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.

Create a human rights based structure → Identify human rights issues relevant to stakeholders → Review risks and results regularly → Set the direction for risk mitigation → Improvement and follow up

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.
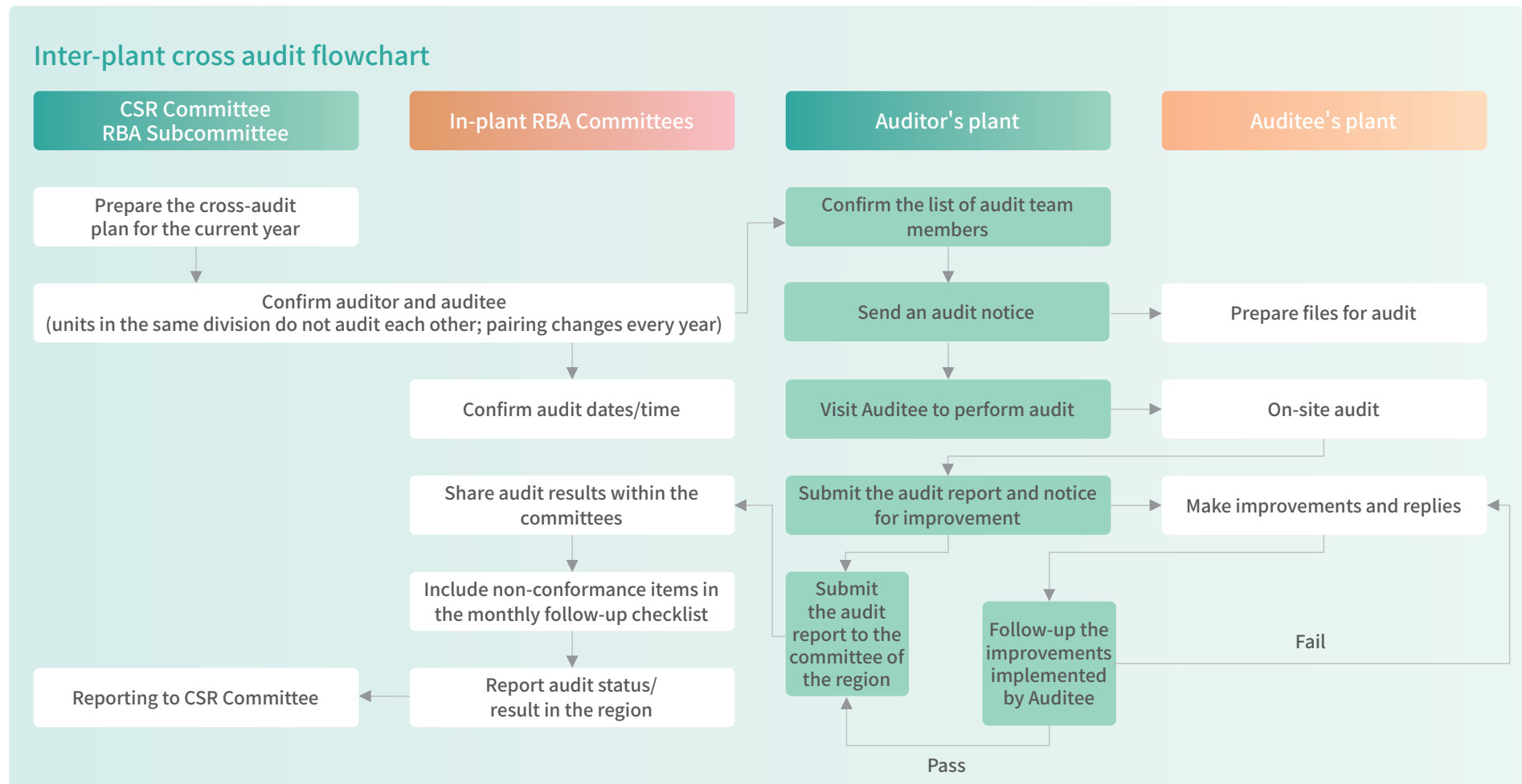
For suppliers, LITEON follows the basic rule that the RBA Code of Conduct applies to suppliers, and requires that suppliers sign the written commitment to management assurance. We have also implemented RBA management guidelines for suppliers. Regarding the RBA-based investigation and assessment tools 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.

