

LITEON[®]



SHINING NEW LIGHT ON SUSTAINABLE FUTURE

2022 Sustainability Report

TABLE OF CONTENTS

About This Report	03
2022 LITEON ESG Achievements	04
Message from the Chairman and the Chief Sustainability Officer	05
Message from the President	06
Company Overview	07
Locations of LITEON's Major Operations Worldwide 2022	09
Membership in Groups and Associations	10

1、 Sustainable Governance

1.1 Corporate Sustainability Perspective and Commitment	12
1.2 Strategic Planning for Sustainability	13
1.3 LITEON Corporate Sustainability Committee	16
1.4 Stakeholders and Material Topics	17

2、 Corporate Governance

2.1 LITEON Values and Governance	27
2.2 Organization Structure of Corporate Governance.....	29
2.3 Corporate Risk Management	32
2.4 Compliance, Ethics, and Anti-Corruption.....	42
2.5 Information Security and Privacy Management	44
2.6 Sustainable Supply Chain	47
2.7 Customer Service and Satisfaction	54

3、 LITEON and the Environment

3.1 Environmental Sustainability Commitment and Policy	57
3.2 Climate Change and Energy Management	59
3.3 Water Resource Management	77
3.4 Waste Management, Recycling and Reuse	78
3.5 Green Product Design & Management	79

4、 LITEON and Employees

4.1 People-Centered Talent Strategy	88
4.2 Diversity and Inclusion: Our Global Employee Profile	90
4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs	96
4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey	100
4.5 Friendly Workplace	109
4.6 LOHAS LITEON	113
4.7 Occupational Health and Safety	115

5、 LITEON and Society

5.1 Social Inclusion Policy	124
5.2 Friendly Lighting Environment Project	126
5.3 Altruism in Action	128
5.4 LITEON Cultural Foundation.....	130
5.5 Taipei Xinyi Community College.....	134

Appendix

GRI Standards Index.....	137
SASB Index	144
TCFD Management Framework.....	145
Third-party Assurance Statement.....	147

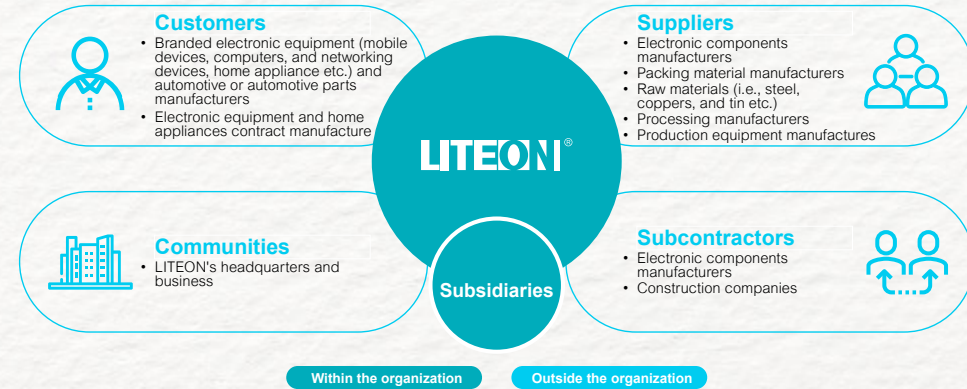
About This Report

Reporting Time Frame and Scope of Report

Time frame: From January 01, 2022 to December 31, 2022

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

For non-financial 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 non-financial performance disclosures are focus on the major operation and manufacturing locations, such as Taiwan, Thailand, Vietnam, India, Mainland China. Unless elsewhere specified, information will be disclosed in the report.



The Report Management

Issues presented in this report have been identified with materiality analysis through stakeholder engagement progress and discussed in "LITEON Corporate Sustainability (CS) 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.
Environment	Environmental management international standards ISO 14001	Each factory obtained the verification by the third party individually
	Hazardous substance process management system IECQ QC 080000	
Social	Occupational safety management system 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 (2021) published by Global Reporting Initiative while responding to Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, SASB (Sustainability Accounting Standards Board) 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, SASB 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 2023
 Next issue : Expected to be published in June 2024
 Previous issue : June 2022

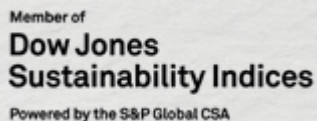


The report is issued in Chinese and English annually, and the annual Sustainability Reports are posted on LITEON company website

Contact Information

Corporate Brand Value Development Center, CBVD
 Address : No. 392 Ruiguang Road, Neihu District, Taipei 114
 Tel : +886-2-87982888
 E-mail : CSR@liteon.com
 Company website : www.liteon.com

2022 LITEON ESG Achievements



- Included on the Dow Jones Sustainability Indices for 12 consecutive years and ranks among the 2022 DJSI World Index and Emerging Markets Index



**FTSE4Good
TIP Taiwan ESG Index**

- Included in the FTSE4Good TIP Taiwan ESG Index for five Consecutive years



- Included in the Constituent MSCI ESG Leaders Indexes for nine consecutive years



- Inclusion in the FTSE4Good Emerging Index / FTSE4Good TIP Taiwan ESG Index



- Received the Highest Rating of "Leadership" in the 2022 CDP Supplier Engagement Rating (SER) for three Consecutive Years

Sustainability Award
Silver Class 2022

S&P Global

- Awarded Silver Class in the 2022 Sustainability Yearbook published by S&P Global

- Ranked Top 5% in the 9th Corporate Governance Evaluation for Its Rigorous Sustainability Governance
- Recipient of the Commonwealth Corporate Citizen Award by the Commonwealth Magazine since 2007 for 16 consecutive years
- Won 2022 TCSA Comprehensive Performance, Sustainability Report and Climate Leadership Awards

- Received three awards of "Generation Inheritance Award", "Innovative Research and Development Award" and "Excellent Award" by New Taipei City
- Become a founding member of the ESG "IMV" Alliance to advocate ESG innovation in different industries, assisting agriculture, fishery and animal husbandry to engage in sustainable actions
- As the eight founding members of the "Taiwan Climate Alliance" LITEON jointly advocate a net-zero future and assist Taiwan's supply chain of small and medium-sized enterprises to align with global carbon reduction trend

Message from the Chairman and the Chief Sustainability Officer

Dare to Dream: Developing a Mindset of Fearlessness and Open-Mindedness for a Life of Adventure and Achievement

In November 2022, while the world was still struggling to recover from the pandemic, no one noticed the arrival of a greater wave. The impact of ChatGPT swept across industries like a tsunami, changing the way we live and work. Many routine jobs may no longer be essential in future workplaces, and cross-disciplinary communication skills and the ability to quickly grasp trends and issues will become critical. The world of the future is filled with opportunities, and those who are brave enough to accept change and create new value will be able to seize these opportunities.

During the pandemic, many people talked about the resilience of businesses, but I often talked with my colleagues about the resilience of our psyche. True athletes have to compete against themselves every time they make progress. Resilience does not depend on external factors, regardless of whether it is smooth sailing or stormy weather. We must continue to move forward, and our only opponent is ourselves. While the AI revolution caught everyone off guard, the ability to quickly adapt and take advantage of the situation amid the changes is the key reason why LITEON has stood firm for over forty years in the face of rapid changes in the technology industry and paradigm shifts. AI can take over some human work, but only humans can create value. Humans are still the master, and AI can be transformed into IA (Intelligent Assistant) to become the best assistant for humans.

LITEON's Philosophy of Holistic Development in Family, Career, and Vocation

LITEON puts people first. We have established a corporate culture based on the world's most exceptional talent and continue to move forward through changes and challenges. At LITEON, you are not only a doer, but also a thinker, and we hope that you can be a dreamer. LITEON has created a force field based on will power where changes and innovation are possible, and gather together a group of dreamers, making brand recognition a force for gathering energy and moving in the same direction.

We took a series of measures with an overall perspective over the past two years to build employees' confidence and resilience for facing the future based on the spirit of mutual benefit and winning. We continued to optimize benefits and care, including the

employee stock ownership trust and free employee meals with quality that rivals food courts, and complete family and child care policy to eliminate any worries that employees may have.

It is as mentioned in the book *The 7 Habits of Highly Effective People* by Stephen R. Covey, success is not only about career development, but also family, friends and vocation. Life is a marathon. You start out with integrity, your abilities and learning capacity push you forward, prepare to solve problems at any time, and make an all-out effort! At LITEON, we hope that everyone will live a life of abundance. This is why we not only focus on career development, but also actively participate in society to create a positive impact.

Small Store with Big Impact

We worked with partners in ocean issues in 2022, and helped farmers get through difficult situations. We took an entire year to prepare for the opening of LITEON Collection. LITEON Collection is not only a brand store, but also involved the collective efforts of many partnering social enterprises. The store serves as a platform for LITEON to exert its influence and spread positive values and ideals. LITEON actively reaches out to support values that are mutually beneficial in society.

We can see the imagination of these social enterprises and creators for a brighter future through the products that are selected. You might feel that this is a bit foolish or too stubborn at times, but some innovative models were successful under our collective efforts. The existence of this small store also reminds us to insist on the importance of our original intention, regardless of how many complicated difficulties, the most important original intention is that we must believe that we are absolutely capable of building a better world with our two hands.

In the future, we will continue to work with partners around the world to create a greener, healthier, and fairer future through technology. We expect ourselves to bring this vision to society and become a truly different brand to jointly face future challenges with the world.



Tom Soong
LITEON Chairman and
the Chief Sustainability Officer

A handwritten signature in black ink, appearing to read 'Tom Soong', positioned below the printed name.





Anson Chiu
LITEON President

邱群利

Message from the President

Partnering for the Future: Building Innovation and Resilience for a Green and Prosperous World.

When this report is published, the massive tsunami brought by AI will have already swept the industry, and the shadows of geopolitics will still be close by. Changes and conflicts remain the norm in 2022. Yet, where there is uncertainty there is opportunity, and whether companies train their resilience will determine if they can leap forward and seize opportunities in crucial moments. LITEON has never feared difficulty. This is because we have always risen through changes and continued to move forward through challenges brought by rapid changes in the technology industry for nearly half a century.

LITEON comprehensively upgraded green solutions in 2022, set the track for the future based on core advantages, and stepped on the gas. We believe that regardless of how the situation changes, green resilience will inevitably become the theme of the future, and energy is the core strategy. We must effectively expand our influence to respond to climate change. Besides gathering together our capabilities for R&D and technologies, we must also assist supply chain partners in developing carbon reduction capabilities and competitiveness, and drive the overall industry's low carbon transition.

LITEON 555 Carbon Reduction Action

LITEON obtained SBTi validation in 2018 and has committed to reducing carbon intensity by 39.3% in 2025. Our carbon reduction progress has been faster than the goals set for each year, and we further proposed the 555 Carbon Reduction Action in 2022. First, LITEON's carbon emission intensity per unit revenue must decrease by 5% each year. We completed a carbon footprint inventory for all products in 2022, and the carbon footprint of LITEON products must decrease by 5% for each new generation in the future. Our goal is to achieve net zero emissions in 2050 by reducing carbon emission intensity and carbon footprint.

Mutually Beneficial Situation Where All Parties Win

Enhancing the carbon reduction competitiveness of supply chain partners is indispensable to the low carbon design of processes and product materials. LITEON is one of the eight founding companies of Taiwan Climate Partnership. We began exerting our influence on small companies in 2021, and began providing guidance and assistance to supply chain partners to compile their carbon inventory, raising their carbon reduction awareness and finding key carbon emission hot spots to formulate carbon reduction strategies. We provided guidance and assistance to a total of 65 partners to compile their carbon inventory in 2022, and expanded the energy conservation inspection of supply chain partner; the total electricity saving potential reaches 5.67 million kWh. We led 31 partners to join Taiwan Climate Partnership and implement climate initiatives.

Three Key Trends, LITEON Redefines Green Resilience of the Future

Aside from climate change, LITEON in 2022 reviewed the most influential green industries in daily life in the future. We believe that the three most important trends are green data centers, clean mobility, and energy efficient infrastructure. The core strategy in these trends is energy, so LITEON uses energy transformation, energy conversion, energy control, and energy storage as its core development strategies, combining over 30 years of electricity generation advantages to meet the requirements on higher flexibility, reliability, and resilience in micro power grids through high Watt, high density, and high conversion performance.

As a tech company with a long history, LITEON not only set excellent records, but is also the easiest company to work with and the most willing to share. Hence, we view our successes as great responsibilities instead of achievements. LITEON leads supply chain partners in building resilience and must ensure that it has a positive impact on society in economic, social, and environmental aspects. What is important about brands is not how well it is known, but rather the values and commitments it represents. We hope to exert our influence and use technology to create a green future that benefits mankind, and jointly move forward together with like-minded partners.

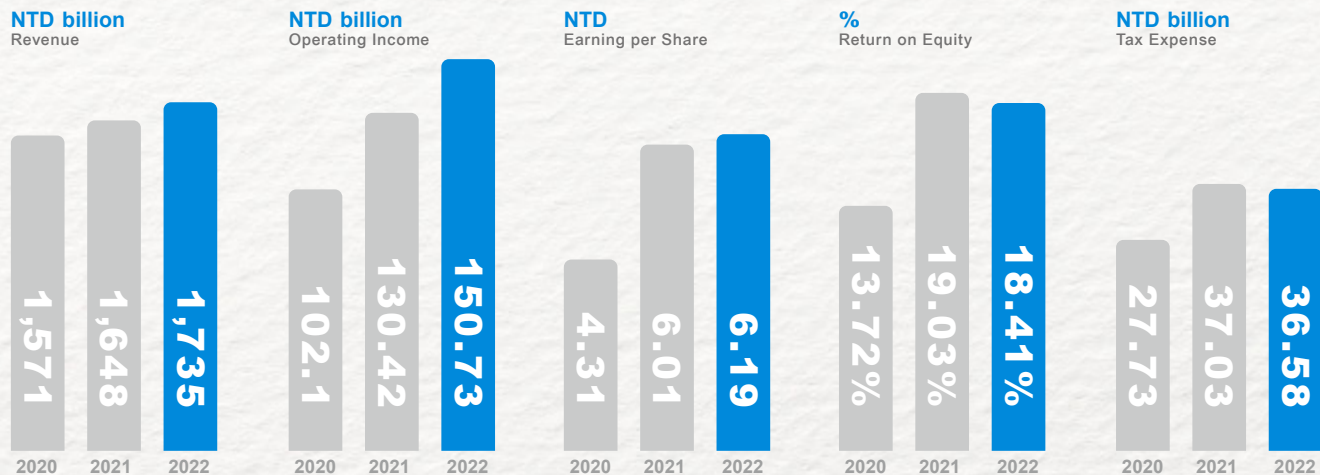
COMPANY OVERVIEW

Company Profile

Founded in 1975, and being the first listed electronics company in Taiwan, LITEON Technology is a world-leading provider of opto-semiconductor, power supply management and key electronic products with global manufacturing facilities. In recent years, with its active deployment in the fields of cloud computing, automotive electronics, 5G, AIoT and optoelectronics, coupled with expansion of new business for smart life, LITEON continues to use its professionalism, rich industrial experience, flexible supply chain management with quick response and diverse worldwide operational centers, has become the best partner of global customers for creating value, innovation, and application of smart technology.

For over four decades, LITEON produces products that are used in a broad range of applications, such as cloud computing, automotive electronics, optoelectronics, LED/lighting, smart healthcare, computers, communications, industry and consumer electronics while concentrating on establishing a competitive advantage in mass production to maximize the returns from a diverse product portfolio to realize profitable growths through resource integration and management; LITEON's main business strategy focuses on increasing resource utilization, automation, production optimization, and streamlined processes for better productivity and efficiency; in the long-term, the focus is on realizing profitability, maintaining stable operations as well as enhancing the return of shareholder's equity to take root in the sustainable operation of a century-old enterprise.

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



235.1

Company Capital : 23.51billion

32,230

Total Employees : 32,230

1. For more details on business performance including financial statement, liabilities, shareholders' equity, and retained earnings, etc. please refer to LITEON 2022 Annual report published on [the company website](#).
2. For information of LITEON's product development, please refer to "[Business Group](#)" in [company webpage](#). For production volume and sales value, please refer to [LITEON 2022 Annual report Page 122](#).
3. For Dividend policy with execution status and compensation for employees and board of directors, please refer to please refer to [LITEON 2022 Annual report Page 101](#).

Three Business Areas



Opto[1]electronics

As the first corporation in Taiwan to invest in the R&D and manufacture of LED (light emitting diode) electronic products, LITEON has developed a full range of optoelectronic product solutions that have found wide use in computers, communication, consumer, automotive, and industrial fields. From the design, development, and production of upstream optoelectronic semiconductors to solutions for various smart life and smart electric vehicles (EV) and industrial applications, LITEON continues to expand into the global market with leading differentiated technologies, and actively develops smart energy saving optoelectronic products together with its customers.

For optoelectronic semiconductors, LITEON leads the world in the global shipment of optocouplers and is also a top provider of industrial and IoT infrared sensors. In the field of automotive electronics, LITEON partners with Tier 1 customers to develop LED lamp modules for automobiles with highly personalized and intelligent unique identification design. LITEON also independently develops camera modules with image visual recognition systems, such as area view outside of vehicles and driver monitoring., thus creating safer and more efficient intelligent car experiences. For smart cities, LITEON's subsidiary, Leotek technology, is committed to developing outdoor LED lighting solution with innovation and the latest technology, actively promote the advancement of global road lighting and traffic signal systems towards intelligence and automation, creating a future for intelligent urban living for people worldwide.

