>Started teaching and collaboration in community bases in Dadau Village, 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 "A Good Vanilla Time" club shared and promoted ideas of urban friendly farming, and organized farming courses with Xinzhong Kindergarten.</li> </ul>	<ul style="list-style-type: none"> <li>5 communities started taking action</li> <li>11 communities supported the events</li> <li>240 people benefited from the activities</li> <li>Organized small farmers market 5 times</li> </ul>
Caring for the disadvantaged, diverse education	<ul style="list-style-type: none"> <li>To support learning needs of different disadvantaged groups, supply innovative learning resources, create a strategic alliance with 2 institutions, and start to offer 1 to 2 new courses</li> <li>To designing 1 volunteer care event for the disadvantaged</li> <li>To push for 6 LITEON volunteer events to join care for the disadvantaged</li> <li>To work 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 - LITEON CSR collaboration project</li> <li>Angel Garden field trip</li> </ul>	<ul style="list-style-type: none"> <li>51 people benefited from the activities</li> <li>165 people benefited from the activities (Midautumn: 63 and Christmas: 102, which were the sum of participants and volunteers)</li> <li>95 people benefited from the activities</li> </ul>
Arts, history & community aesthetics	<ul style="list-style-type: none"> <li>To offer art courses to promote art in the community, and to organize a series of Nantsun food story museum events.</li> <li>To organize 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 collaboration between the Xinyi District Office and Four-Four South Village to showcase military dependent villages</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>10 courses</li> <li>8 sessions</li> <li>One thousand copies printed</li> </ul>
Public engagement, training and empowerment	<ul style="list-style-type: none"> <li>Old River Patrol to monitor water quality in the community</li> <li>To organize Xinyi 30 events</li> <li>To provide guided tours of southern Taitung on Taipei 101 observation deck</li> <li>To organize white-terror themed reading events at Dasongnan plant</li> <li>To install stop of interest signs at Taipei's longest lane</li> </ul>	<ul style="list-style-type: none"> <li>Maintained water quality and environmental conservation efforts</li> <li>Facilitated the Xinyi 30 special report - Essence of Xinyi</li> <li>Delivered a complete image of Taipei</li> <li>Worked with Yongchun Senior High School</li> <li>Worked with the Taipei City Archives</li> </ul>	<ul style="list-style-type: none"> <li>132 participants</li> <li>All visitors of Taipei 101 observation deck benefited from the project</li> <li>90 participants</li> <li>7 locations</li> <li>Six articles uploaded</li> </ul>

Note: All results above are presented as provided by the 2020 self assessment report for community colleges published by the Department of Education of Taipei City Government. They include all academic results for the entire year. More details are available on the LITEON Cultural Foundation website at [https://www.liteoncf.org.tw/download/open\\_H.pdf](https://www.liteoncf.org.tw/download/open_H.pdf).



## Highlights of 2020

### Environmental sustainability and green lifestyle - From urban friendly farming to farming for children

The Green Rooftop at the college was installed in 2009, and then became sponsored. It has been running for 11 years. Backed by years of experience in managing the project, "A Good Vanilla Time" was created in 2018. In addition to training tour guides, the club is taking steps to promote small farmers market and find feature plants and products of the Green Rooftop. It showcases and shares vegetables in season and Green Rooftop handicraft items to help students learn independently and build up skills in promoting farming for food. The medium- and long-term goals currently undergoing are as follows:

- I. Promoting environmentally friendly farming: combining herbs and farming; facilitating promotion of urban friendly farming and delivery of plant diversity lessons and related support systems; forming a community collaboration platform; enabling local learning and feedback; and strengthening the community's role in the group learning network.
- II. Empowering seeds in the community: empowering talent in the community to become friendly seeds who share experience and knowledge of the green culture and seeding and planting in the community. When planting becomes a habit, everyone can enjoy a green lifestyle.
- III. Promoting farming courses in daycare centers: helping children learn about the land through farming; and making environmental education the focus of farming activities for children in order to encourage children to pay attention to environmental education. Friendly farming can be another basic elements in farming courses at daycare centers. An adequate amount of outdoor activities is beneficial to a child's coordination and social skills, and can increase immunity and problem solving abilities in children. As part of the farming courses, children becomes more aware of life education through real activities, and learn to take friendly action to protect animals and plants. (Please refer to p.86 of the Xinyi Community College Self Assessment Report)