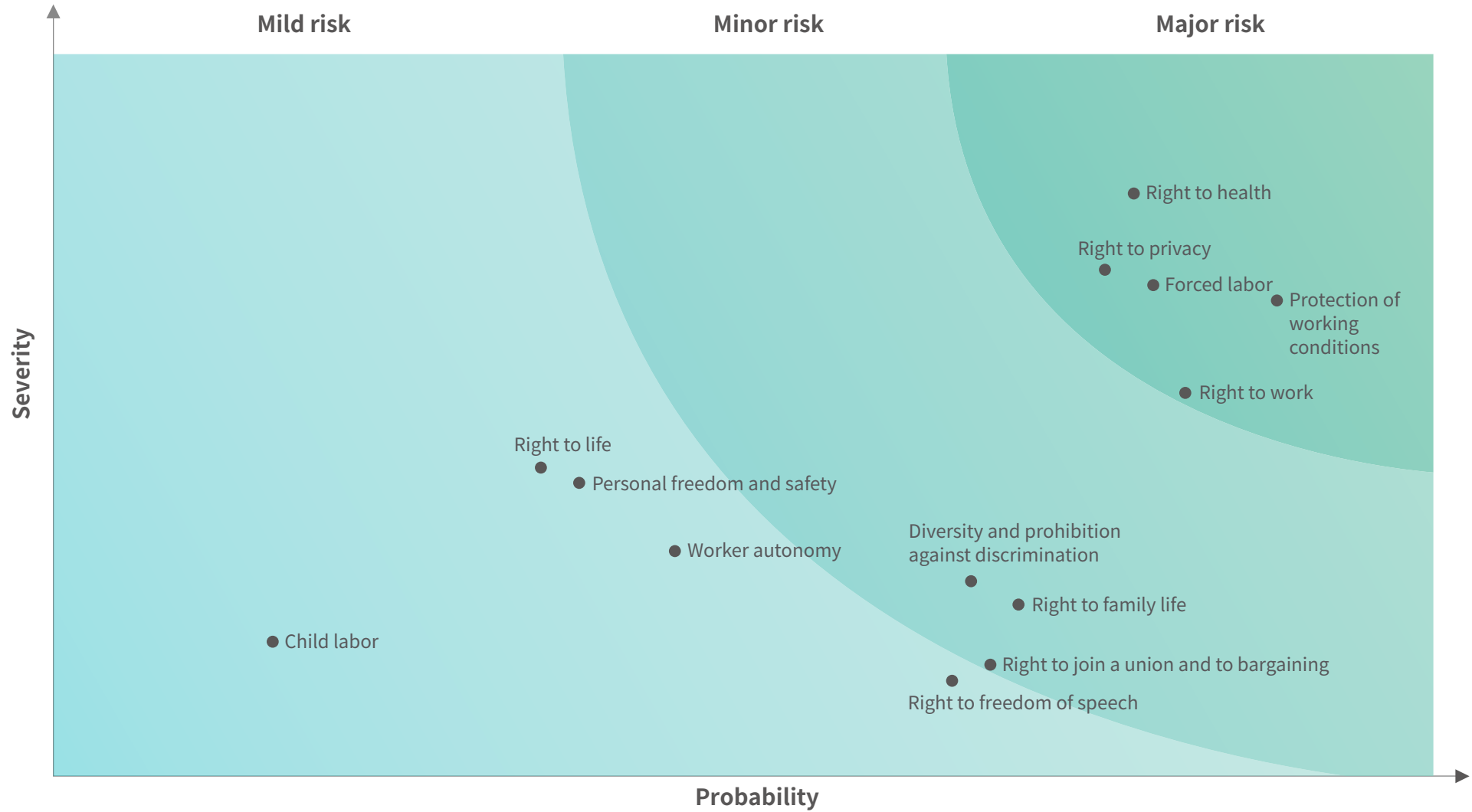### 2) Human rights risk identification

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).