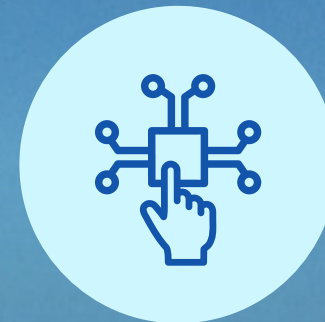


Cloud & AIoT

As a key provider in the global cloud server, networking, and IoT solutions, with a focus on long-term strategic development, LITEON invests in long-term growth areas such as energy conversion, energy saving, energy management and energy storage during this crucial energy transformation period. By leveraging its core strengths, it develops Internet of Energy (IoE) applications that offer systematic solutions to the Green Data Center, via edge server power system design and liquid cooling solutions. Additionally, it is expanding its offering of AC/DC charging solutions for clean mobility and accelerating the adoption of microgrids and energy management solutions for efficient infrastructure. LITEON not only commits for a greener planet but also positions itself as a leader in sustainable business practices.

Apart from continuously investing in research and development for the latest technologies in high power density, high efficiency, and high conversion rates for power supplies, and providing comprehensive power products and integrated systems across domains such as 5G, AIOT, cloud computing, smart grid, and electric vehicles. With its accumulated expertise in GPU power application scenarios and technology, LITEON has obtained advanced and leading advantages in the development of the next generation of GPU server power.

With core capabilities in research and development, design, manufacturing, and system integration for networking and IoT, LITEON offers integrated solutions from enterprise wired and wireless networks, 5G private networks, to various smart living and smart city needs. In addition to launching 5G network base station products that comply with O-RAN standards through its participation in the O-RAN Alliance, it also holds the market leadership for communication modules.

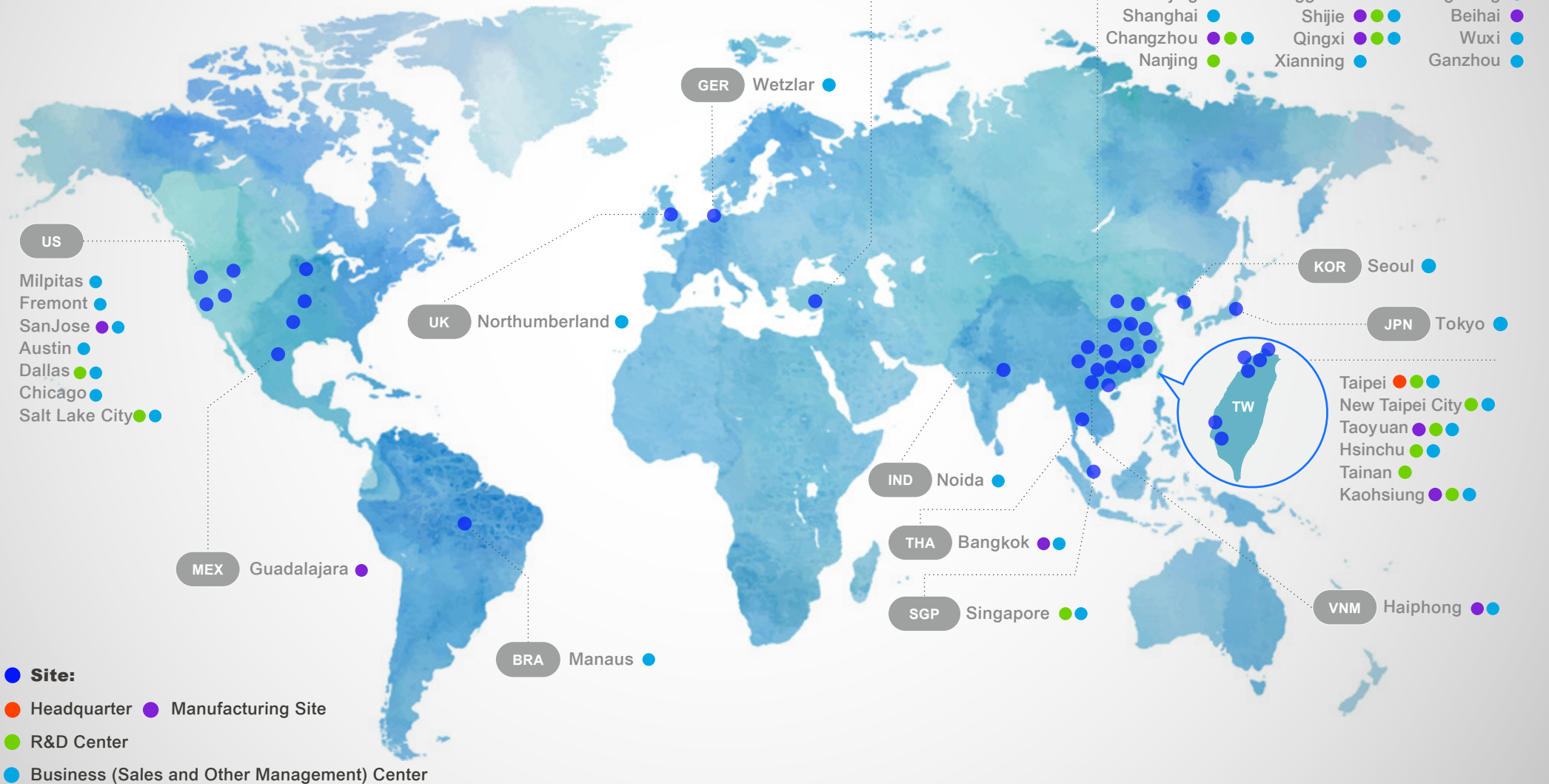


Information Technology & Consumer Electronics

LITEON has a solid foundation in information technology and consumer electronics, with nearly half a century of accumulated experience. It has long been the global market leader in peripheral applications. Furthermore, LITEON is a key supplier for power applications in consumer electronics such as gaming consoles, workstations, desktop and laptops. Through diversified layouts and accelerated development of critical technologies and high-value products, it continues to optimize its product portfolio with a market-oriented approach, actively constructing a complete industrial ecosystem to offer customers diversified solutions.

For next generation products, LITEON will keep on working together with its supply chain partners to build green resilience. In 2022, LITEON had verified carbon footprint of the entire product line. With low-carbon design as the core, the next generation of products will reduce carbon emission by 5%. At the same time, LITEON aims to create its second growth curve by increasing the proportion of recycled materials, reducing the use of materials to benefit the environment, enhancing power conversion efficiency to respond to sustainable trend. Leveraging its competitive advantages in research and development and manufacturing, LITEON helps customers launch products that meet consumers' expectations and align with the sustainability goals.

Locations of LITEON's Major Operations Worldwide 2022



Membership in Groups and Associations

LITEON actively participates in public association activities such as industry, R&D technology and governance. By participating in regular or irregular meetings and activities organized by the association, we jointly promoted the progress of the industry and paid attention to topics such as technological innovation, corporate governance and sustainable operation. In 2022, LITEON spent about NT\$6.58 million to participate in the association organization.

Region Category	Taiwan	Mainland China	Others
Industry	<ol style="list-style-type: none"> Taipei Computer Association (standing director) Taiwan Electrical and Electronic Manufacturers' Association (standing director) Photonics Industry & Technology Development Association(director) Taiwan Monte Jade Science and Technology (director) Taiwan Optoelectronic Semiconductor Industry Association (director) Taiwan V-team (Autonomous Driving Group / Industry Co-Convener) Taiwan Export Processing Zone Electrical and Electronic Manufactures Association (director) 5G Industrial Innovation & Development Alliance Taiwan Listed Companies Association SEMI Taiwan Transportation Vehicle Manufacturers Association SINOCON Industrial Standards Foundation Chinese Taipei Components Certification Board Taipei Electronic Components Suppliers' Association Chief Information Officer Association 	<ol style="list-style-type: none"> Anti-Static Equipment Branch of China Electronic Instrument Industry Association IPC Association Changzhou Procurement Association ICT Industry High Quality and Green Development Alliance 	<ol style="list-style-type: none"> Electronic & Computer Employer's Association (Thailand) Chai-Klong Personnel Management (Thailand)
R&D and Technology	<ol style="list-style-type: none"> Taiwan Advanced Automotive Technology Development Association (TADA) 	<ol style="list-style-type: none"> Jiangsu Institute of Electronics SMT Professional Committee China Lora Application Alliance 	<ol style="list-style-type: none"> APEC's Energy Working Group Open Compute Project Center for Power Electronics Systems Peripheral Component Interconnect Special Interest Group HDMI® Licensing Administrator High-bandwidth Digital Content Protection Wireless Power Consortium O-RAN ALLIANCE TELECOM INFRA PROJECT
Other	<ol style="list-style-type: none"> The Institute of Internal Auditors, R.O.C. Taiwan Corporate Governance Association Association of Certified Fraud Examiners Taiwan Chapter MAPECT Neihu Technology Park Development Association Taiwan Science Park Association of Science and Industry CommonWealth Sustainability Association Taiwan Climate Partnership The Business Council for Sustainable Development of Taiwan Plastics Industry Development Center / Sea Waste Recycling Alliance 	<ol style="list-style-type: none"> Changzhou Taiwan Compatriots Invested Enterprises Association (Chief Supervisor) Changzhou Wujin District Taiwan-funded Enterprises Association(Chief Supervisor) Wujin National High-tech Industrial Development Zone Chamber of Commerce (Vice President) Guangzhou Development District Foreign Investment Association Guangzhou Taiwan Investment Enterprises Association (director) Dongguan Human Resources and Social Security Society Dongguan Taiwan Business Enterprise Investment Association Shijie Branch (director) Chang'an Taiwanese Business Association (director) Tianjin Taiwan Compatriot Investment Enterprise Association (Vice President) Tianjin Association of Enterprises with Foreign Investment 	<ol style="list-style-type: none"> Responsible Minerals Initiative India Taiwanese Business Association

1. SUSTAINABLE GOVERNANCE

Best Partner in Opto-Electronic, Eco-Friendly and Smart Technologies

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.



CORPORATE SUSTAINABILITY COMMITMENT

1.1 Corporate Sustainability Perspective and Commitment

We believe that sustainable development is the unshirkable responsibility of companies. Hence, we not only pursue revenue and profit growth, but are also actively involved in sustainable development and shoulder our social and environmental responsibility. And we also promise to make efforts and commitments in the three aspects of ESG to meet stakeholders' expectations.

LITEON established the CSR Code of Conduct as the highest guiding principles for the LITEON group's sustainable development. The CEO was authorized by the board of directors to sign and implement the CSR Code of Conduct. The Code of Conduct is based on the International Labour Organization (ILO) and Responsible Business Alliance (RBA), and mainly covers ethics, labor, environment, health and safety, management system, corporate governance, and community involvement. The code is applicable to LITEON, subsidiaries, contractors, and supply chain, helping the company become a good corporate citizen and fulfill its social responsibility. LITEON has always sought principles acceptable from both an ecological and ethical perspective, and exerts every effort to reduce its negative impact on the natural environment, people, and society. Therefore, it is the responsibility of every LITEON employee to implement the CSR Code of Conduct.

With regard to corporate governance, we emphasize transparency and integrity, strictly comply with laws and regulations, and set high standards in the Code of Ethics and Code of Conduct to ensure that the company does business ethically. For labor-management relations, we care about employees' rights and interests, provide a good and safe work environment, and give employees better development opportunities and quality of life through professional training and workplace development planning. For environmental protection, we are developing green products and reducing our impact on the environment. We attach importance to energy conservation & carbon reduction and resource recycling and reuse from the design stage, and continue to improve the environmental impact of our production and supply chain. As for social welfare, we continue to invest resources and effort into social care and altruism in action, giving back to society and taking action to fulfill our corporate social responsibility.

We believe that these sustainable development practices will not only increase economic benefits for the company, but also create a better future for the general public, and strike roots of sustainability to become a centenarian corporation.



Environment

LITEON Commits to Science- Based Targets (SBT) GHG Emission Reduction Targets Approved by SBTi

- Carbon reduction with Science-Based Targets (SBT)
- By 2025, reduce carbon intensity by 39.3% from 2014
- CDP and TCFD Framework Disclosure for stakeholders
- Perform carbon footprint inventory and identify hot spots that aim to reduce carbon emission of products through 3R green design methods
- Implement zero landfill in plants toward circular economy
- Setting a carbon intensity reduction target of 5% annually, reducing product carbon footprint by 5% per generation, and actively working towards achieving net-zero emissions by 2050.



Social

LITEON Supports International Standards

- Responsible Business Alliance, RBA
- Social Accountability 8000, SA 8000
- Universal Declaration of Human Rights
- International Labour Organization
- UN Guiding Principles on Business and Human Rights

LITEON's ESG Guidelines

- LITEON Human Rights Policy
- LITEON CSR Code of Conduct



Governance

LITEON Upholds the Core Values of "Innovation, Integrity, Customer Satisfaction, and Excellence in Execution"

- Corporate Sustainability Committee led by chairman
- Followed ISO 31000 risk management principles and guidelines
- Information security system complies with the ISO 27001 standard, while operational technology (OT) follows the ISA/IEC 62443 standard. We have also integrated enterprise risk management and adopted the NISTIR 8286 framework
- Integrating ESG into supply chain management to expand energy-saving and carbon-reducing impact with suppliers

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 developing green products, innovating with application and innovation, ensuring responsible production, investing in employee training and development, and expanding our social impact. The results are disclosed in the report in order to help our stakeholders better understand the sustainability achievements of LITEON.

LITEON ESG Sustainability Blueprint and Key Points



1.2.1 Highlights on LITEON's Response to UN Sustainable Development Goals (SDGs) in 2022

SDGs	LITEON's Response to SDGs	Chapter
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> ✓ 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. ✓ The founder Raymond Soong established the Raymond Soong Scholarship in his alma matter National Taipei University of Technology, and provides nearly NT\$20 million every year to support 40 outstanding students who are economically disadvantaged or have great potential. It is the highest scholarship provided to students in the undergraduate department of the university. ✓ In 2022, LITEON teamed 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. ✓ The LITEON Cultural Foundation provide scholarships to 140 financial burden of disadvantaged students through Scholarship assistance program in 2022, which totaled over NT\$2.7million. ✓ In 2022, Xinyi Community College offers a total of 353 courses in academic and life skills categories, providing a lifelong learning channel for 5,887 students and enhancing their self-worth. 	<p>5.1 Social Inclusion Policy</p> <p>5.3 Altruism in Action</p> <p>5.4 LITEON Cultural Foundation</p> <p>5.5 Taipei Xinyi Community College</p>
 <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> ✓ 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. In 2022, the proportion of female employees was 46%, an increase of 2.2% compared with 2021. The proportion of female senior executives was 12%. The ratio of men to women in the annual salary of senior executives is 1:1.13. There is no significant difference in remuneration ratio between men and women of the Company. ✓ By Nomination Committee resolution, the company will actively look for more trained professional women to join the board. ✓ Maternal health care plans for female employees are implemented effectively for maternity protection and equal employment opportunity. The scope covers medical staff interview, hazard assessment and control, risk classification, and adaptive job assignment. ✓ Women empowerment seminars are offered irregularly to female employees. 	<p>4.2 Diversity and Inclusion: Our Global Employee Profile</p> <p>4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs</p> <p>4.6 LOHAS LITEON</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> ✓ Using its core technologies of light and electronics, LITEON invests in the future home energy management-based microgrid solution, as well as the research and development, design, and manufacture of other energy storage systems, power control, and energy management. ✓ LITEON invests actively in the development of several high-performance power conversion technologies and energy-saving products . ✓ Through exchanges and cooperation with industry associations, it actively provides suggestions on the government's renewable energy policy goals, to accelerating people's access to sustainable and modern energy. 	<p>3.1 Environmental Sustainability Commitment and Policy</p> <p>3.2 Climate Change and Energy Management</p> <p>3.5 Green Product Design & Management</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> ✓ LITEON promotes talent development program 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 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. 	<p>2.3.6 Human Rights Management</p> <p>5.1 Social Inclusion Policy</p>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> ✓ Communication modules, network communication, computer peripherals, cloud power and other information and communication products are optimized on an ongoing basis to extend the global reach of the Internet at a faster pace. ✓ Continue to develop a series of 5G networking products to improve the application flexibility and deployment efficiency of 5G network infrastructure. ✓ In order to become the best, first-choice business partner for global customers when developing innovative optoelectronic energy-saving and smart technology applications, the company's overall R&D expenditure has been greatly increased. The ratio of revenue in 2022 was 4.29%, and it will continue to expand to 4.68% by March 2023; it will be mainly invested in the research and development of optoelectronic semiconductors, cloud power, 5G/AIoT, and automotive electronics. In addition to the development of hardware, we will also invest in the development of a variety of software features. ✓ LITEON's phase two plant in Hai Phong, Vietnam, which is an overseas demonstration plant for Industry 4.0 smart manufacturing, was formally completed and began operations. LITEON implements advanced manufacturing for high product manufacturing capacity and flexibility, and continues to move towards Industry 4.0 through product portfolio optimization, joint production management of different operating locations, and the operation mechanism of cross-functional technical committees, etc. 	<p>Company Overview</p> <p>3.1 Sustainable Environmental Commitment and Policy</p> <p>3.2 Climate Change and Energy Management</p> <p>3.5 Green Product Design and Management</p>