Trimming classes in Songyou Village



Tourists visiting Xinren Village mini farm

### "Caring for the Disadvantaged, Diverse Education" - Courses on services for the visually impaired and Eternal Love Farm chat room for parents

The college organizes recreational camps for people with mental or intellectual disabilities as part of its long term commitment to supporting the disadvantaged. The Eternal Love Farm for people with mental disorders at the Hengai Center provide a learning approach by which they may steadily run family based green rooftops. Continuing the effort to create opportunities for family carers of people with mental disorders to use the Green Rooftop to access friendly farming in 2019, the Eternal Love Farm group for people with intellectual disabilities was created to have Mr Yi-Xin Bai to guide the afternoon class for parents so that the parents might spend time working together at the center before bringing their mentally challenged children home. This approach to learning and stress relieving gave parents a different perspective and a place to learn together.

The college, under the leadership of President Chen, started developing courses on services for the visually impaired in 2017. The courses combine specialized services provided by the Eden Social Welfare Foundation - Services for the Visually Impaired Office and instructors introduced by the college based on different learning needs. The instructors design the courses and invite students of the college to become part of the courses on services for the visually impaired as teaching assistants or helpers. The practice allows regular students to engage the visually impaired in more extended interaction through the courses in order to understand better the needs of the visually impaired. The courses, according to the attributes of visually impaired individuals, are divided into "Home for the Elderly Blind", which is aimed at visual impaired seniors, and "Group with Multiple Visual Disabilities", which is designed for visually impaired young people who have multiple disabilities and are unable to work.

We added courses such as "Tai Chi" and "aromatherapy" to the "Home for the Elderly Blind" series. The courses were designed and implemented by the teachers and students at the college. Community college students were able to turn what they learned into experiences and learning methods that did not require looking. Both sides involved were able to benefit from participation. In conclusion, more different contents were generated through offering learning resources for the visually impaired and encouraging teachers and students as well as professional service providers to engage in discussions. The process also provided answers to the needs of visually impaired students. (Please refer to p.65 of the Xinyi Community College Self Assessment Report)



Hengai Green Rooftop - instructions



Home for the Elderly Blind - Tai Chi - community college students providing assistance

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

The public interest group, Old Xinyi - Xinyi culture and history studio, was created in 2018 to build up field research capabilities and local knowledge. Instructors and students of trail courses and art, history, and culture courses are brought together to form the field research team. The team respects the independence of individual students and helps support art and history development in Xinyi District. It endeavors to build up a presence in the community and get involved in public issues. Collaboration on the culture and history of Liuzhangli was added to the team's existing tasks. It was hoped the project might step up understanding and promotion of local knowledge in both depth and width through local partnerships.

The field research team conducts one regular study meeting every month. Participants attend the meetings at the invitation of the teachers and students of the college's art and culture courses or those of the trail courses. There are current 12 members. The data collection model was decided after a meeting, and allowed each individual to choose suitable subjects and collect local information. Individual members study together and check each other's information before preparing articles on their chosen subjects and uploading them to the Taipei Xinyi District Ecology Trail Map website at <http://xycc.tw/> (6 articles so far and expanding). The articles are open for public discussion and correction, and the information is stored on the community college's hard drive. Apart from putting local knowledge into words, members of the field research team work together and check each other's work to achieve empowerment and consensus.

Building on the partnership between members of the culture and history club and local friends on a commission from the Taipei City Archives, the stop of interest signs in Lane 150, Section 5, Xinyi Road (along upstream old river) are expected to be completed by the end of October. 7 locations will be selected to install stop of interest signs. The signs will turn the path stretching out from Exit 2 of Xiangshan Station into a fun and educational venue.

In terms of public interests, the teachers and students together participated or provided advice in "Old



Collaboration on culture and history of Liuzhangli - interview with local elders



Yongchunpi removal of alien species workshop

River Water Environmental Patrol - new patrol point at West Drainage", "Appeal for an urban drainage planning project - pilot locations", "conservation at Yongchunpi Wetland Park" and several other public policies or plans.

