

3.3 Water Resource Management

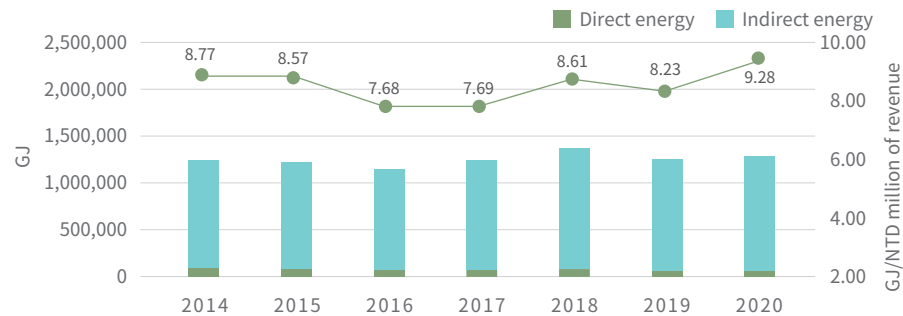
3.3.1 Water Resource Conservation

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^{1,2}, and the intensity of water consumption was 21.56 m³ 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



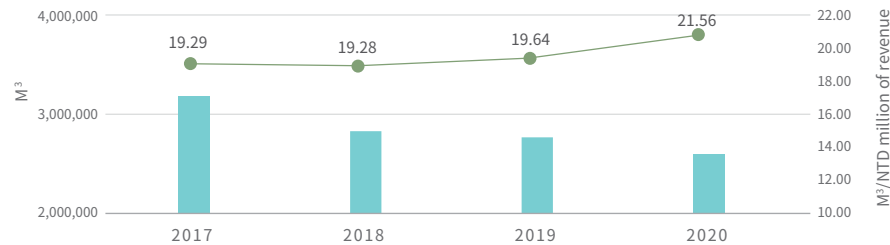
Note: 1. The Solid-State Drive (SSD) Business Unit completed transferring the business in the first half of 2020. For consistency in the calculation, the SSD Business Unit was removed from the 2014-2020 data, which were then recompiled accordingly.

3.2.7 Air Pollution Prevention

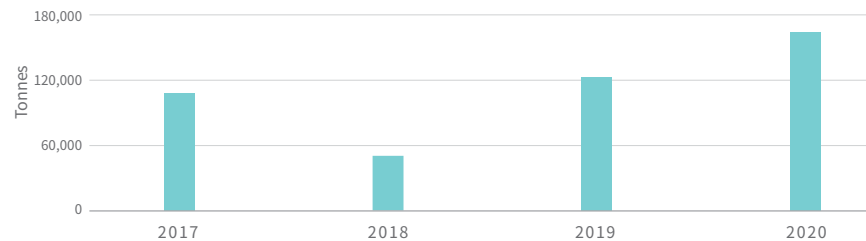
Volatile organic compounds at LITEON come mainly from organic solvents used during production, such as soldering flux and isopropanol vapors. NO_x and SO_x emissions from generators used for emergency or testing in the plants and from hot water boilers in the living area are considered trace amounts. 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.