SDGs	LITEON's Response to SDGs	Chapter
	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> <ul style="list-style-type: none"> ✔ The subsidiary LEOTEK aims to make tracks smarter, and combines AIoT and 5G networking technology to promote the "Internet of Lights," proposing an integrated solution for incorporating urban road lighting and smart traffic lights for smoother traffic flow and road safety. It develops "smart road transportation" to provide better safety and quality for both for vehicles and pedestrians. ✔ Together with Far EasTone, we have piloted the "Human-based Smart Lighting Controlled Street Lights" in the "Taoyuan Smart Street Lamp Replacement Project". Monitors detect the brightness of roads and judge the reflectivity and scattering characteristics; the street lights then automatically eliminate road glare, and then output the most suitable light for current road conditions, thereby reducing eye fatigue during driving and improving road safety. Awarded the 13th Road Safety Innovative Contribution Award by the Ministry of Transportation and Communications. 	Company Overview
	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> ✔ 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. ✔ LITEON tries to achieve optimized packaging materials, reduction at sources, and a reduced percentage of hazardous waste in the production process. ✔ LITEON is committed to developing low-carbon and sustainable materials, and building an industrial circular economy through innovative R&D technologies. We take green product design as our core concept, and we focus on the three major aspects of "co-product recovery", "circular sourcing" and "resource recovery". We cooperate with suppliers to create the basis of an industrial circular economy, and have proposed a number of green solutions, including the development of marine waste sustainable plastics, process resource utilization optimization technology, and the use of a high proportion of post-consumer recycled (PCR) materials in products. 	1.4.2 Stakeholder Engagement Performance in 2022 2.6 Sustainable Supply Chain 3.5 Green Product Design and Management
	<p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> ✔ 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. ✔ LITEON's Science Based Target (SBT) aims to reduce carbon emissions passed compliance review by Science Based Targets Initiative (SBTI). ✔ Set 555 carbon reduction goals to actively face climate challenges. ✔ LITEON follows the Task Force on Climate-Related Financial Disclosures (TCFD) initiative to identify climate risks and opportunities to formulate adaptation and mitigation strategies. 	3.1 Sustainable Environmental Commitment and Policy 3.2 Climate Change and Energy Management
	<p>Conserve and sustainably use the oceans, seas and marine resources</p> <ul style="list-style-type: none"> ✔ To reduce the impact of plastics on the marine environment and ecology, we continue to develop diverse and customized ocean waste sustainable plastics. For example, using marine waste polystyrene as the base material, we have developed the world's first LGS-7505 that has passed UL2809 OP traceability validation and LGP-8005 and LGC-5005 with better material properties. ✔ Together on 917! LITEON called on value chain partners on International Coastal Cleanup Day in 2022, and six major companies gathered together on the Northern Coast for coastal cleanup and to protect the ocean. 	1.4.2 Stakeholder Engagement Performance in 2022 5.1 Social Inclusion Policy 5.3 Altruism in Action
	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable Development</p> <ul style="list-style-type: none"> ✔ In response to the government's net-zero initiative, LITEON has joined the "Taiwan Climate Partnership" with seven other companies, hoping to leverage its corporate influence and help industries create green business opportunities amid the trend for carbon reduction. ✔ LITEON also commenced the sustainable supply chain green transformation, inviting members of the supply chain to conduct organizational GHG emissions inventory and carbon footprint of products, and continuously refining the carbon management of the supply chain. At the same time, we actively responds to customers' green product needs and makes sustainable value chain partnerships. ✔ 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. 	1.3 LITEON Corporate Sustainability Committee 1.4.2 Stakeholder Engagement Performance in 2022 5.3 Altruism in Action

1.3 LITEON Corporate Sustainability Committee

As a way to strengthen sustainable competitiveness and to demonstrate the company's commitment to sustainable development, LITEON established the Corporate Sustainability Committee (CS Committee) in 2019 as the highest authority governing the company's sustainability-related operations.

The CS Committee consists of no less than three board members appointed by the board of directors, and more than half are independent directors. The CS Committee led by LITEON Chairman Tom Soong, responsible for setting the annual goals of corporate social responsibility in economic, environmental, and social aspects and regularly supervising the implementation status, leading LITEON sustainable development to improve and achieve various short, medium, and long-term goals, and regularly report implementation plans and results to the board of directors every year.

In response to the environment and issues of interest to stakeholders as well as changes in industry trends, LITEON has developed nine subcommittees based on the company's capacity and incorporated them into daily operations, to achieve a more precise sustainable responsibility criterion.

Therefore, LITEON's CS Committee consists of nine sub-committees, each with its own focus area. These sub-committees are Risk Management, Information Security, Ethical Operations, RBA Code of Conduct Enforcement Management, Social Engagement, Sustainable Supply Chain Management, Sustainable Product Design, Environmental Sustainability, and Stakeholder Relations. The goals of each committee are set out in the corresponding chapters in this report.

Organization Structure of LITEON Corporate Sustainability (CS) 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 Corporate Sustainability Center to the board of directors.




In 2022, 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.



1.4.2 Stakeholder Engagement Performance in 2022

Stakeholder	Significance to LITEON	Method and Frequency of Engagement	Concerned Topics	LITEON's Response	Engagement Results	Report (Chapter)
 <p>Investors (shareholders)</p>	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"> The executive management team meets regularly every year. Shareholder meetings: (annually) Investor conferences: (quarterly) Participation in global investor forums (as needed) Investor hotline (real-time) and mailbox 	<ul style="list-style-type: none"> Corporate governance & operations Integrity and compliance Risk management Supply chain management Customer relations management 	<ul style="list-style-type: none"> The company engages investors regularly or as needed to convey its business performance and prospects. 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. 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. 	<ul style="list-style-type: none"> Held 1 annual general meeting Held 4 institutional investor conferences 123 external Investor discussion meetings/ forum 	<ol style="list-style-type: none"> 2.7 Customer Service and Satisfaction 2.1 LITEON's Value and Governance 2.2 Corporate Governance Organization 2.3 Corporate Risk Management 2.4 Compliance, Ethics, and Anti-Corruption 2.6 Sustainable Supply Chain
 <p>Employees (union)</p>	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"> Union meetings (as needed) Employee/employer meetings (quarterly) Business unit meetings (quarterly) Hotlines and mailboxes (immediate) Business meetings and internal correspondence (real-time) 	<ul style="list-style-type: none"> Labor relations and friendly workplace Human rights Talent attraction and retention Corporate governance & operations Talent training & education Occupational safety and health 	<ul style="list-style-type: none"> 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. Management training by field of training and by the level of authorization, holistic health and safety training, and fire drills are conducted regularly. Employee engagement survey showed an average agreement rate of 85.5%. 	<ul style="list-style-type: none"> 26 two-way communication meetings among business units 2 company-wide two-way communication meetings (Town hall Meeting) Held 2 Newcomer Communication Meetings (MVP Summit) Handled 307 cases via internal communication channels 31 trade union meetings Health consultation in Taiwan served 13,442 individuals 	<ol style="list-style-type: none"> Company Overview 2.1 LITEON's Value and Governance 2.2 Corporate Governance Organization 2.3.6 Human Rights Management 4.1 Blueprint of People-oriented Strategies 4.2 Diversity and Inclusion: Our Global Employee Profile 4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs 4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey 4.5 Friendly Workplace 4.6 LOHAS LITEON 4.7 Occupational Health and Safety
 <p>The Media</p>	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"> Regular investor conferences to publish business results, interviews in shareholders meetings, and press releases (quarterly) Ad hoc business result updates, interviews in press conferences, and press releases (as needed) Regular press releases to publish monthly revenues (monthly) Ad hoc press releases to publish business updates (as needed) Media and public relations hotline and media interviews and inquiries (real-time) 	<ul style="list-style-type: none"> Corporate governance & operations Corporate Image Integrity and compliance Risk management Labor relations and friendly workplace Innovation development and application 	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> Issued a total of 29 press releases Hosted 7 press conferences 	<ol style="list-style-type: none"> Company Overview 2.2 Corporate Governance Organization 2.4 Compliance, Ethics, and Anti-Corruption 2.3 Corporate Risk Management 3.5 Green Product Design and Management 4.5 Friendly Workplace 4.6 LOHAS LITEON

Stakeholder	Significance to LITEON	Method and Frequency of Engagement	Concerned Topics	LITEON's Response	Engagement Results	Report (Chapter)
 Customers	<p>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.</p>	<ol style="list-style-type: none"> 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"> • Customer relationship management • Product quality and safety • Data security and client privacy • Green product design • Supply chain management 	<ul style="list-style-type: none"> • A customer-oriented sales platform is added as part of an ongoing effort to strengthen customer service and staying in close communication with customers. • 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. • The company protects client privacy and is always ready to face customer scrutiny. • 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. 	<ul style="list-style-type: none"> • A customer satisfaction survey on 88 customers produced a 88.2% satisfaction rate • Held over 65 ESG communication meetings and workshop with customer, A total over 86+ hours 	<ol style="list-style-type: none"> 2.7 Customer Service and Satisfaction 2.5 Information Security and Privacy Management 2.6 Sustainable Supply Chain 3.5 Green Product Design and Management
 Suppliers	<p>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.</p>	<ol style="list-style-type: none"> 1. Supplier training conferences (as needed) 2. Supplier audits (as needed) 3. Project meetings (as needed) 	<ul style="list-style-type: none"> • Supply management • Product quality and safety • Raw materials management • Integrity and compliance • Green product design 	<ul style="list-style-type: none"> • 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. • 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. 	<ul style="list-style-type: none"> • Implemented a supply chain energy saving project, driving 11 suppliers in Taiwan Suppliers work together to save energy. • 2 online training courses held under "Supplier Green Transformation Project" 	<ol style="list-style-type: none"> 2.4 Compliance, Ethics, and Anti-Corruption 3.5 Green Product Design and Management 2.6 Sustainable Supply Chain
 Government Authorities	<p>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.</p>	<ol style="list-style-type: none"> 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"> • Corporate image • Integrity and compliance • Corporate governance and operations • Labor relations and friendly workplace 	<ul style="list-style-type: none"> • 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. • Regularly communicate with the local government disease control and community epidemic prevention departments of the plant to learn about the epidemic situation, corresponding epidemic prevention measures, nucleic acid testing, vaccination, etc. In order to grasp the latest developments and information of the epidemic, and use it as the main basis for the dynamic adjustment of the epidemic prevention policy in the factories. 	<ul style="list-style-type: none"> • Joined the "Taiwan Climate Partnership" to respond to the government's initiative to save energy and reduce carbon emissions. • Following the "Corporate Governance 3.0 - Sustainable Development Blueprint" of the Financial Supervisory Commission, LITEON publishes a sustainability report every year to strengthen the disclosure of ESG information 	<ol style="list-style-type: none"> 2.1 LITEON Values and Governance Company Overview 2.2 Corporate Governance Organization 2.4 Compliance, Ethics, and Anti-Corruption

Stakeholder	Significance to LITEON	Method and Frequency of Engagement	Concerned Topics	LITEON's Response	Engagement Results	Report (Chapter)
 The Communities	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.	<ol style="list-style-type: none"> Community assistance Social media webpage (as needed) Course feedback form (at the end of each class) Instructors' meetings (as needed) Teachers' meetings (as needed) Volunteers and supervisors' meetings (as needed) Assistance director and supervisors' meetings at the beginning and the end of a semester (semiannually) Xinyi Community College Volunteer meetings (quarterly) 	<ul style="list-style-type: none"> Social engagement Corporate image -Integrity and compliance Climate change and energy management 	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> Cumulative volunteer campus service hours exceed 1,950 hours in 2022 Provide scholarships to 140 students in 2022, which totaled over NT\$2.7million Xinyi Community College offered a total of 353 courses this year and more than 5,887 participants benefited from the courses 	Company Overview 2.4 Compliance, Ethics, and Anti-Corruption 3.2 Climate Change and Energy Resource Management 5.1 Social Inclusion Policy 5.3 Altruism in Action 5.4 LITEON Cultural Foundation 5.5 Taipei Xinyi Community College
 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.	<ol style="list-style-type: none"> On-site visits and meetings (as needed) Seminar planning (as needed) Government project execution (as needed) Collaborative technology development (as needed) 	<ul style="list-style-type: none"> Innovation development and application Green product design Talent training & education Integrity and compliance 	<ul style="list-style-type: none"> By applying for government subsidies or earmarked grants, the company forms academiaindustry 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. The company collaborates with others in developing industry technologies through technology transfer or commissioned research to implement new technologies needed to enable product development. The company works with research institutions in building up talent pools and necessary techniques by providing funding or creating joint research centers. 	<ul style="list-style-type: none"> Jointly established R&D center with Tsinghua University to conduct technology and patent research in key areas of the industry. Cooperated with Nanyang Technological University in Singapore in the field of smart grid and smart home technology development. Through industry-university cooperation, more than 100 papers have been published in famous domestic and foreign journals. We have established a strategic partnership with the Industrial Technology Research Institute (ITRI) in the development of new technologies and intellectual property rights. 	2.4 Compliance, Ethics, and Anti-Corruption 3.5 Green Product Design and Management 5.1 Social Inclusion Policy
 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.	<ol style="list-style-type: none"> Membership associations (as needed) Event co-sponsorships (as needed) Initiate advocacy (as needed) 	<ul style="list-style-type: none"> Corporate image Human rights Labor relations and friendly workplace Climate change and energy management 	<ul style="list-style-type: none"> The company is an active member of industry associations and stays in close contact with other industry members. The company works with NGOs/NPOs to support environmental conservation and social inclusion projects. 	<ul style="list-style-type: none"> Engaged with the Taiwan Corporate Sustainability Forum, Taiwan Electrical and Electronic Manufacturer's Association and Taiwan Optoelectronic Semiconductor Industry Association on an ongoing basis. Continue to collaborate with the marine debris advocacy group "Coastal Cleanup" to execute ocean conservation projects Together with Step30, over 10,000 pairs of shoes were donated to Kenya, Africa 	Company Overview 1.4.2 Stakeholder Engagement Performance in 2022 2.3.6 Human Rights Management 2.6.2.1 Sustainable Supply Chain Management Guideline 3.2 Climate Change and Energy Resource Management 4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs 4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey 4.5 Friendly workplace 4.6 LOHAS LITEON

1.4.3 Identification of Material Topics

The LITEON Sustainability 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. LITEON's major topic identification work is conducted at least every three years, and the last implementation year of the stakeholder sustainability issue survey is 2023. Material topics of the year and stakeholders will be examined on an ongoing basis and modified as needed at least annually by the Corporate Sustainability Committee.

1. Identification



A list of 22 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

2. Prioritization



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

- Based on various ESG issues, we used "the impact of the activities and business relationships of LITEON on the economic, environmental, and social population during the process of providing products or services" as the main evaluation criteria and ranked them accordingly. An impact level of 4.55 or above is considered a material impact.
- We referenced the EU's double materiality evaluation framework and evaluated "financial materiality," i.e., evaluating the impact of environmental, economic, and social issues on the Company's internal financial and accounting reports. Topics with an impact of 4.3 and above are included in the scope of material topics.
- In 2022, a total of 691 valid results were received in an internal and external questionnaire. The opinions of key stakeholders were studied through external communication meetings with key customers, suppliers and experts as well as internal subcommittee 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 issue matrix.

Description of Qualitative Communication

Internal subcommittee meetings	Led by level 1 supervisors and the progress and plans of operations are discussed during regular meetings. Contact persons of each sub-committee are invited to evaluate the "Impact on LITEON's operations" and positive and negative impacts.
Customers	LITEON conducts focused interviews with key customers. Aside from the business aspect, LITEON also inquires customers about their impression of LITEON's sustainability and their satisfaction or expectations for green products.
Suppliers	LITEON conducted several sustainable education and communication meetings for suppliers, which included communicating and explaining our company's operational performance, as well as our sustainable supply chain development strategy and goals. We also actively understands the actions and perspectives of suppliers in sustainability issues, and provides timely assistance.
Investors	IR actively discloses ESG information during quarterly investor conferences and communicates the Company's important ESG results and future plans with investors. At present, sustainability issues that investors are concerned about are mainly renewable energy use and market opportunities for green products.
Experts	LITEON engages in in-depth discussions on the current status and future strategies for LITEON's sustainability with the external consulting team, and set goals for short-term, mid-term, and long-term actions. LITEON engages in discussions with research institutes and professors on product R&D derived from circular economy, verification of carbon reduction mechanisms, and industry-academia collaboration opportunities.
Others	LITEON encourages responsible consumption to support social innovation products that correspond to sustainability initiatives, and also invites communities to examine LITEON's position and influence in sustainability from a different perspective, in order to find opportunities for creating a joint social network.

Material Topic Matrix





3. 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 CS Committee and nine sub-committees. The committee also raises the degree of materiality for two topics, "Circular economy" and "Financialization of ESG information" based on results of international benchmarking analysis, trends in sustainability, and LITEON's business development strategies. In 2022, material topic of "Talent training and education labor relations and friendly workplace" was deleted and "Innovation development and application" was added.
- A total of 15 sustainability topics were selected from the "Significant Impact" and "Financially Significant" 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.


Material Topics	Corporate governance and operations, Integrity and compliance, Climate change and energy resource management, Product quality and safety, Occupational health and safety, Risk management, Information security and personal information protection, Supply chain management, Customer relations management, Circular economy, Green product design, Human rights, Talent recruitment and retention, Innovation development and application, Financialization of ESG information
Minor Topics	Corporate image, Raw materials management, Community involvement, Talent training and education, Labor relations and friendly workplace, Waste management, Water management


4. 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.