The Old River Water Environmental Patrol was formed in 2019. The team was created on top of the college's attention to the old river and after some teachers and students of the art and culture club gained some understanding of the cultural development in the area. It was also discovered that despite having played an important role in early development of the area, the river was known only as drainage (East Drainage) today. Given it was one of the few uncovered natural rivers in the Xinyi District, it could be a race against time to call forth a new understanding of the river before it was turned by public dislike into another covered trench. Hence, the teachers and students formed the "Old River Water Environmental Patrol". 22 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. After one year of patrolling and recording data, we have learned more details about this old river, and we have a better grasp of the forms of environmental pollution and their causes. The main source of wastewater is households and training centers not connected to the sewage system. The sources of pollutants include residential food waste or garbage. Certain areas are vulnerable to flooding during heavy rainfall.

Faced with these issues, we think the government will need to raise public awareness or the sections will have to be connected to the sewage system. More importantly, it is vital to propose a comprehensive survey and plan for the entire hill and river basin to counter extreme weather conditions. Hence, we reached out to experts in the field, and tried to secure "an urban drainage planning project - pilot locations" at the present stage. We hoped to bring in experts not only to create opportunities in comprehensive management of the river basin, but also establish a new role model for water resources management in Taipei. (Please refer to p.66-67 of the Xinyi Community College Self Assessment Report)