LITEON designates India offices as hot spots for human rights and social issue risks. LITEON requires that all of its offices be subject to and managed by local laws and regulations and the company's code of conduct. Any forced labor or other dispute will be investigated and handled promptly according to the company's procedures. In 2020, LITEON did not discover or receive any report of forced labor, prohibition of freedom of association, or social impact event involving suppliers in India. LITEON will continue to follow and manage the development of human rights issues in the region.

Inter-plant cross audit flowchart

CSR Committee RBA Subcommittee	In-plant RBA Committees	Auditor's plant	Auditee's plant

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 the list of audit team members

Send an audit notice → Prepare files for audit

Confirm audit dates/time

Visit Auditee to perform audit → On-site audit

Share audit results within the committees

Submit the audit report and notice for improvement → Make improvements and replies

Include non-conformance items in the monthly follow-up checklist

Submit the audit report to the committee of the region

Follow-up the improvements implemented by Auditee

Fail

Report audit status/ result in the region

Reporting to CSR Committee

Pass

LITEON value chain human rights risk matrix

Mild risk   Minor risk   Major risk

Severity

Probability

- Right to health
- Right to privacy
- Forced labor
- Protection of working conditions
- Right to work
- Right to life
- Personal freedom and safety
- Worker autonomy
- Diversity and prohibition against discrimination
- Right to family life
- Child labor
- Right to join a union and to bargaining
- Right to freedom of speech

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	Union activities: Respecting employees' freedom of association **Working hours:** Arranging shifts in compliance with the law to avoid excessive working hours. **Wages and benefits:** 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	**Prohibition of forced labor and child labor** 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. **Establishment of the procurement policy regarding conflict minerals (metals) 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	**Proper management of personal data and information of stakeholders** 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	**Professional security training** 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	**Prohibit against any form of discrimination** 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, Neihu 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.
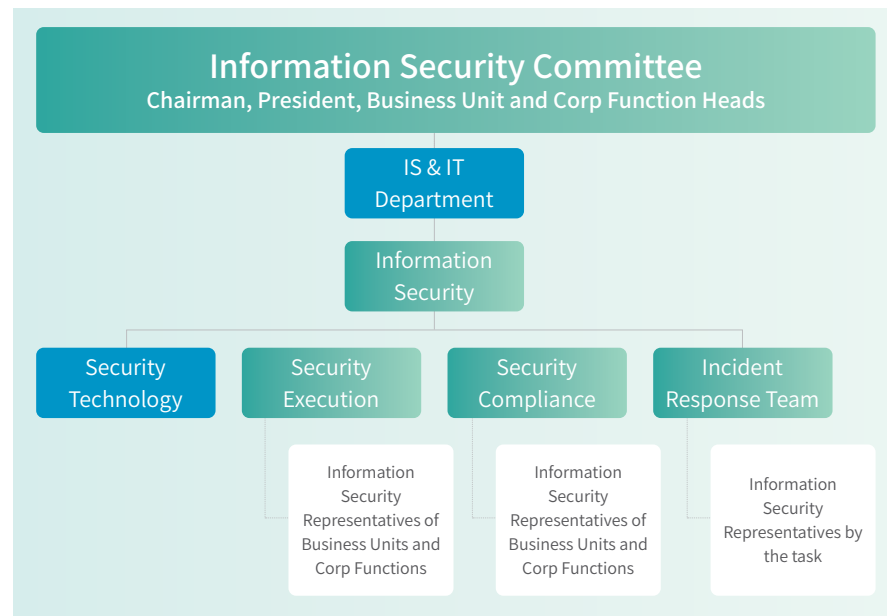
Information security management and audit mechanisms