Impact description of Material Topics

Category	Material Topic	Actual or Potential Positive Impacts	Actual or Potential Negative Impacts to LITEON	Corresponding GRI Standards	Report Chapter
 environment	Climate change and energy management	LITEON sees climate change as an important opportunity. LITEON makes use of energy creation, conservation, and conversion products and solutions to counter the implications and challenges of climate change.	LITEON sees climate change as a major risk. In addition to setting aggressive carbon reduction targets and adaptation and mitigation strategies. Transition risks such as changes in customer and market demands, increased costs of complying with carbon fees, as well as physical risks such as the severity of extreme weather events like typhoons and floods.	<ul style="list-style-type: none"> GRI 201: Economic Performance GRI 302: Energy GRI 305: Emissions 	Chapter 3: LITEON and the Environment.
	Low carbon 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 emissions, 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.	--	<ul style="list-style-type: none"> GRI 302: Energy 	3.5 Green Product Design and Managementa
	circular economy	Circular economy covers comprehensive environmental issues such as "energy" and "resources". In addition to reducing the impact of electronic industry operations on the environment, it can also develop innovative business models and bring new profit opportunities to companies.	--	<ul style="list-style-type: none"> GRI 302: Energy 	3.5 Green Product Design and Managementa

Category	Material Topic	Actual or Potential Positive Impacts	Actual or Potential Negative Impacts to LITEON	Corresponding GRI Standards	Report Chapter
 Economic/ Governance	Integrity and compliance			<ul style="list-style-type: none"> GRI 205: Anti-corruption GRI 206: Anti-competitive behavior GRI 307: Environmental regulations GRI 416: Customer health and safety GRI 417: Marketing and labeling GRI 418: Customer privacy GRI 419: Social and economic regulations 	2.4 Compliance, Ethics, and Anti-Corruption 2.5 Information Security and Privacy Management 3.5.3 Product Environmental Marks and Declaration
	Corporate governance and operation	Corporate governance is the foundation of business administration. 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.	Unsound corporate governance may cause corruption and unethical conduct, damage investors' trust and shareholders' interests, and damage company image and reputation. A severe violation will affect brand reputation and brand value, and may further affect market value and incur costs from fines.	<ul style="list-style-type: none"> GRI 201: Economic performance GRI 205: Anti-corruption GRI 405: Diversity and equal opportunity for employees 	Company Overview 2.4 Compliance, Ethics, and Anti-Corruption 2.2.1 Board of Directors and Functional Committees 2.6.2.1 Sustainable Supply Chain Management Guideline 2.3.6 Human Rights Management 4.2.1 Employee Structure and Distribution 4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs 4.6 LOHAS LITEON

Impact description of Material Topics

Category	Material Topic	Actual or Potential Positive Impacts	Actual or Potential Negative Impacts to LITEON	Corresponding GRI Standards	Report Chapter
 Economic/ Governance	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.	The negative impact of inadequate information security and personal data protection on business operations is multifaceted, including leakage of confidential information, damage to reputation, loss of customers, and legal risks.	<ul style="list-style-type: none"> • GRI 417: Marketing and Labeling • GRI 418: Customer Privacy • GRI 419: Socioeconomic Compliance 	2.5 Information Security and Privacy Management 3.5.3 Product Environmental Marks and Declaration
	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.	--	<ul style="list-style-type: none"> • General Disclosures • 2-12 The role of the highest governance body in overseeing the management of shocks • Material Topics • 3-1 Process for determining material topics • 3-2 List of material topics • 3-3 Management of material topics. 	2.3 Corporate Risk Management
	Supply chain management	Supply chain management is an essential link in LITEON's operations, and has an important effect on economic benefits, brand image, and environmental image. 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.	Poor supply chain management may cause product failure or late delivery by suppliers, and further affect the Company's shipments and services. It may also make it hard for the Company to manage Scope 3 emissions.	<ul style="list-style-type: none"> • GRI 204: Procurement Practices • GRI 308: Supplier Environmental Assessment • GRI 414: Supplier Social Assessment 	2.6 Sustainable Supply Chain
	Customer relationship 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. Good customer relationship management can help the Company improve customer satisfaction, loyalty, and repurchase rate, expand customer groups, improve company efficiency and lower cost, and thereby enhance competitiveness and increase market share.	Poor customer relationship management may directly affect customer satisfaction. When customers encounter issues in the process of purchasing products or services, if the company cannot provide a solution or response in a timely manner, customer satisfaction may decline. At the same time, if a customer complaint is not effectively resolved, the customer may lose confidence in the company and choose a competitor instead, resulting in the company losing revenue. Furthermore, if a customer is dissatisfied with the company's products or services, they may further influence the impression and purchasing decisions of other potential customers towards the company.	<ul style="list-style-type: none"> • GRI 416: Customer Health and Safety • GRI 417: Marketing and Labeling • GRI 418: Customer Privacy 	2.5 Information Security and Privacy Management 3.5.3 Product Environmental Marks and Declaration 2.7 Customer Service and Satisfaction 3.5.4 Environment-Related Substances Management
	Innovation development and application	Develop unique products or services to differentiate the brand image and further improve consumers' perception and loyalty to the company. Innovation drives the company to maintain its competitive advantage and improves the company's productivity and efficiency.	--	--	4.4.4 Creativity Contest
	Financialization of ESG information	Build ESG risk/opportunity financial impact analysis models to identify their impact on company operations. Taking climate-related financial disclosure as an example, it will help companies and their investors to more accurately assess and disclose the climate-related risks and opportunities most directly related to business activities when companies transition to a low carbon economy.	Failure to disclose ESG financial information may result in the company's investment rating being lowered, affect investment decisions, damage the company's image and reputation, and cause the company to face legal and supervisory risks.	<ul style="list-style-type: none"> • GRI 201-2: Financial Implications and Other Risks and Opportunities Due to Climate Change on Organizational Activities 	3.2.2 LITEON's Climate Strategy 3.2.3 LITEON's Climate Risk Management

Impact description of Material Topics

Category	Material Topic	Actual or Potential Positive Impacts	Actual or Potential Negative Impacts to LITEON	Corresponding GRI Standards	Report Chapter
 <p>Social / People / Human Rights</p>	Occupational safety and health	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 to 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.	Employees are important human resources for enterprises. Once an employee experiences a work-related accident or injury, it can cause both direct and indirect losses to the company. Direct losses include loss of manpower, compensation for occupational injuries, and medical expenses. Indirect losses include losses from production interruptions, injury, wage losses, associated losses, or other losses, such as damage to image, product quality, labor skills, labor-management relations, work efficiency, and employee morale.	<ul style="list-style-type: none"> GRI 403: Occupational Health and Safety 	4.7 Occupational Health and Safety
	Talent attraction and retention	A good retention rate not only lowers the Company's recruitment cost, but also improves employees' morale, reduces talent loss, and further attracts even more suitable talent.	Talent is an important foundation for the competitiveness of company operations. Talent loss not only affects morale and work performance, but also derives tangible costs from recruiting, selection, and training and intangible costs from the difficulty of finding replacements and the rough patch when handing over work.	<ul style="list-style-type: none"> GRI 202: Market Presence GRI 401: Employment and Labor Relations GRI 404: Training and Education 	4.2.1 Employee Structure and Distribution 4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs 4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey 4.6 LOHAS LITEON
	Human rights	<p>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.</p> <p>Valuing human rights will maintain and expand customers, attract and retain outstanding employees, protect and improve company reputation and brand value, maintain and seize more business opportunities in international supply chains, attract more sustainability investors, and reduce risks derived from conflicts in operations.</p>	Human rights issues may lead to labor disputes, strikes and demonstrations, which in turn can cause disruptions and shutdowns in production and operations, resulting in economic losses for enterprises. Damaging the rights of employees or customers can lead to decreased employee and customer satisfaction, as well as affecting employee productivity and retention. Employee commitment to the organization decreases and there is risk of legal action, and damage to the image and reputation of the business organization.	<ul style="list-style-type: none"> GRI 405: Diversity and Equal Opportunity GRI 406: Non-Discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 410: Security Practices GRI 412: Human Rights Assessment 	2.2.1 Board of Directors and Functional Committees 2.3.6 Human Rights Management 2.6.2.2 Sustainable Supply Chain Management Mechanisms 4.2.1 Employee Structure and Distribution 4.2.2 Global Multicultural Celebration Feast 4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs 4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey 4.5 Friendly Workplace 4.6 LOHAS LITEON
	Product quality and Safety	Quality assurance is essential to customer satisfaction. Improvement in quality will reposition products, may increase market share, lower the cost of failure and sales, and increase profits.	Poor product or service quality will cause the Company to lose business opportunities, cause market share to decline, sustain losses from compensation due to product liability and damage to business reputation, cause productivity to decrease, and increase the cost of improvement and repair.	<ul style="list-style-type: none"> GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling 	2.5 Information Security and Privacy Management. 3.5.3 Product Environmental Marks and Declaration

2. CORPORATE GOVERNANCE



LITEON ranked among the top 5% of all listed companies in the 9th TWSE Corporate Governance Evaluation.



The first electronics manufacturer in Taiwan to adopt the U.S. NISTIR 8286 standard.



Setting 2022 as the inaugural year for carbon reduction efforts in the supply chain, we have invited 107 supplier partners to jointly establish the "Green Transformation Project for LITEON's Supply Chain".

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.



Customer Satisfaction

As the best partner for our customers, we attentively listen to their needs, mastering market trends and using our strong expertise to fulfill their goals.



Excellence in Execution

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



Innovation

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



Integrity

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

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.

Corporate Governance

Implementation Strategy

LITEON has explicitly provided a board diversity policy in the Corporate Governance Best Practice Principles. 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. Their professional field covering operational judgment, salary management, corporate governance, business management, information security, risk management, and sustainable development management. 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.

Actions

LITEON's board of directors help the company better face different challenges and risks by supervising the compliance and corporate governance regulations of subsidiaries, reviewing financial statements, establishing risk management mechanisms, and providing professional opinions and recommendations, which will reduce the company's risks and ensure that the company achieves sustainable development in a compliant, just, and transparent business environment, meeting the company and shareholders' interests.

LITEON attaches importance to development trends in corporate governance and corporate social responsibility, directors actively participate in continuing education and apply for certificates for continuing education, and their continuing education records are disclosed to the public. [Please refer to page 85~86 of the annual report.](#)

The Nomination Committee determined the number of directors to be elected to the 12th board of directors and candidate qualifications, and reviewed continuing education plans for directors, senior managers, and key supervisors.

Completed the election of the 12-term directors and formed 5 functional committees under the Board of Directors. There are 4 independent directors, accounting for half of the 8 directors in total; 3 independent directors have not served for more than three consecutive terms and perform their duties objectively.

Revising " Corporate Governance Best Practice Principles " : Specified management procedures for related party transactions; material transactions require approval from the Board of Directors and be submitted to the shareholders' meeting for approval or reported.

The achievement Evaluating Board of Directors and Functional Committee Performance. The results will be evaluated at the Board of Directors meeting and functional committees meetings in the first quarter of 2023.

Ranked Top 5% in the 9th Corporate Governance Evaluation



2.2 Organization Structure of Corporate Governance



Change in Organizational Structure in 2022:

1. 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. In order to enhance sustainable competitiveness, Chairman Tom Soong personally serves as sustainability CEO, in which role he leads the formulation of the strategies and goals of LITEON's CSR in all aspects of economics, environment, and society, and continuously optimizes the company's operational condition, improves corporate governance, and shapes LITEON's corporate sustainability culture.

3. Completed the re-election of the twelfth session of directors, there are eight members of the board of directors. All directors are voted by shareholders. The board consists of two natural person directors, two institutional directors, and four independent directors. The goal is to appoint three independent directors in accordance with the law. The Company attaches importance to corporate governance and appointed four independent directors, surpassing the goal and accounting for 50% of all directors.

2.2.1 Board of Directors and Functional Committees

LITEON's board of directors, Audit Committee, Compensation Committee, Nomination Committee, Growth Strategy 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 Strategy Committee Organizational Rules", and "Corporate Sustainability Committee Charter", respectively.

2.2.1.1 Board of Directors

1. The company's directors (including independent directors) are elected according to the "Rules governing the election of directors", 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](#).

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 1 director serving as the company's manager). The board of directors of the company must be composed of experts and scholars from industry, finance, business, investment, information, and communications. Over half of the board members must have industry experience. They are assisted by independent directors from various professional backgrounds covering operational judgment, salary management, corporate governance, business management, information security, risk management, and sustainable development management 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. At present, there are eight members of the board of directors. All directors are voted by shareholders. For the composition of directors, their core competencies, educational experience, professional fields and relevant backgrounds, published on the [company's website](#). 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](#).

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 (2022 annual report, p.87-88).

Chairman	Tom Soong	
Director	Raymond Soong	Keh-Shew Lu Representative of Ta-Sung Investment Co., Ltd.
		C.H. Chen, Representative of Ta-Sung Investment Co., Ltd.
	Harvey Chang	Mike Yang
Independent Director	Albert Hsueh	MK Lu

1. 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 procedures (including anti-corruption courses) is provided to all directors every year.



the Material Insider Information Procedures



Board of Directors Meetings

2. 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 held 11 meetings in 2022. 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 27 major key events were reported to the board of directors in 2022. Details can be found in the company's annual report (2022 annual report p.85-86). Important board resolutions can be found on the [company's website](#).

3. 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 (2022 annual report, p.38).

2.2.1.2 Committee Composition and Operation



Audit Committee

Chairperson:
Albert Hsueh,
independent director

Member:
Harvey Chang,
independent director
Mike Yang,
independent director
MK Lu,
independent director



Compensation Committee

Chairperson:
Harvey Chang,
independent director

Member:
Albert Hsueh,
independent director
Mike Yang,
independent director
MK Lu,
independent director



Nomination Committee

Chairperson:
MK Lu,
independent director

Member:
Tom Soong, chairman
Albert Hsueh,
independent director
Harvey Chang,
independent director
Mike Yang,
independent director



Growth Strategy Committee

Chairperson:
Mike Yang,
independent director

Member:
Tom Soong, chairman
Keh-Shew Lu, director
Harvey Chang,
independent director
Albert Hsueh,
independent director
MK Lu,
independent director



Corporate Sustainability Committee

Chairperson:
Tom Soong, chairman

Member:
Harvey Chang,
independent director
Albert Hsueh,
independent director
Mike Yang,
independent director
MK Lu,
independent director

Committee(note)	Number of Meetings Held		Attendance (in person and by proxy)
	Number According to the Charter	Actual Number in 2022	
Audit Committee	4	11	100%
Compensation Committee	2	4	100%
Nomination Committee	2	6	100%
Growth Strategy Committee	2	2	100%

Note: 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>, <https://www.liteon.com/zh-tw/investor/644>

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 2022. The results were presented to the board of directors in Q1 2023 and published on the [company's website](#).

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

Risk Management

Actions in 2022

- LITEON conducts theme-based risk management projects annually in response to international trends and adapting to changes in the international market. In 2022, We focused on "Information Security Risk Management." To we strengthen comprehensive information security, LITEON introduced the NISTIR 8286 standard developed by the U.S. National Institute of Standards and Technology that integrates ERM and Cybersecurity.
- Establishing an enterprise risk management framework based on NIST cybersecurity, implemented ISO 27001 compatible with LITEON's information assets and IEC 62443 compatible with the industrial control system.

Major Implementation Results

- LITEON became the first electronics manufacturer in Taiwan to introduce the NISTIR 8286 standard in 2022.
- Completed NIST cybersecurity framework education and training to increase information security maturity and strengthen the information security resilience.

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.