Appeal for an urban drainage planning project - pilot locations



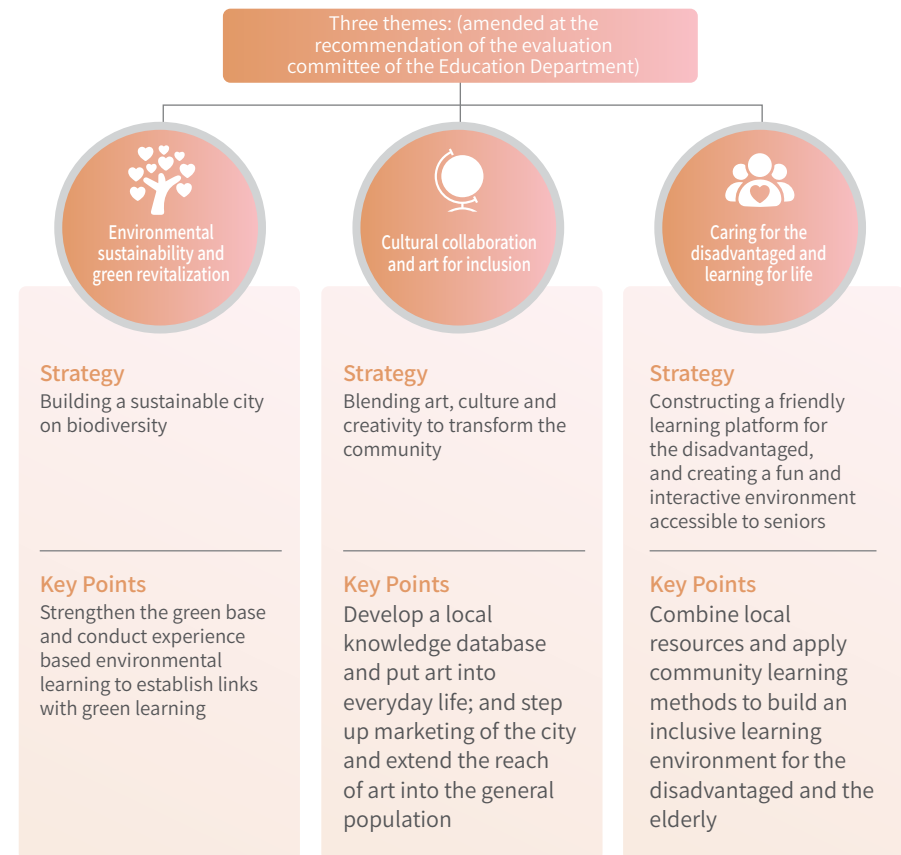
Water check lesson at old river

## Future strategies and goals

**Vision:** Building a green learning system and creating a sustainable green city

**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.

Strategy	Future goals (2021~)
Environmental sustainability and green revitalization	<ul style="list-style-type: none"> <li>To promote Xinyi Green Lifestyle bases and manage 3 to 4 community bases</li> <li>To bring together LITEON volunteers and develop the Historical Xinyi - rural mountain program or green living 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 small farmers markets and campaigns for urban friendly farming and food agriculture education</li> <li>To follow local water related issues and participate in the East Drainage planning process</li> <li>To continue the Old River Patrol</li> <li>Yongchunpi Wetland Park conservation project</li> </ul>
Cultural collaboration and art for inclusion	<ul style="list-style-type: none"> <li>To organize 5 Xinyi Art and History Lectures events</li> <li>To operate the field research team on an ongoing basis</li> <li>To participate in Xinyi Songyan wall-less museum</li> <li>To revive the historic space in Four-Four South Village and organize related exhibits, performance and other events</li> <li>To offer art courses to promote community aesthetics, and participate in community art exhibits</li> <li>To host green living campaigns</li> <li>To study marketing of Xinyi, and construct a folk culture</li> </ul>
Caring for the disadvantaged and learning for life	<ul style="list-style-type: none"> <li>To offer 1 to 2 new age friendly courses</li> <li>To provide 2 classes (in 1 village) on the summer schedule for care for the disadvantaged</li> <li>To host 9 friendly farming classes at Xinzhong Kindergarten</li> <li>Recreational Camp - LITEON CSR collaboration project</li> <li>To organize Angel Garden field trips</li> <li>Recreational Camp - MV Street Dancing presentation</li> </ul>



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	201-4	Financial assistance received from government.	Note: In 2020, LITEON received about NTD 50 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		
GRI 202 Market Presence 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.4 Protection of Employee Interest	88	
	202-2	Proportion of senior management hired from the local community	4.2.1 Employee Structure and Distribution	77	
GRI 204 Procurement Practices 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets	52	
	204-1	Proportion of spending on local suppliers	2.6.1.3 Supply Chain and Localized Purchasing	52	
GRI 205 Anti-Corruption 2016	Management Approach 103-2, 103-3	"The management approach & its components Evaluation of the management approach"	2.1 LITEON Corporate Values and Governance 2.4 Compliance, Ethics and Anti-corruption	31 47	
	205-1	Operations assessed for risks related to corruption	2.4 Compliance, Ethics and Anti-corruption	47	
	205-2	Communication and training about anti-corruption policies and procedures	2.2.1.1 Board of Directors 2.4 Compliance, Ethics and Anti-corruption 2.6.2.1 Sustainable Supply Chain Management Guidelines 4.3 Employee Development and Training	34 47 53 84	
	205-3	Confirmed incidents of corruption and actions taken	2.4 Compliance, Ethics and Anti-corruption	47	
	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.4 Compliance, Ethics and Anti-corruption	47	
GRI 206 Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Note: Nil		
	Management Approach 103-2, 103-3	"The management approach & its components Evaluation of the management approach"	3.1 Commitment to Environmental Sustainability and Policy 3.2 Climate Change and Energy Management	59 61	
GRI 302 Energy 2016	302-1	Energy consumption within the organization.	3.2.6 Direct and Indirect Energy Consumption	66	
	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	3.2.6 Direct and Indirect Energy Consumption	66	
	302-4	Reduction of energy consumption	3.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2) 3.2.5 Greenhouse Gas Value Chain Inventory (GHG Scope 3) 3.2.6 Direct and Indirect Energy Consumption	64 65 66	
	302-5	Reductions in energy requirements of products and services	3.5 Product Green Design and Management	69	
GRI 305 Emissions 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability and Policy 3.2 Climate Change and Energy Management	59 61	
	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	3.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	64	
	305-2	Energy indirect (Scope 2) greenhouse gas (GHG) emissions	3.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	64	
	305-3	Other indirect (Scope 3) greenhouse gas (GHG) emissions	3.2.5 Greenhouse Gas Value Chain Inventory (GHG Scope 3)	65	
	305-4	Greenhouse gas (GHG) emissions intensity	3.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	64	