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.
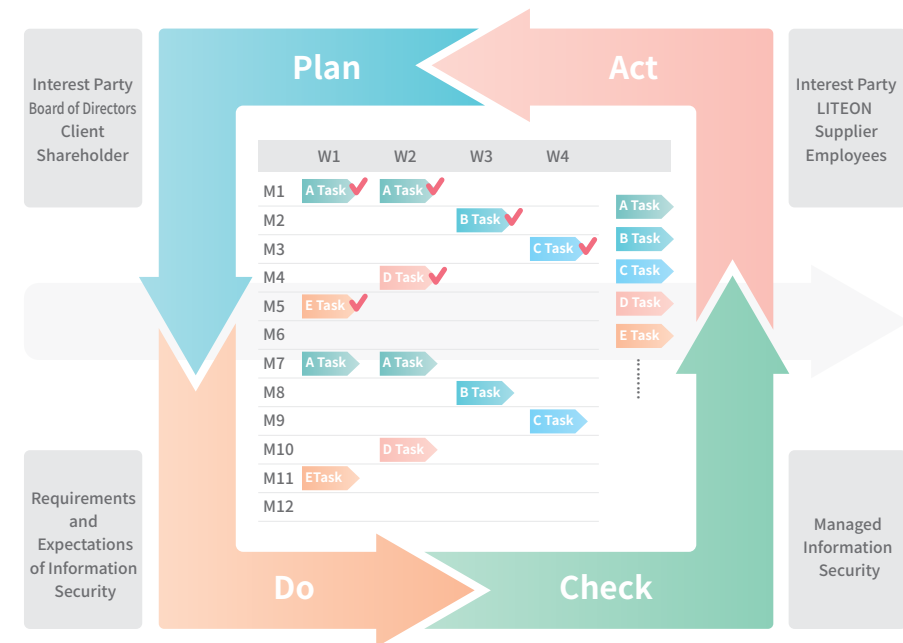
Information security control mechanism	Description	Information security risk management
Privileged account management	Privileged local administrative account management system for clients	Prevent employees from installing illegal or pirated software or malware attacks
Peripheral management	Peripheral 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

2.6.2.2 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.

LITEON Suppliers

Non-Tier 1 Suppliers

Tier 1 Suppliers

High Risk Suppliers

Critical Tier 1 Suppliers

Critical Non-Tier 1 Suppliers

Critical Suppliers
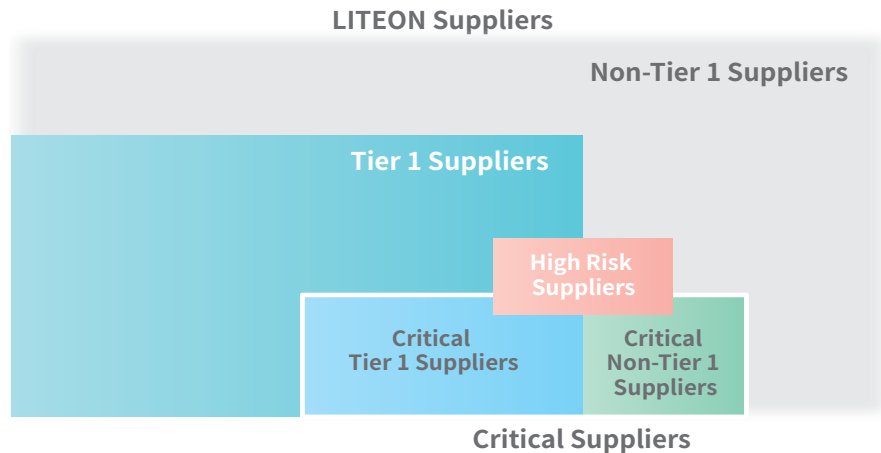
For effective supplier management, LITEON follows a set of screening criteria in the supplier selection process. In addition to the criteria for quality, cost, delivery, service, management, innovation, and technical capabilities (QCDS-MIT), LITEON implements green supply chain based procurement management 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 QCDST (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.