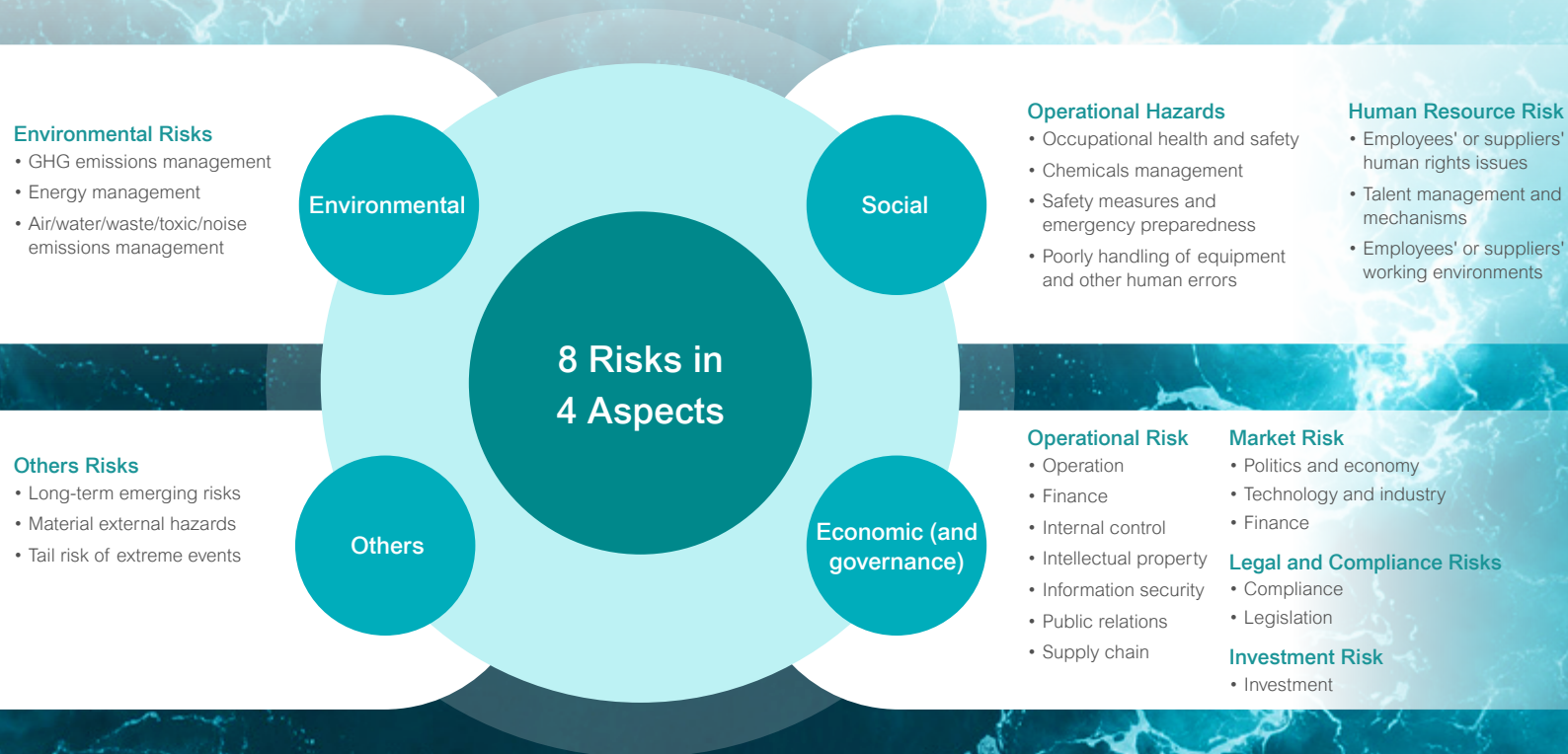
The Corporate Sustainability Committee is a functional committee under the board of directors. The committee has a risk management subcommittee led by the highest authority of the risk management department (served concurrently by the president). The risk management team is the organization responsible for conducting risk management and reporting the 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 manage the risks associated with the company's operations. Hence, LITEON puts all the 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 Scope of Risk Management Issues

LITEON refers to risk issues faced by domestic and foreign enterprises, and takes stock of its internal organizational structure and division of responsibilities, whereby it develops a clear and complete risk classification framework to ensure that various risk items at various levels can be included. From this, it has developed the four aspects of the economy (including corporate governance), environment, society, and others, and divided them into eight major risks, whose issue scope is depicted in the figure below.



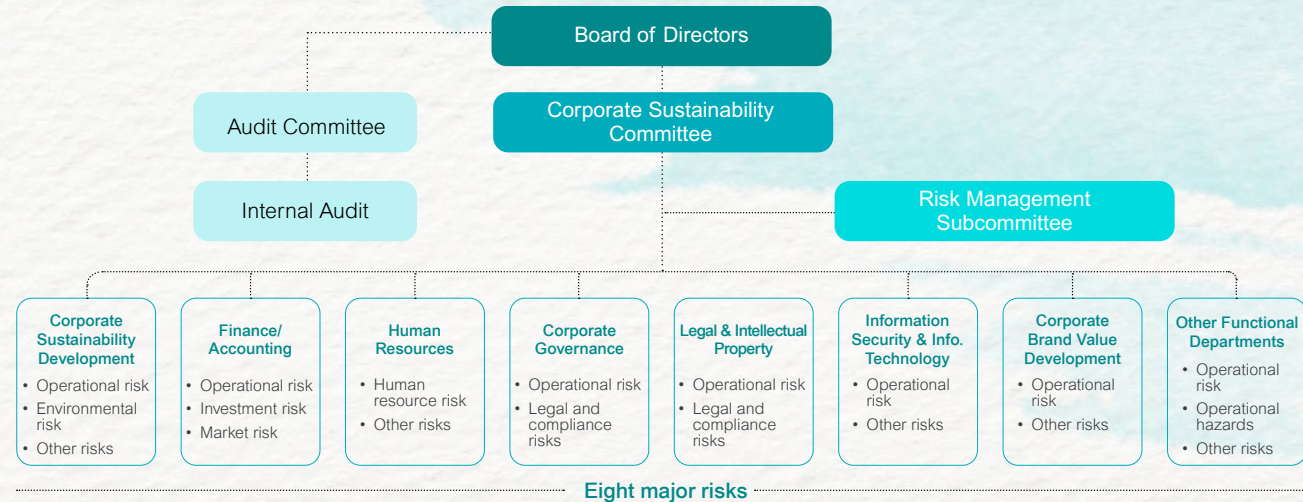
2.3.3 Risk Management Processes and Procedures

LITEON has introduced the enterprise risk management (ERM) system with reference to the principles and management framework of ISO 31000. Its processes include risk issue identification, risk analysis and assessment, risk process and control, risk monitoring and review, and risk disclosure response. Then, by circulating through management measures such as P(Plan), D(Do), C(Check), and A(Act), to continuously mitigate and eliminate uncertain risk factors in operation.



Risk Identification

Within the scope of LITEON's work on risk management issues, each of its functional department and business unit is responsible for the risk management of related businesses according to organizational rights and responsibilities. In addition to identifying and eliminating known risks in the execution of daily business, the units also further identify potential and unknown risks, and develop feasible mitigation measures to prevent them from happening. The risk issues for which each unit of LITEON is responsible under the eight major risks are as follows:



Risk Assessment

The function units, 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 so to provide a basis for deciding priorities in risk control implementation and response selection.

Rigorous statistical methods and techniques should be deployed to analyze and manage quantitative risks.

Qualitative methods will be used to assess other risks more difficult to quantify. Qualitative risk assessment refers to the use of words to describe the probabilities of risks and the degrees of impact.

Risk Control

The functional units 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 team to be summarized and presented in routine meetings of the Corporate Sustainability Committee.

Risk Reporting and Disclosure

To ensure comprehensive documentation of the risk management process and its execution results, the Risk Management Subcommittee regularly reports on the company's risk management operations to the Corporate Sustainability Development Committee and the Audit Committee. The Audit Committee chair also presents reports of the risk management operations to the Board of Directors.

Risk Response

After evaluating and summarizing the risks, each functional unit will take appropriate measures in response.

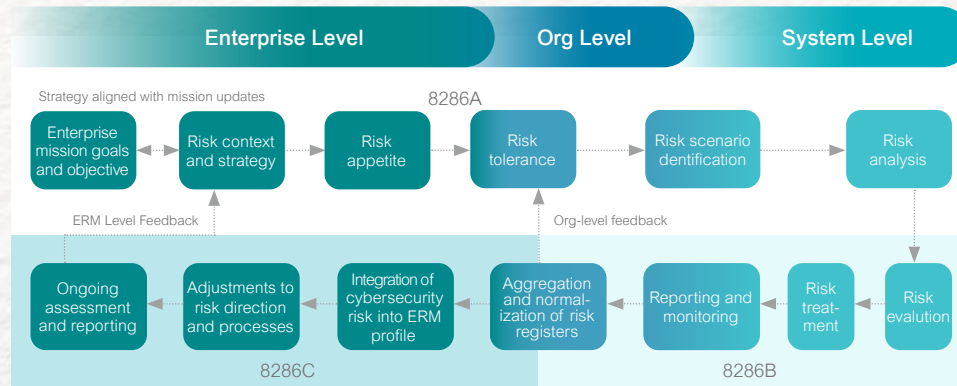
2.3.4 Risk Management Projects

In addition to having each functional unit regularly responsible for analyzing and monitoring eight major related risks within their respective units, the Risk Management Subcommittee (under the CS Committee) also periodically addresses the trends in domestic and international risk management development or potential risks that the company may encounter. Theme-based risk management projects are required to be carried out accordingly. In 2021, LITEON focused on "Power Interruption" and "Infectious Diseases" as the themes of the company's risk management project. While in 2022, the main theme was "Information Security Risk Management". The actions taken by the company are as follows:

Year	Topics	Promotion Item	Effectiveness	Mid-/long-term goals
2021	Power interruption / Infectious diseases	ERM framework SOP establishment	Completion of establishing ERM risk management mechanism	Reduce the occurrence of business interruption
2022	Information security risk management	Adoption of NISTIR 8286 standard to enhance comprehensive information security risk management	Completion of NIST cybersecurity framework education and training	Increase information security maturity

2.3.4.1 LITEON is the First Electronics Manufacturer in Taiwan to Introduce the Nistir 8286 Standard

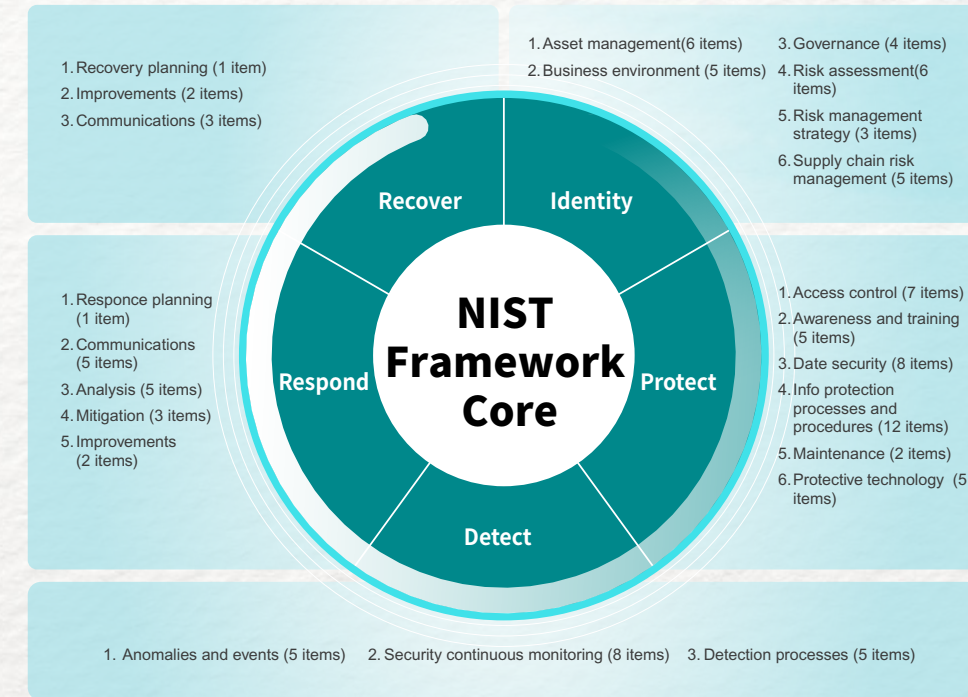
LITEON implemented US industry standard NISTIR 8286^{Note}, which integrates standards developed for ERM and network safety, through the guidance of the Safety and Health Technology Center. LITEON also became the first electronics manufacturer in Taiwan to introduce the NISTIR 8286 standard. The main purpose is to provide the Company with an environment to adapt to constantly changing operational requirements and constantly changing information security threats, and continue to improve and provide units with risk assessment and prediction abilities to increase the Company's information security maturity and resilience. Framework is as follows:



Note : NISTIR 8286: National Institute of Standards and Technology (U.S. Department of Commerce) Interagency or Internal Report 8286

2.3.4.2 NIST Cybersecurity is at the Core of the Enterprise Risk Management Framework

The NIST Cybersecurity Framework organizes its core material into five functions (identify, protect, detect, respond, recover) in which are subdivided into a total of 23 categories and 108 subcategories. Its framework is compatible with ISO 27001 implemented by LITEON for information assets and IEC 62443 implemented for the industrial control system. Its topics include asset management, corporate environment, corporate governance, risk assessment, and supply chain risk management. The structure chart is as follow:



2.3.4.3 Enhancing the Information Security Resilience by Executing the Nist Cybersecurity Framework

1

Direction of Establishment

LITEON obtained ISO 27001 information security management system certification in 2020 and IEC 62443 certification in 2022. On this basis, one direction for implementing NISTIR 8286 is to strengthen weaknesses of ISO 27001 and IEC 62443.

2

Establish Current Profile

LITEON has examined the current baseline of the Company's departments in information security management, and determined the Company's current information security maturity by conducting a survey with a cybersecurity awareness questionnaire and NIST's cybersecurity framework (CSF) questionnaire.

3

Conduct Risk Assessment

LITEON provides assessment tools and methods, such as risk assessment education and training, for department representatives to quantify the current information security risk level.

4

Establish Target Profile

The four NIST implementation tiers: "partial," "risk informed," "repeatable," and "adaptive." We will set achievable goals based on the current level.

5

Verify, Analyze, and Arrange the Priority of Gaps

LITEON prioritized the identified areas for improvement in information security risks in order under the circumstances of limited resources such as time and manpower. The priority will be determined based on achievability, complexity, severity, and probability.

6

Implement Action Plans

We prepared and implemented improvement action plans with the relevant departments and units as well as adjusted the direction of implementation in response to changes in the internal and external environment for high priority information security risks.

Future

We will analyze the scores of five major functions of identification, protection, detection, response, and recovery by using a radar chart in response to the implementation of NISTIR 8286 standard. Meanwhile, we will strengthen the deficient or weaknesses item by the PDCA mechanism and plan an internal audit review mechanism.

2.3.5 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 2022 included :
(1) comprehensive information security risk management, and
(2) low-carbon competitiveness in products.

Technology Risk

LITEON has been actively pursuing digital transformation in recent years with the aim of improving business efficiency and bolstering its capabilities. However, this has also exposed the company to increased risks associated with information security, including hacker attacks, phishing, and data leaks. In 2018, LITEON established an Information Security Committee chaired by the company's chairman. Efforts to enhance cybersecurity were further intensified in 2020 and 2021 with the gradual introduction of ISO 27001 and ISA/IEC62443 standards. While these developments have focused on protecting information assets, there were still room to improve employee awareness of information security management.

As a result, information security has appear to be a possible vulnerability in LITEON's risk management framework, and is now considered one of the critical risks facing the company going forward.

Economic Risk

Countries around the world are pursuing net zero emissions and enacting related legislation, prompting many businesses to prioritize achieving 100% green electricity as part of their ESG goals. For most companies, this entails transitioning to green electricity in order to achieve carbon neutrality. While LITEON is not a heavy consumer of electricity, most of its organizational carbon emissions result from electricity usage. As a result, the use of green electricity is an imperative for LITEON and has the potential to significantly impact its operations.

However, LITEON faces significant challenges in reducing its product carbon footprint due to global part shortages and finite resources, which have led to intense competition for materials. This presents a major challenge to the company's efforts to reduce its carbon footprint. While the inability to reduce product carbon emissions may impact LITEON's ability to compete for customer orders in the future, it also exposes the company to potential risks such as increases in customer carbon tariffs.

Human Rights

Actions

- 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.
- 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. Key points of human rights include working hours, shift scheduling, wage management, and care for female employees.
- LITEON strengthens RBA management of suppliers, and requires every supplier to sign a commitment to not violate the Codes of Ethical Conduct. We also plan to conduct an on-site review each year to track the corrective actions taken by suppliers and conduct regular human rights surveys on external value chain partners (customers, suppliers, contractors, and local communities).

Major Implementation Results

- LITEON conducts a human rights risk assessment at least once every three years, and the most recent assessment was conducted in 2023. The results of the assessment and measures taken in response to identified risks are compiled in the Human Rights Risk Due Diligence Report, which is published on the company's official website.