# GRI Standards Content Index

GRI Standard & Disclosure			Related Report Sections	Page	Omissions
GRI 305 Emissions 2016	305-5	Reduction of greenhouse gas (GHG) emissions	3.1.2 Environmental Management Goals 3.2.4 Greenhouse Gas Inventory (GHG Scope 1 and Scope 2)	61 64	
	305-6	Emissions of ozone-depleting substances (ODS)	Note: LITEON 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	3.2.7 Air Pollution Prevention	67	
GRI 307 Environmental Compliance 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability and Policy 3.2 Climate Change and Energy Management	59 61	
	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	2.6.1 Sustainable Supply Chain Management Policy and Targets	52	
	308-1	New suppliers that were screened using environmental criteria	2.6.2.2 Sustainable Supply Chain Management Mechanisms	54	
	308-2	Negative environmental impacts in the supply chain and actions taken	2.6.2.2 Sustainable Supply Chain Management Mechanisms 2.6.2.3 Identification of Supply Chain Risk 3.5.3 Environment-Related Substances Management	54 55 73	
GRI 401 Employment 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	401-1	New employee hires and employee turnover	4.2.2 Employee Retention	81	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4 Protection of Employee Interest 4.6.1 Diverse Welfare Systems	88 94	
	401-3	Parental leave	4.2.2 Employee Retention	81	There are no parental leave regulations in China and Thailand
GRI 402 Labor / Management Relations 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	402-1	Minimum notice periods regarding operational changes	4.4 Protection of Employee Interest	88	
GRI 403 Occupational Health and Safety 2018	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	403-1	Occupational health and safety management system	4.6.2 Occupational Health and Safety	96	
	403-2	Hazard identification, risk assessment, and incident investigation	4.6.2 Occupational Health and Safety	96	
	403-3	Occupational health services	4.6.2 Occupational Health and Safety	96	
GRI 403 Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	4.6.2 Occupational Health and Safety	96	
	403-5	Worker training on occupational health and safety	4.6.2 Occupational Health and Safety	96	
	403-6	Promotion of worker health	4.6.2 Occupational Health and Safety	96	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.6.2 Occupational Health and Safety	96	
	403-8	Workers covered by an occupational health and safety management system	4.6.2 Occupational Health and Safety	96	
	403-9	Work-related injuries	4.6.2 Occupational Health and Safety	96	
	403-10	Work-related ill health	4.6.2 Occupational Health and Safety	96	
GRI 404 Training and Education 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	404-1	Average hours of training per year per employee	4.3 Employee Development and Training	84	
	404-2	Programs for upgrading employee skills and transaction assistance programs	4.3 Employee Development and Training 4.4.1 Protection of Interests of Employment	84 88	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.4.1 Protection of Interests of Employment	88	
GRI 405 Diversity and Equal Opportunity 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	405-1	Diversity of governance bodies and employees	2.2.1.1 Board of Directors 4.2.1 Employee Structure and Distribution	34 77	
	405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	4.4.2 Salary Assurance	89	
GRI 406 Non-Discrimination 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	4.1 Employee Policy	75	
	406-1	Incidents of discrimination and corrective actions taken	4.4 Protection of Employee Interest 4.5 Employee Relations	88 91	

# GRI Standards Content Index

GRI Standard & Disclosure			Related Report Sections	Page	Omissions
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	2.6.1 Sustainable Supply Chain Management Policy and Targets 4.1 Employee Policy	52 75	
	407-1	Operations and suppliers which the right to freedom of association and collective bargaining may be at risk	2.6.2.2 Sustainable Supply Chain Management Mechanisms 4.5 Employee Relations 4.6.1 Diverse Welfare Systems	54 91 94	
GRI 408 Child Labor 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets 4.1 Employee Policy	52 75	
	408-1	Operations and suppliers at significant risk for incidents of child labor	2.6.2.2 Sustainable Supply Chain Management Mechanisms 4.2.3 Employee Recruitment 2.3.6 Human Rights Management	54 83 43	
GRI 409 Compulsory Labor 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.3.6 Human Rights Management 2.6.1 Sustainable Supply Chain Management Policy and Targets 4.1 Employee Policy	43 52 75	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.6.2.2 Sustainable Supply Chain Management Mechanisms 2.3.6 Human Rights Management	54 43	
GRI 410 SECURITY PRACTICES 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.3.6 Human Rights Management	43	
	410-1	Security personnel trained in human rights policies or procedures	2.3.6 Human Rights Management	43	
GRI 412 Human Rights Assessments 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.3.6 Human Rights Management	43	
	412-1	Operations that have been subject to human rights reviews or impact assessments	2.3.6 Human Rights Management	43	
	412-2	Employee training on human rights policies or procedures	4.3 Employee Development and Training	84	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2.3.6 Human Rights Management Note: LITEON prescribes Corporate Social Responsibility code of practice, and all of the relevant investment agreements and contracts are evaluated by Legal department for compliance.	43	
GRI 414 Supplier Social Assessment 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets	52	
	414-1	New suppliers that were screened using social criteria	2.6.2.1 Sustainable Supply Chain Management Guidelines	53	
	414-2	Negative social impacts in the supply chain and actions taken	2.6.2.2 Sustainable Supply Chain Management Mechanisms 2.6.2.3 Identification of Supply Chain Risk	54 55	
GRI416 Customer Health and Safety 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability and Policy	59	
	416-1	Assessment of the health and safety impacts products and service categories	3.5.2 Environmental Product Labels and Declarations 3.5.3 Environment-Related Substances Management	72 73	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note: Nil 3.5.2 Environmental Product Labels and Declarations	72	
GRI 417 Marketing and Labeling 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability and Policy	59	
	417-1	Requirement of product and service information and labeling	3.5.2 Environmental Product Labels and Declarations	72	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Note: Nil 3.5.2 Environmental Product Labels and Declarations	72	
GRI 418 Customer Privacy 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.5 Information Security and Privacy Management	49	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Note: Nil 2.5 Information Security and Privacy Management	49	
GRI 419 Socioeconomic Compliance 2016	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	2.4 Compliance, Ethics and Anti-corruption	47	
	419-1	Non-compliance with laws and regulations in social economic area	4.4.4 Violation of Labor Standards Act	90	