Building sustainable supply chain

- (New) Suppliers sign the Supplier Executive Certification of Compliance
- Sustainability analysis and risk identification and classification for critical suppliers

Assessment

- High risk supplier audit
- Assist suppliers in making improvements, and increasing the degree of cooperation (RBA SQM Team)

Assistance

- Support collaborative projects with the supply chain, and strengthen sustainability capabilities of the supply chain on an ongoing basis

Collaboration

- Organize sustainability training sessions/seminars or meetings for suppliers to reinforce sustainability awareness among suppliers

Communication

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
· Quality, cost, delivery, services, innovation, management and technical capabilities · Business Ethics · Business integrity · Exclusive or critical source · Automation capability	· Environmental law compliance · Environmental management systems · Climate change · Water resource management · Waste and air pollution management	· Employee health and safety · Human rights · Labor practices · Responsible mineral management · Work hours

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 · Exclusiveness · Supplier's automation capability · Business integrity	Environmental risk factors · Environmental law compliance · Water resource management · Climate change	Social risk factors · Employee health and safety · Work hours
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.

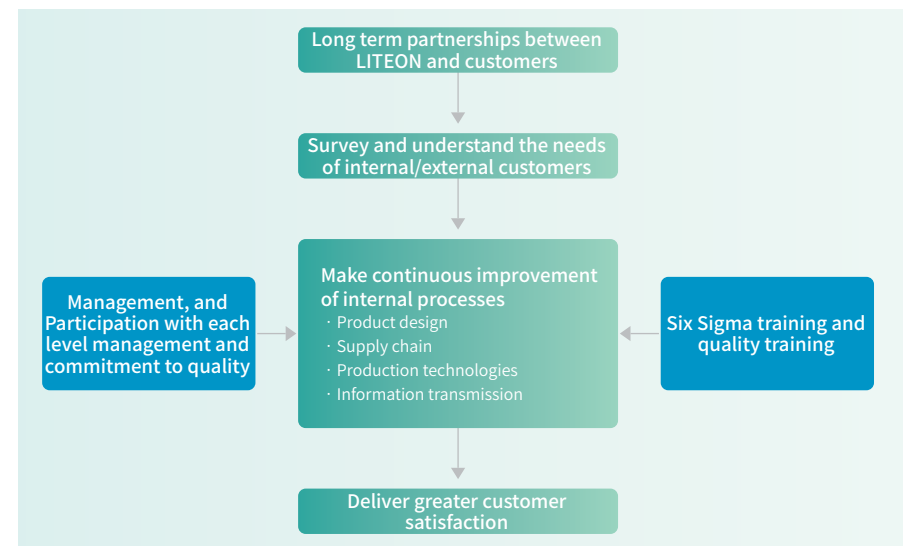### 2.6.3.2 Responsible Mineral Management Process

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 inf ormation. 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

Education and training → Material acknowledgment management → Material certification management → Responsible mineral summary → Risk assessment

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

Strategy and policy
- "Customer Satisfaction" is one of the core values of LITEON
- Build a cross-functional team to provide a full range of real-time services

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

Customer service

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.

Long term partnerships between LITEON and customers
↓
Survey and understand the needs of internal/external customers
↓
Management, and Participation with each level management and commitment to quality → Make continuous improvement of internal processes
· Product design
· Supply chain
· Production technologies
· Information transmission ← Six Sigma training and quality training
↓
Deliver greater customer satisfaction

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[1]
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 [1]
Monthly average rate of critical position retention at 97% or higher	Critical position retention rate of 91.2%[2]
Disability frequency (FR) and severity(SR) reduced by 10% each compared to previous year	FR increased by 7.3%[3]、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[1]	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.