2.3.6 Human Rights Management

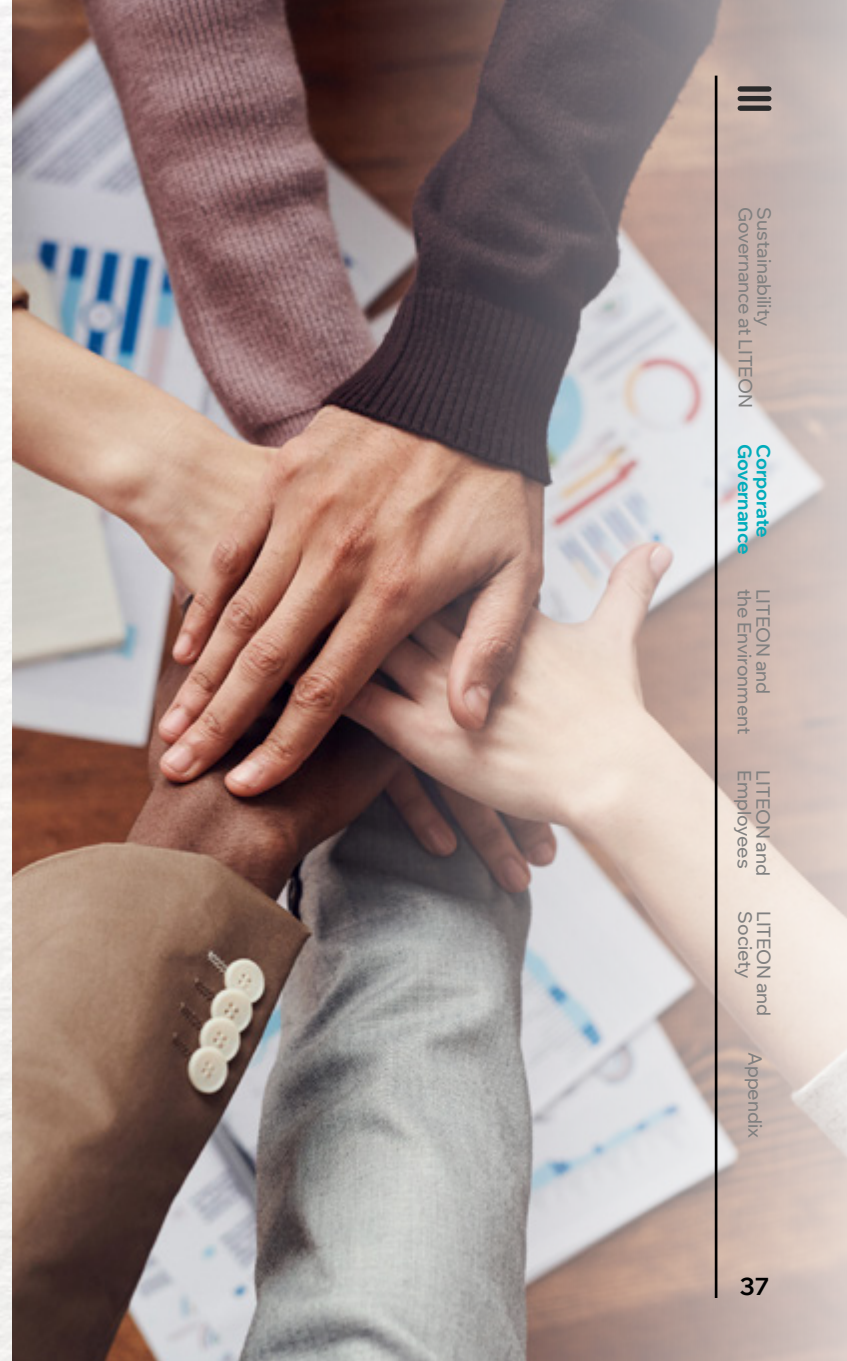
At LITEON, the entire management team recognizes that observing international labor standards and promoting workers' rights are vital elements of responsible corporate behavior. The company's stakeholders, including consumers, customers, governments, and the public, expect LITEON to uphold these standards. LITEON is committed to following national labor laws and regulations, as well as international labor standards, and other relevant international conventions. We strive to continually improve working conditions and employee benefits, with the aim of establishing and sustaining a robust human rights management system. These standards also extend to our 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

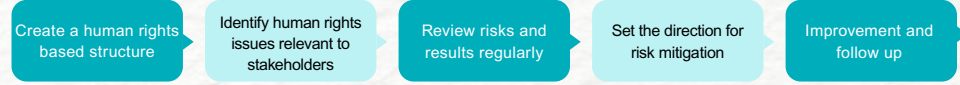
1. LITEON firmly believes respecting and upholding human rights is the foundational to the sustainable development and operation of a corporation.
2. LITEON takes into account human rights issues in every link of its operational value chain.
3. LITEON provides open and accessible communication channels 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.

Human Rights Due Diligence Process



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, opportunity 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.

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 time frame. 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. Key points of human rights include working hours, shift scheduling, wage management, and care for female employees.

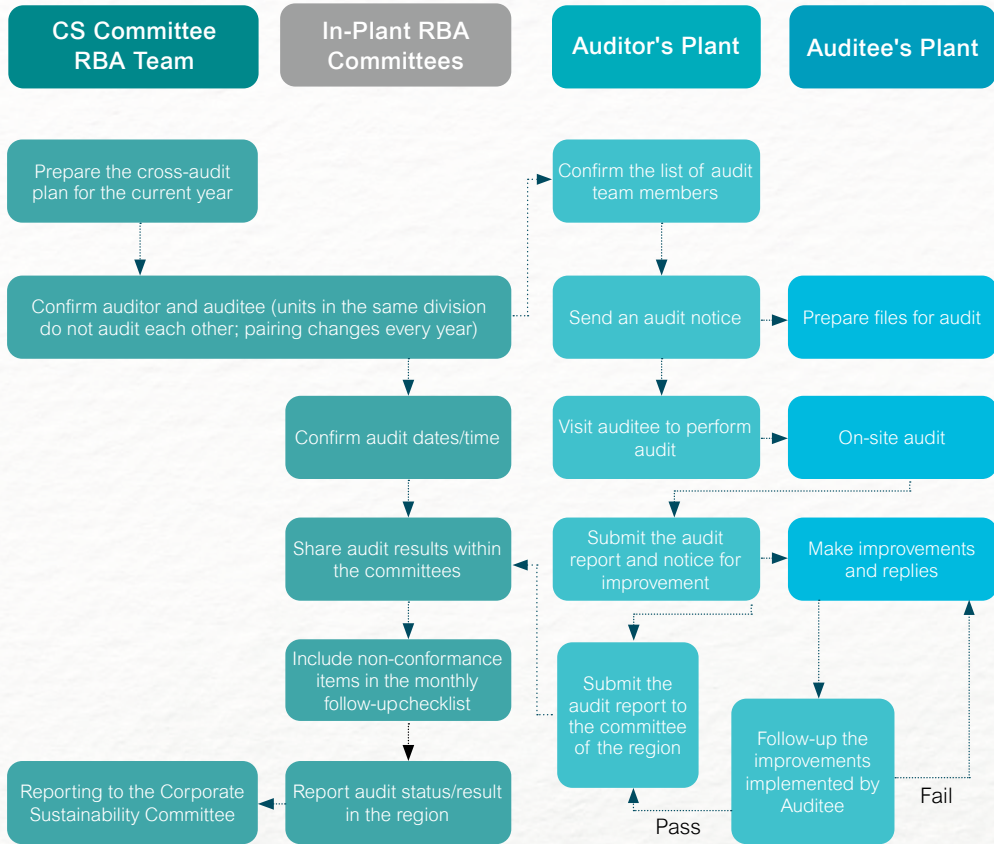
LITEON strengthens RBA management of suppliers, and requires every supplier to sign a commitment to not violate the Codes of Ethical Conduct. We also plan to conduct an on-site review each year to track the corrective actions taken by suppliers and conduct regular human rights surveys on external value chain partners (customers, suppliers, contractors, and local communities). We investigate at least once every three years. The last investigation was conducted in 2023. Investigation results and risk response measures are summarized in the Human Rights Due Diligence Report., which is announced on the official [website](#).

Value Chain Human Rights Risk Prioritization

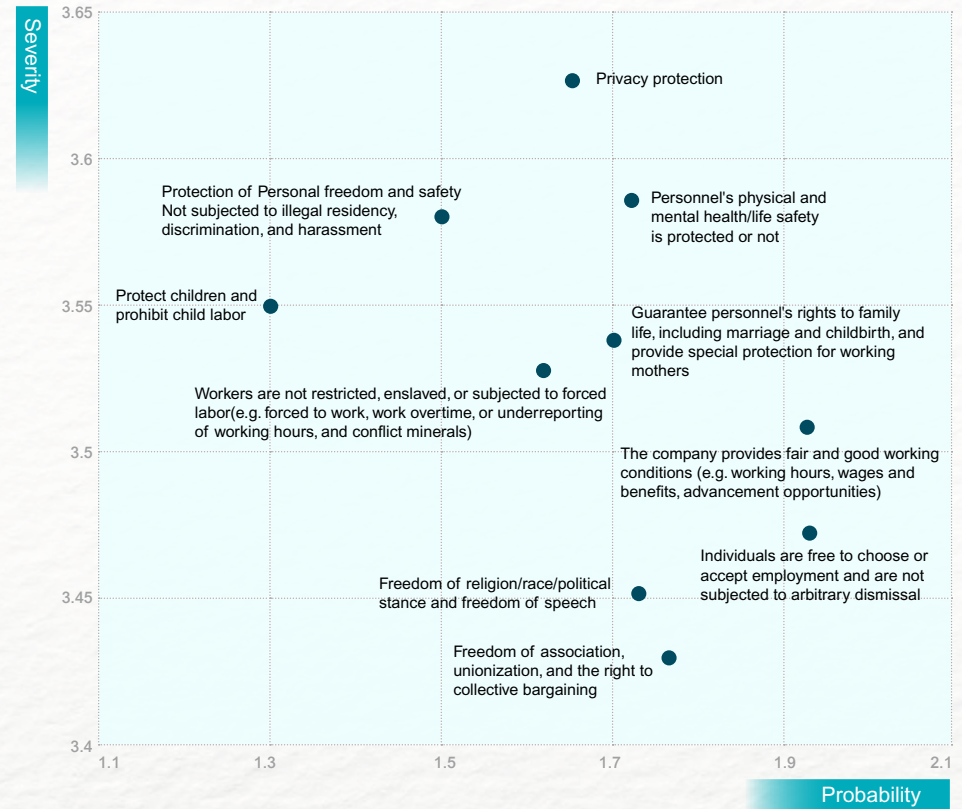
Value chain Prioritization	Upstream suppliers and contractors	LITEON	Downstream enterprise customers and end-users
1	Right to work Unable to freely choose or accept work, or the Company does not provide reasonable career development, or employees are terminated at will	Protection of working conditions Lack of fair and good working conditions (e.g. working hours, wages and benefits, advancement opportunities)	Protection of working conditions Lack of fair and good working conditions (e.g. working hours, wages and benefits, advancement opportunities)
2	Worker autonomy Exploitation, forced labor(e.g. forced to work, work overtime, or underreporting of working hours, and conflict minerals)	Right to work The company does not provide reasonable career development, or employees are terminated at will	Right to work The company does not provide reasonable career development, or employees are terminated at will
3	Right to family life Work affects family life or maternity protection mechanisms in the workplace are inadequate	Worker autonomy Exploitation, forced labor (e.g. forced to work, work overtime, or underreporting of working hours, and conflict minerals)	Right to life / Right to health Whether the physical and mental health/life of customers or product users is protected

LITEON designates operations in China as hot spots for human rights and social issue risks based on the internal risk assessment. 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 2022, LITEON did not discover or receive any report of forced labor, prohibition of freedom of association, or social impact event involving suppliers in China. LITEON will continue to follow and manage the development of human rights issues in the region.

Cross-site Cross-audit Process Flowchart



LITEON Value Chain Human Rights Risk Matrix



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. Investigation results and risk response measures are summarized in the human rights due diligence report, which is announced on the official website. Mitigation and remedial measures for human rights risk are as follows:

Nodes on the Value Chain			Risk Category	Improvement Measure	Please refer to
Supplier	Employees	Customers			
✓	✓		Occupational health and safety	Building a clean, healthy, and safe workplace	4.7 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	4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs 4.5.1 Employee Relation 4.6 LOHAS LITEON
✓	✓		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) 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	2.6 Sustainable Supply Chain
✓	✓		Right to work	A fair performance evaluation system	4.4.5 Performance Feedback and Development
✓	✓	✓	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	2.5 Information Security and Privacy Management
✓	✓	✓	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	4.5 Friendly Workplace
✓	✓		Work-life balance	Implement the policy of family and child care Promote the various needs of employees in terms of work, life, safety, health, and provide them with multiple subsidies and benefits. LITEON has extended its care to employees' family members. We offer childcare subsidies, set up lactation rooms and infant care leave policies for maternal care.	4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs

2.3.7 Tax Management

Tax Policies

LITEON adopts a conservative and sustainable tax management policy, supervised by the management team with periodic reviews. When there are changes in tax laws and regulations in the operation areas, tax policies will be reviewed again to ensure compliance with relevant laws and regulations.

The tax management policies of LITEON are as follows:

- Comply with local tax laws and disclosure requirements.
- Increase sustainable value for stakeholders.
- Continuously cultivate tax professionals to strengthen the company's tax management.
- Implement effective risk management.
- Do not engage in tax avoidance through tax structure adjustments or tax havens.

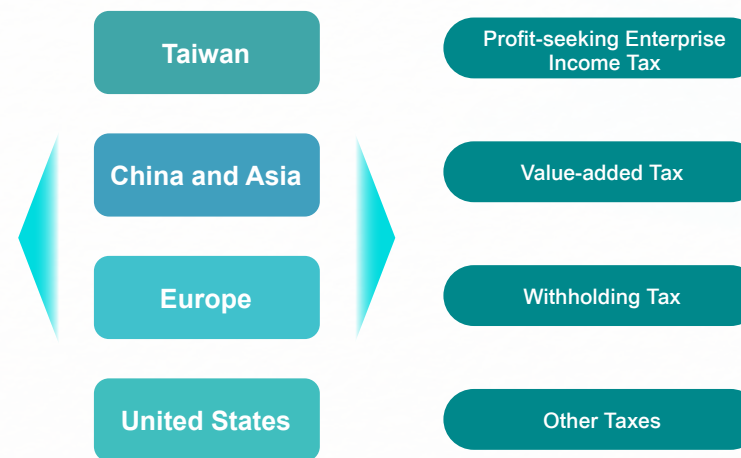
Tax Management and Risk Control

LITEON's Finance Center has a dedicated tax unit responsible for tax management, including tax operations and tax risk management. Regular reports on tax management practices and results from each operational location are submitted to the management team to keep them fully informed about the implementation of the company's tax policies.

To address the tax risks associated with its global operational footprint and the complexities of tax regulations, LITEON has established an in-house professional tax team to oversee planning and execution. Additionally, the company also engages external professional tax advisors as needed to provide assistance.

The tax risk management mechanism at LITEON is as follows:

- The ambiguity and vagueness of tax regulations, such as the lack of clarity in China regarding tax treatment of organizational restructuring.
- Government officials have different interpretations of tax laws, such as varying regulatory interpretations between state and federal tax authorities.
- Poor implementation of tax management strategies leading to incomplete workload transfers among tax personnel.
- Changes in tax laws or incentive measures that can potentially have negative impacts.



2.4 Compliance, Ethics, and Anti-Corruption

Integrity and Compliance

Actions in 2022

- The Legal Department at LITEON regularly monitors changes in domestic and foreign regulations that may have a potential impact on the company's business operations to ensure all business activities around the world comply with local and international laws and regulations.
- Amendment to the Corporate Governance Best Practice Principles to prevent insider trading: Added measures to manage stock trading by directors, and stock trading during the lock-out period is prohibited, which is implemented after being approved by the Board of Directors.
- LITEON requires employees to complete anti-corruption training. A course on "Anti-Corruption and Anti-Bribery Practices and Trends" was included in the annual re-training course and was designated as a required course for supervisors at job level G26 and above with a completion rate reaching 100%.
- During the annual integrity management training in October, all colleagues are requested to sign the declaration to follow the company's integrity management regulations, and to implement the reward and punishment management system and announcement procedures.
- Conducting in-person training courses of the Responsible Business Alliance (RBA) provided to raise awareness of ethical standards in the workplace.

LITEON is committed to conducting its business operations with utmost honesty, integrity, and ethical standards, and to comply with all relevant laws and regulations in the countries where it operates. One of our most significant policies is complete compliance, and it is a core principle that guides our decision-making processes at every level of our organization. To ensure this commitment, we have established and implemented a robust management system that incorporates a comprehensive set of regulations and procedures. We also provide frequent training programs to strengthen our compliance strategies continually.

LITEON's Legal Department has established a comprehensive compliance system and policies to ensure the company's compliance with domestic and international regulations. The department regularly keeps track of changes in regulations that may potentially impact the company's business operations. If there are any changes, the local legal department performs regulation identification to ensure all business activities globally align with local and international laws and regulations.

Additionally, LITEON has a robust management structure that provides an effective roadmap to identify and manage risks that may require the attention of business managers. Internal control mechanisms are in place to prevent potential fraud and inappropriate behaviors. Interdepartmental reviews and external inspections are periodically conducted to ensure adequate compliance implementation and performance.

For larger investment projects, specific task forces are created to manage and prevent the risk of fraud and illegal activities. LITEON defines a significant event in terms of compliance through its Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities. A significant event is if a total amount of no less than NT\$1 million is imposed in penalties. If there are any significant events, they will be disclosed in the appropriate chapters of the company's report.

LITEON mandates that all employees, managers, executives, and directors uphold the highest standards of integrity and refrain from engaging in or instructing others to engage in any illegal or unethical behaviors. We establish explicit and stringent rules of conduct in our Employee Code of Conduct, which cover areas such as professional ethics, laws and regulations, employee relations, gift and hospitality policies, client privacy, intellectual property rights, discrimination, bribery, conflict of interest, and protection of corporate assets and reputation.

We implement compliance measures at every operational level of our business activities, including product design and procurement procedures, and strictly enforce disciplinary actions against those who violate our rules of conduct. Our Ethical Corporate Management Best Practice Principles prohibits offering or taking bribes, illegal political

donations, inappropriate sponsorships or charity donations, improper gifts/treatments/benefits, infringement of intellectual property rights, and unfair competition. We also have preventive measures in place, such as procedures that prevent our products or services from causing damages to stakeholders.

Our stringent rules serve to protect the rights of our customers, minimize penalties and loss of assets, and prevent damage to our corporate reputation.

LITEON implements anti-corruption education and training programs to enhance the integrity and self-discipline of our employees. We continue to promote compliance education to follow regulations and beside holding related seminars, we have a plan to provide education on legal and key compliance issues (including LITEON's employee Code of Conduct related to anti-corruption and insider information, as well as antitrust policies for self-management).

Moreover, we provide in-person courses on business integrity, avoidance of illegitimate gains, protection of confidential information, intellectual property rights, advertising and competition, contract risk management, fair trade, anonymity and confidentiality, anti-corruption measures, responsible mineral sourcing (metal procurement), environmental protection, privacy, and retaliation prevention as part of the Responsible Business Alliance (RBA, formerly known as EICC) training programs.

Through these programs, we aim to promote ethical compliance in the workplace and enhance the professional skills of our employees. Detailed information on relevant employee training programs can be found in [the 4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey chapter of this report](#).

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 [Page 81 for the results of internal control in the 2022 Annual Report](#).