## 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	2.6.1 Sustainable Supply Chain Management Policy and Targets	52
	LOT-EN1	Supplier screening and green procurement	2.6.3 Responsible Mineral Management	56
Research & Development (Products)	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability and Policy	59
	LOT-EN2	Energy efficiency improvement	3.5.1 Product Life Cycle Assessment	69
	LOT-EN3	Material resources saving	3.5.1 Product Life Cycle Assessment	69
	LOT-EN4	Reduction use of hazardous substance	3.5.3 Environment-Related Substances Management	73
Charity and Care	Management Approach 103-2, 103-3	The management approach & its components Evaluation of the management approach	5.1 Social Inclusion Policy	103
	LOT-SO1	Promotion of multicultural humanities and youth education care	5.5 LITEON Volunteers 5.6.1 Promoting Community Learning Activities	109 110
	LOT-SO2	Creating learning environments for lifelong learning and disadvantage groups	5.6.1 Promoting Community Learning Activities 5.6.2 Taipei Xinyi Community College	110 113
	LOT-SO3	The promotion of environmental education and implementation of environmental protection	5.6.2 Taipei Xinyi Community College	113
	LOT-SO4	Talent education by providing the learning environment for students to apply their knowledge	5.3 LITEON Plain Jade Project	105
	LOT-SO5	Encouraging technological innovation and design talent	5.2 2020 LITEON Award	104

# Third-party Assurance Statement



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE LITE-ON TECHNOLOGY CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

#### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by LITE-ON TECHNOLOGY CORPORATION (hereinafter referred to as LITE-ON) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the 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 (2021/03/17–2021/04/14). 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.

#### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all LITE-ON's Stakeholders.

#### RESPONSIBILITIES

The information in the LITE-ON's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of LITE-ON. SGS has not been involved in the preparation of any of the material included in the Report.

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.

#### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	High

Assurance has been conducted at a high level of scrutiny.

#### SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Select specific reporting criteria included in the contract

Reporting Criteria Options	
3	GRI Standards (Comprehensive)
4	AA1000 Accountability Principles (2018)

- 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 applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); 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.

#### ASSURANCE METHODOLOGY

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.

#### LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) have 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 specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

# Third-party Assurance Statement

## AA1000 ACCOUNTABILITY PRINCIPLES (2018) 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, government authorities, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. LITE-ON has been implementing high-level engagement of collaboration to undertake a project- SEA HOPE, responding to the UN's Sustainable Development Goal (SDG14). A series of activities also raised awareness of stakeholders to solve the marine waste which achieved the purposes of stakeholder engagement.

### Materiality

LITE-ON has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

### Responsiveness

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

### Impact

LITE-ON has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation.

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

The report, LITE-ON's CSR Report of 2020, 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. In 2020, it is a good practice that LITE-ON has made a major breakthrough, officially establishing a new functional committee-CSR Committee. By means of its operation, the highest governing body has been actively participating in related sustainable development and strategic planning which could reflect the positive operational performance and reinforce its sustainable competitiveness in the future.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang  
Senior Director  
Taipei, Taiwan  
17 May, 2021  
[WWW.SGS.COM](http://WWW.SGS.COM)



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