Reporting Mechanisms

LITEON is committed to conducting business with honesty and integrity, and adhering to the laws and ethical standards of the countries in which it operates. To reinforce compliance and enhance corporate governance, the board of directors has approved the Corruption Reporting Guidelines. These guidelines stipulate that the Office of Chairman should manage and handle reports in accordance with the guidelines and related procedures. Information pertaining to the reporting mechanisms and procedures is provided below:

1. Ethics Complaint Filing and Reporting Channels

The LITEON reporting channel, designated by the chairman of the board, receives and manages reported cases and regularly reports the results to the audit committee. The company maintains strict confidentiality of the identities of informants and their reports, while carrying out thorough investigations and taking appropriate actions to handle reported cases. In the event of discovering any unethical behavior or violation of the code of conduct, individuals are encouraged to report such cases using the hotlines or mailboxes listed 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

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](#)

2. Process

Once a report is accepted by the task force, it will be assigned to the relevant units for review in accordance with the report and complaint processing procedures. If a complaint is deemed to be valid, a committee comprised of representatives and experts from relevant departments will be established to investigate and make a ruling on the complaint. If the committee confirms that the accused employee has violated the ethical corporate management principles, administrative disciplinary action will be taken, or recourse against any illegal gains, or further legal action will be pursued, as deemed appropriate.

3. Internal Controls

To enhance internal control, LITEON conducts regular internal audits and training. For large investment projects, task forces are established to apply specialized processes to manage and mitigate the risk of fraud and prevent any illegal activities.

(1) LITEON holds an annual campaign to promote awareness of its Ethical Management Policy, with the aim of ensuring all directors, managers, and employees have a thorough understanding of and comply with the company's ethical management regulations. In addition to the campaign, related training courses are also organized to reinforce awareness of compliance with the company's ethical standards.

(2) LITEON emphasizes the importance of integrity and self-discipline by requiring all new employees to sign a statement of commitment to ethical conduct upon joining the company. This helps to ensure that employees thoroughly understand the significance of ethical conduct and the importance of adhering to the company's ethical standards.

Complaints Received in 2022

A total of 6 cases were accepted through the grievance channel. All reports were submitted by email. One complaint was transferred to the HR hotline after the case was closed.

The Office of the Chairman report investigation task force promptly launched an investigation for each email and post office letter as it was received. At present, 5 investigations have been closed and 1 investigation is still ongoing. A summary of these cases is reported regularly to the Audit Committee.

Case Studies in Lawsuits Involving Employee Corruption

1. A deputy manager 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.
2. A cash gift was received from a company in China during Chinese New Year. Even though it was a low amount and there is no quid pro quo, the case was transferred to the head of the business unit for guidance and evaluation.

The cases above were summarized and presented regularly to the Audit Committee. In addition, assistance was given to respective business units in taking disciplinary and preventive measures.

In 2017, LITEON established the Integrity Management Subcommittee to ensure the effective implementation of sound ethical management practices. This team is responsible for formulating, implementing, and supervising the company's ethical management policy and prevention plans. Every year, a full-time unit reports the results of the past year and work plans for the upcoming year to the board of directors.

As a step towards promoting ethical management practices, the Integrity Management Subcommittee drafted the Ethical Management Policy in 2017. This policy is included as a mandatory course for all new employees and is frequently referenced in internal company meetings to raise awareness. In 2018, the Employee Code of Conduct was revised to provide a basic framework for ethical management behavior.

Starting in 2019, courses aimed at reinforcing ethical management practices have been included as part of the mandatory annual training for all employees. This reflects the company's ongoing commitment to promoting ethical and responsible corporate behavior.



2.5 Information Security and Privacy Management

Information Security and Personal Information Protection

Actions in 2022

The IEC 62443 industrial control standard served as the basis for the establishment of industrial control information security controls. System information security management mechanisms were introduced with enhanced security management for production IT equipment to protect against anomalies that impact on productivity, and reduce the risk of production interruptions due to external attacks on the production environment.

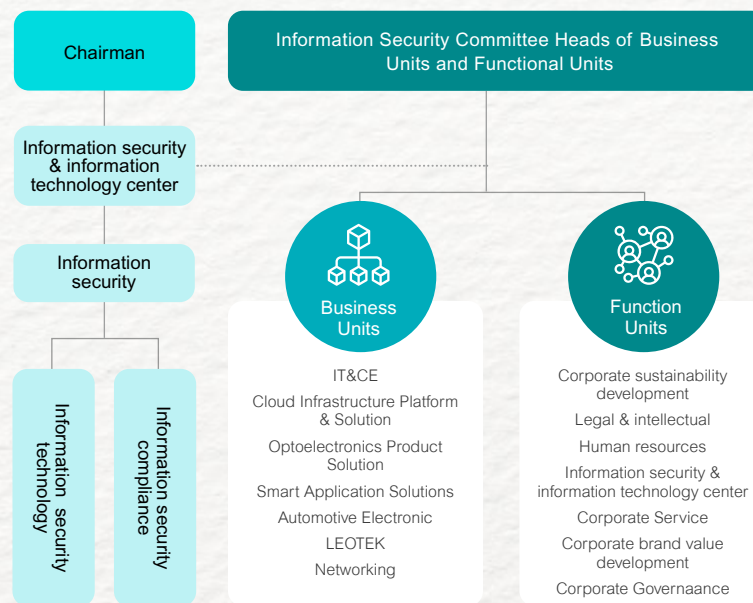
Major Implementation Results

IEC 62443 certification was subsequently obtained in 2022. LITEON enforce information security management mechanisms for the industrial control environment.

LITEON values the privacy and safety of its stakeholders, including employees in the company, outside partners (customers, suppliers, and consultants), shareholders, and of operation-related information assets. LITEON promoted the company's information security system complies with ISO 27001 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, to ensure the collection, processing, or use of personal information complies with the GDPR, Taiwan Personal Information Protection Act and related regulations, and the competent authorities' requirements started amending the Personal Information Protection and Security Policy ("the Policy") and related guidelines. As a guide for personal information protection tasks, the Policy is implemented in all LITEON offices worldwide. 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 to maintain effective and operational information security and privacy protection.

Information Security Organizational Structure

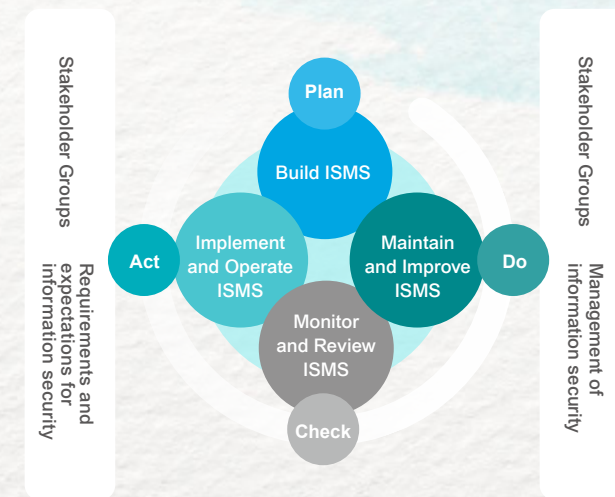
The cross-departmental and cross-functional Information Security Committee was created with the chairman serving as the convener. The committee is responsible for information security operations and emergency response and recovery, also to prevent information security breaches and reduce losses arising from such incidents.



1. The security representatives of the Information Security Committee are appointed by the heads of each business unit and functional unit.
2. The security audit is taken on by information security compliance or security representatives.

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 standards to implement information security management system documents, and uses the PDCA cycle to create, implement, maintain, and improve information security management systems. ISO 27001 information security management system certification was obtained in 2020 and an information security audit team was formed to verify the effectiveness of information security management measures.



In recent years, due to digital transformation and changes in the industrial environment, the risk of industrial control information security has increased. To implement the information security management mechanism of the industrial control environment, LITEON has strengthened the information security management mechanism of industrial control equipment in the production environment according to the international industrial control information security requirements. In 2022, it obtained IEC62443 Certificate. To meet the management requirements for personal data privacy protection, a privacy protection management organization has been established. LITEON's data protection officer leads business units and functional units to carry out various personal data protection management matters at home and abroad, including the formulation and announcement of privacy policies, employee education, and training. The control and supervision of the exercise of the rights of the data parties, the provision of private consultation and other matters, strengthen the protection requirements and management of personal data privacy on external websites.

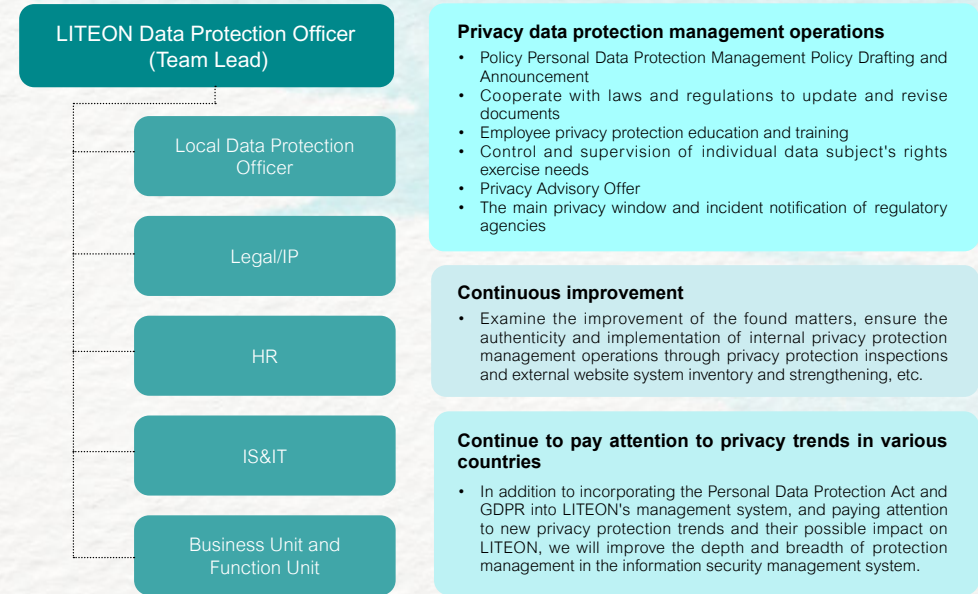
In the event of

1. internal or external information security issues within the company or department;
2. non-compliance issues arising from the implementation and maintenance of the information security system (such as general or technical audits of the information security management system);
3. the results of improvements made to non-compliance issues from the previous implementation and maintenance of the information security system;

the information security unit, in conjunction with security representatives, will conduct a potential risk assessment of "information security and personal data protection" and execute a risk improvement plan based on the assessment results. This process will be used for significant risk management within the company. In 2022, there were no complaints about violation of customer privacy or loss of customer data.



Privacy Data Protection Management Organization and Management



ISA/IEC 62443 International Industrial Cyber Security Standard Management Promotion

Asset visualization	Inventory of industrial equipment assets
Strengthening of Cyber security control equipment	Strengthen the network security protection capability of industrial equipment
Enhance machine settings	Improve the feasibility of machine equipment security enhancement to meet industrial control security requirements
Machine maintenance procedure	Establish maintenance procedures for industrial equipment suppliers and conduct education and training



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. Based on the IEC62443 industrial control standard, an industrial control information security system has been established. With systematic information security management and control mechanisms, the information security of production equipment is strengthened to prevent unexpected situations from reducing production efficiency and reduce the risk of production interruption due to external attacks, including industrial control equipment identity authentication and authorization management, industrial control network segmentation and connection restriction management, industrial control equipment anti-virus and prevent hacked measures (such as network anomaly monitoring, anti-virus USB flash drive, network IPS protection, etc.), portable device control, key Information security control measures such as equipment backup mechanism.
3. To enhance office work and work-from-home data access and protection and reduce the risk of information leakage when employees work externally, we have introduced Microsoft Azure Information Protection (AIP) mechanism. We utilize cloud-based digital tools such as Microsoft Office 365, encryption mechanisms, identity authentication, authorization policies, and remote secure access mechanisms to protect employees' personal information and confidential business documents.
4. LITEON provides network security isolation and control, secure transmission channels, anti-virus and anti-hacking measures, penetration testing and other risk management operations for product research and development and production environments to maintain production environment safety and works with business units to achieve customer product cybersecurity requirements and risk response measures.

Information Security Education and Training

To raise awareness of information security among employees, LITEON added an "Organizational information security awareness and training management standard" procedure to the information security management documents to provide a basis for management.

1. Information security awareness campaigns:

Information security news is announced, and campaigns are 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 to 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 mandatory to complete a minimum of one hour of information security training every year. In addition, various information

security courses are planned for distinct roles and functional personnel, and relevant information security and privacy education and training courses are conducted annually, including awareness training on trade secrets and information security, awareness education and training on GDPR privacy, education, and training on supplier information security management, etc. LITEON provides ongoing training as means to raise information security awareness in the workplace and incorporate the elements into the processes to achieve the most secure and rigorous information protection.

- ③ In addition to the education and training provided by LITEON, information security representatives and auditors are required to participate in external training events or seminars to learn about information security protection mechanisms and the latest forms of cybersecurity attacks, in order to enhance LITEON's information security defense capabilities.
- ④ Social engineering exercises are conducted as needed every year to raise information security awareness among employees.



2.6 Sustainable Supply Chain

Supply Chain Management

Actions in 2022

- In 2022, we continued to promote the second stage of the "LITEON Supply Chain Energy Conservation Assistance Project" and "Supply Chain Transformation Project" and strengthen "ESG Sustainability Risk Assessment Program" in order to gradually build-up LITEON low carbon supply Chain.
- In 2022, LITEON invited eleven suppliers to jointly participate in "LITEON Supply Chain Energy Conservation Assistance Project" of the Industrial Development Bureau of the Ministry of Economic Affairs, and set the goal of freeing up 2.5% of the energy-conserving space.
- Adopting a dual-axis strategy to establish a low-carbon supply chain in LITEON: reducing greenhouse gas emissions by 5% annually in the supply chain and implementing sustainable material management based on the principle of zero waste to landfill.

Major Implementation Results

- LITEON strives to optimize its localized purchasing strategies and also drives the sustainable development of local communities. In 2022, local purchases amounted to 91.46% of all purchases, increased by nearly 4% compared to 2021.
- In 2022, LITEON held a total of 27 supply chain engagement activities, including 13 green transformation supplier conferences and training sessions, and 14 special purpose project meetings for energy-saving.
- LITEON has set 2022 as the year for carbon reduction in LITEON's supply chain and will focus on 107 key supplier partners with significant impact from 2022 to 2023. They will work together to establish a baseline for the "LITEON Supply Chain Energy Conservation Assistance Project" as members of a small group, in order to complete the pre-carbon reduction setup for the supply chain.
- LITEON's supply chain Alliance submitted a total of 77 specific suggestions for improvement, which have a power saving potential of 5.67 million kWh and an average energy conservation potential of 4.23% for each plant. It is estimated that carbon reduction reached 2,887 tons of CO₂e.

2.6.1 Sustainable Supply Chain Management Policy and Targets

2.6.1.1 Sustainable Supply Chain Management Policy

LITEON values the corporate social responsibilities of its suppliers and actively collaborates with them to ensure that all products and services are produced and delivered in line with ethical, environmental, and social responsibility requirements, thereby safeguarding the long-term development of both LITEON and its suppliers. As an important member of the global electronics manufacturing industry, LITEON makes continuous improvements in Sustainable Supply Chain Management (SSCM) to maintain the market competitive advantages of LITEON and its suppliers as a whole. In order to achieve sustainable supply chain management, LITEON established the dual strategy of responsible production and green products, aligned with SDG 8 and SDG 12 to realize more extensive social benefits and business value.

To enforce the supply chain management, LITEON established the Sustainable Supply Chain Management Sub-committee. In addition to complying with domestic and international regulations and Responsible Business Alliance (RBA) guidelines, we built well-designed supply chain management framework and policy. Furthermore, LITEON extends the scope of sustainable supply chain management to economics and governance, environmental protection, social inclusion and other ESG issues. We evaluate suppliers' performance in labor rights, environmental protection, health and safety, and ethics and management systems as well as use it as an important basis for supplier selection and audits. We also established risk management measures to identify high risk suppliers and help suppliers continue to make improvements.

In response to international and domestic net zero emissions targets and customer requirements, LITEON uses dual strategies for developing a low carbon supply chain, in which one strategy is to set up a target of GHG reduction from the supply chain by 5% annually. The other strategy is to plan and implement the principle of waste zero landfill, in order to strengthen the supply chain's sustainable materials management. We hope to thus improve carbon management results of the supply chain, lower supply chain operational risks, and establish a win-win supply chain system.

Vision

- All members of the supply chain are LITEON's important partners on the path to sustainable operation. 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 (ESG) to increase sustainable competitiveness for a sustainable future

Strategy and Policy

- 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, gradually build-up supplier greenhouse gas inventory and product carbon footprint inventory information

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, regulations and ESG evaluation measures are in place to ensure workplace safety is upheld along the supply chain, employees and their dignity are respected, business activities contribute to 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 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 and Supplier Integrity Commitment) in order to ensure their ability to meet LITEON's SSCM requirements. LITEON launched the "LITEON Supply Chain Energy Conservation Assistance Project" and a new Supplier ESG Sustainability Risk Assessment Program in 2021; it then continued to promote the second stage of the "LITEON Supply Chain Energy Conservation Assistance Project" in 2022, strengthened "Supplier ESG Sustainability Risk Assessment Program" and continuously implemented the "Supply Chain Green Transformation Project" as well. LITEON expects to fulfill its corporate responsibility as a customer and collaborate with our supply chain partners.

2.6.1.3 Supply Chain and Localized Purchasing

LITEON offers a diverse range of flexible products that are used widely in 5G, vehicles, 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 model 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. Due to a reorganization of the company's structure, the business group has experienced a reduction^{Note1}. The direct purchase amount and local purchase amount have slightly decreased compared with 2021. LITEON cooperates with about 3,438^{Note2} raw material suppliers around the world, with a total purchase amount of over NT\$965 billion. They are categorized roughly into direct material suppliers and indirect material suppliers based on the counter-party in the transaction. Direct material purchases have been the bulk of all purchases most of the time over the years. Direct purchases amounted to NT\$889 billion^{Note3} in total, or 92.21% of all purchases, in 2022. Furthermore, most of LITEON's production sites and suppliers on the supply chain are located in Taiwan, China, and Thailand. Local purchases in 2022 amounted to NT\$882 billion^{Note4} in total, or of all purchases, an increase of nearly 4% compared with 2021. It demonstrates that LITEON's commitment to optimizing local procurement strategies while also supporting local sustainable development.

Note1 : A reorganization of the company's structure refers to the sale of Image department

Note2 : The number of suppliers included in statistics was adjusted to those that had transactions in the current year

Note3 : Direct purchase is defined as a purchase made directly from a manufacturer, dealer, or distributor

Note4 : Local or decentralized purchasing is determined by whether LITEON and the supplier in the same geographic region and by whether the process contributes to the local economy, creates jobs, or reduces the carbon footprint during shipping

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.

2.6.2.1 Sustainable Supply Chain Management Guideline

Executive Certification of Compliance by adopted 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

In order to become a qualified supplier for LITEON, suppliers are required to commit to fully complying with all relevant applicable laws and regulations in the operation of their business. We require suppliers to sign this commitment to pledge and confirm their commitment to abide by LITEON's Supplier Code of Conduct. The code is developed based on the five dimensions of reference guidelines for responsible business alliances' behavior codes to ensure that as a member of the electronics industry supply chain, suppliers can provide a safe working environment, respect and dignity for employees, undertake environmental responsibility, and comply with business ethics in their operations. At the same time, we also require the next-tier suppliers to acknowledge and implement LITEON's requirement specifications.

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 a supplier and a LITEON employee for the purpose of closing a deal or performing a contract, and a supplier not engage in any conduct that directly or indirectly benefits a LITEON employee or stakeholder. Regarding product liability management, 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 [2.6.2.2 Sustainable Supply Chain Management Mechanisms](#) and [3.5.4 Environment-Related Substances Management](#) 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 sustainable management. LITEON suppliers can be divided generally into Tier 1 Suppliers and Non-Tier 1 Suppliers, Significant Suppliers (Significant Tier 1 Suppliers and Significant Non-Tier 1 Suppliers), and High Risk Suppliers as shown below.



For assessment and management of supplier selection, LITEON has supplier screening principles including the criteria for quality, cost, delivery, service, management, innovation, and technical capabilities (QCDS-MIT). Meanwhile, LITEON implements green supply chain and ESG 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 Integrity Commitment 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
- Comply with LITEON's responsible mineral management policy and cooperate with LITEON to complete due diligence report

Identification of Significant Suppliers

For more effective supplier management, LITEON has identified a list of critical suppliers on which to direct its management efforts. In 2022, based on the product, process, and sales characteristics of each business group, and using the following three main principles, LITEON will identify 446 key suppliers:

- Manufacturers, agents, and dealers in the top 75% of annual procurement amounts
- Critical parts or components
- Exclusive or irreplaceable

Meanwhile, LITEON 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 each areas.

LITEON Supply Chain ESG Sustainability Risk Assessment

Audit and assessment on supplier ESG 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 supplier implementation of labor rights, health and safety, environment, ethics, and management systems. LITEON also encourages suppliers to develop materials and manufacturing processes that minimize environmental impacts or implement energy efficient and carbon emission reducing features in production utilities, and increasing attention and management of environmental issues, including climate change and biodiversity. Therefore, over the years, based on the RBA requirements, we have modified LITEON's supplier audit form in order to manage and respond to ESG risks of suppliers.

In 2021, LITEON re-planned and developed a new supplier ESG sustainability risk audit tool in order to improve sustainable supply chain management. This audit tool refers to the latest RBA7.0, Business Social Compliance Initiative Code of Conduct (BSCI), and other required aims and standards, together and items that LITEON should investigate to improve its sustainable development spirit of responsible production, it was then synthesized into the LITEON ESG On-site Audit Checklist for Suppliers.



Supplier Engagement Activities and Reward Mechanisms

1. Supplier engagement activities: Supplier conferences, project meetings, and education and training related to sustainable supply chain management

To grow together with supply chain partners, LITEON organizes a number of supplier conferences and seminars or training courses and project meetings for different business segments every year. In addition to presenting latest updates on LITEON's supply chain Strategy 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 Declaration of Business Management. LITEON requires that suppliers' management teams or top managers sign the Declaration of Business Management and Letter of Undertaking of Integrity to confirm compliance with the rules and the RBA Code of Conduct in their management practices. In addition, the scope of supplier-related education and training and project meetings including topics of climate change/energy conservation and carbon reduction/international carbon management, green product design/product carbon footprint, international environmental regulations on prohibited and restricted substances, biodiversity protection, circular economy/recycling of waste resources, responsible minerals, etc. These are all the benefits LITEON and suppliers derive from their continued effort to improve together. Due to the Covid-19 pandemic in 2022, in order to avoid the risk of cluster infections, many activities were maintained through online communication and collaboration with suppliers. Some physical meetings were held to discuss and implement projects. In 2022, LITEON held a total of 27 supply chain engagement activities, including 13 supplier conferences and training sessions, and 14 specific purpose project meetings.

LITEON has set 2022 as the first year of carbon reduction in LITEON's supply chain. From 2022 to 2023, LITEON's business units recruited and focused on key suppliers that have a material impact. 107 suppliers are members of the task force jointly established to promote "LITEON Supply Chain Energy Conservation Assistance Project". In addition to education and training for each group, division by category and area, team members were also invited to share on ESG-related issues in the supply chain, and to organize GHG inventories and carbon footprint surveys in order to establish the baseline before carbon reduction within the supply chain.

2. LITEON Supply Chain Energy Conservation Assistance Project

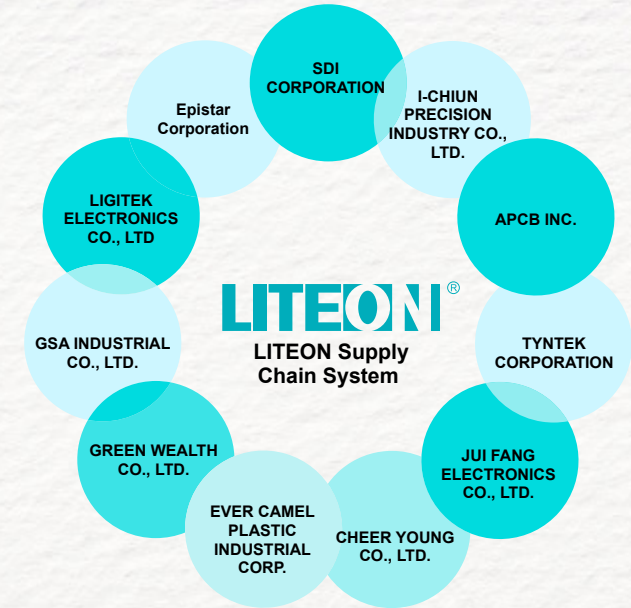
In 2022, LITEON invited eleven suppliers to jointly participate in "LITEON



Supply Chain Energy Conservation Assistance Project" of the Industrial Development Bureau of the Ministry of Economic Affairs, and set the goal of freeing up 2.5% of the energy-conserving space.

During the project period, the seed personnel of the supplier energy conservation Alliance will conduct online courses through the "Ewant Open Education Platform" to improve the basic knowledge and skills in energy conservation and carbon reduction; and professional consultants and factories cooperate with suppliers to measure their air compressor, air conditioning, lighting, pumps, and other public systems to find potential for carbon reduction.

The members of LITEON's supply chain energy conservation alliance are mainly large energy users, are required to save 1% of electricity each year, energy conservation improvement has been continued. As the public systems of the electronics industry are mainly composed of electricity consuming devices such as air compressors and ice water machines and pumps. Therefore, this project helps by giving priority to in-depth reviews of air-conditioning system efficiency, pump efficiency, and fan efficiency. After the one-year project period, LITEON's supply chain Alliance submitted a total of 77 specific suggestions for improvement, which have a power saving potential of 5.67 million kWh and an average energy conservation potential of 4.23% for each plant. It is estimated that carbon reduction reached 2,887 tons of CO₂e.



Supplier incentives for outstanding performance

The business segments implement suitable supplier incentives according to the nature of their sourcing activities and the characteristics of their suppliers. For the electric power business segment and OPS business segment, regarding suppliers:

- QCDST (quality, cost, delivery, service, and technology) rating
- A total transaction amount ranked in top 30
- Other outstanding performance that meet the criteria will be selected as outstanding suppliers and presented awards at the supplier conference

Other business segments organize similar supplier conferences and outstanding supplier award ceremonies to encourage outstanding suppliers.

2.6.2.3 Identification of Supply Chain Risk

Supply Chain Management Mechanisms

LITEON aims to become a leader in sustainable development through responsible production and by establishing a sustainable supply chain. We ensure that important issues are incorporated into sustainable supply chain management through the four stages: evaluation, guidance, communication, and collaboration to achieve this goal, and establish a sustainable supply chain system on this basis.

Building Sustainable Supply Chain



Risk Assessment Process

LITEON treats supply chain risk management as a crucial factor for maintaining a competitive edge within the company. 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: economy, environment, and society. The factors in the risk assessments include the following.

Economic	Environmental	Social
<ul style="list-style-type: none"> • Quality, cost, delivery, services • innovation, management and technical capabilities • Business ethics • Business integrity • Exclusive or critical source • Supplier's automation capability 	<ul style="list-style-type: none"> • Environmental law compliance • Environmental management systems • Climate change • Water management • Waste and air pollution 	<ul style="list-style-type: none"> • Employee health and safety • Human rights • Labor practices • Responsible minerals management • Working hours

High sustainability risk factors and high sustainability risk supplier categories in LITEON's supply chain in 2022 were then identified by considering the factors above in terms of the market conditions in 2022 and the supplier categories of counter-parties. The results are shown in the table below:

	Economic Risk Factors	Environmental Risk Factors	Social Risk Factors
High sustainability risk supplier categories	<ul style="list-style-type: none"> • Exclusiveness • Supplier's automation capability • Business integrity 	<ul style="list-style-type: none"> • Environmental law compliance • Water management • Climate change 	<ul style="list-style-type: none"> • Employee health and safety • Work hours • COVID-19
	IC	Printed circuit board/ cables/ enclosure casing	Printed circuit board/ power supply products/ cables/ enclosure casing

Supplier ESG Sustainability Risk Audit and Assessment Status

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 and whether a supplier was a significant supplier. Workers' rights, environmental protection, and health and safety practices along the supply chain were listed as risk control points. Sustainability questionnaire surveys and risk assessment and management are carried out for key suppliers.

In 2022, LITEON completed the supply chain ESG sustainability risk investigation; its audit focused on five aspects, including "labor rights, health and safety, the environment, business ethics, and management systems", which are equivalent to the RBA. It can be confirmed that the proportion of suppliers who implemented the new version of the LITEON ESG audit and assessment in 2022 accounted for 5.96% of all suppliers. Among which, 45.96% are significant suppliers, 3.36% are significant suppliers with a total score of less than 65% in the audit results of the five aspects, and 2 are ultra-high-risk suppliers that scored below 60%, which accounted for 0.45% of significant suppliers. In the results of this year's audit, no serious violations or deficiencies of suppliers that require immediate reporting have been found. LITEON Technology adopts a zero-tolerance policy for any such violations or deficiencies found through investigation, such as the use of child labor.

Audit Items and Proportions	Ratio
Proportion of suppliers that have implemented the LITEON ESG audit and assessment	5.96%
Proportion of significant suppliers that have implemented the LITEON ESG audit and assessment	45.96%
Proportion of significant suppliers whose total score is less than 65%	3.36%
Proportion of ultra-high-risk suppliers that scored below 60% among significant suppliers	0.45%
Proportion of high-risk significant suppliers that completed the LITEON ESG audit	100.00%
Serious violations of suppliers	0.00%
Violation of general matters by suppliers. ^{Note1} (Suppliers with other non-compliance items)	4.39 %

Note : We will continue to track the improvement of deficiencies found in audits.

Since most of the evaluation content and scoring methods of this tool are new standards, 2021–2022 is a buffer period for LITEON suppliers to make adjustments. In addition to major violations by suppliers, if the total score of a supplier's ESG risk audit is lower than 60 points, the supplier will be asked to complete improvements before the end of the year. Therefore, according to the audit and investigation results identified that there were no major violations of the 205 significant suppliers identified in this ESG risk identification. We will continue to monitor high-risk suppliers in the future and prioritize the list for on-site audits. In addition, improvement measures were implemented through effective management and followed up on an ongoing basis to ensure errors were corrected completely and the risk levels were reduced. In 2022, no suppliers were listed as unqualified suppliers in the ESG sustainability audit or other supplier audits due to violations of major social or environmental responsibility norms.



2.6.3 Responsible Mineral Management

2.6.3.1 Responsible Mineral/Metal Sourcing Policy

As a global corporate citizen, LITEON declares and pledges not to accept the use of metal minerals from unqualified smelters in conflict areas, and also requires its suppliers to comply with LITEON's responsible minerals/metal procurement 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: Conflict 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. The business units require that suppliers implement complete control and verify any use of minerals from unqualified smelters in materials after signing a declaration against the use of conflict minerals^{Note} 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. For more information please refer to the [company website](#).

Low-carbon supply chain has become a top priority for corporate sustainability. LITEON provides training and support resources to our supplier partners on international issues related to climate change and responsible minerals. These include conducting carbon footprint assessments and reduction planning, providing energy-saving and carbon reduction guidance, and carrying out responsible mineral due diligence investigations. We aim to enhance our sustainable competitiveness and reduce supply chain operational risks, working together with our partners for a sustainable future.

Responsible Mineral Management Process



2.7 Customer Service and Satisfaction

Customer Relationship Management

Implementation Strategy

- Customer Satisfaction is one of the core values of LITEON. At LITEON, we deliver excellent execution to provide quality and innovative products and services as well as build a cross-functional team to provide a full range of real-time services that create value for our customers and make us the best partner for our customers.

Actions in 2022

- LITEON's each business unit has cross-function teams (CFTs) providing targeted services to individual customers. Our CFTs can quickly propose response methods and overall solutions based on customer issues and feedback.
- 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.

Major Implementation Result

- The Results of the Customer Satisfaction Survey Conducted by LITEON's Core Business in 2022 showed an average satisfaction score of 4.4 (out of 5), which is equivalent to approximately 88.2%.

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 being 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 85% or higher
- Mid-term goal: Annual average customer satisfaction at 90% or higher
- Long-term goal: Ongoing improvement of the customer service management process to maximize customer satisfaction

Customer Service Management

Each of LITEON's business units has a dedicated cross-functional team (CFT) that offers personalized services to individual customers. These teams are responsible for accepting orders, conducting product research and development, manufacturing goods, and ensuring quality, delivery, cost-effectiveness, and after-sales support. By analyzing customer feedback and concerns, our CFTs can swiftly propose response methods and comprehensive solutions to meet their specific requirements.

To guarantee prompt delivery, we have streamlined our purchasing, planning, logistics, and cash flow processes, managing these operations online and relying on digital data as the foundation for our work. We also integrate external information from suppliers, customers, and financial institutions to ensure our management and delivery data is accurate and up to date. Additionally, to shorten processing times for technical support, transportation, delivery, and post-sale services, LITEON has strategically placed production facilities, branches, and distribution warehouses close to customers around the world. This enables us to expedite our response times and adroitly address evolving customer demands.

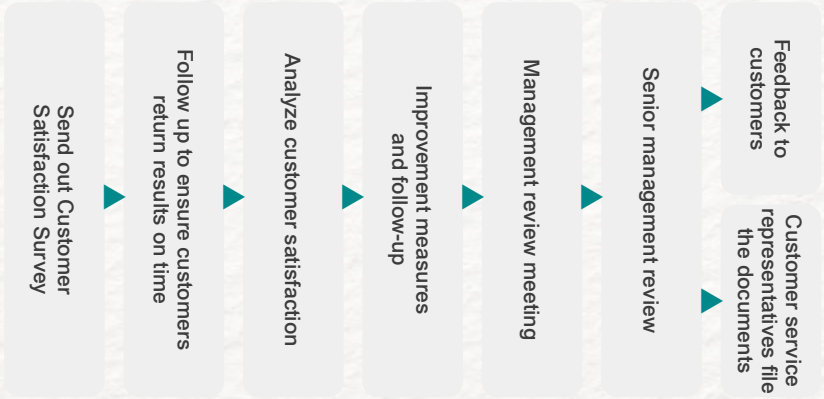




Customer Satisfaction

Improving customer satisfaction is a crucial component of LITEON's approach to enhancing its products and services. Analyzing customer satisfaction enables LITEON to identify ways to improve product quality, streamline service procedures, and develop innovative systems that better meet customer needs. To achieve this goal, LITEON conducts customer satisfaction surveys annually, targeting its larger customers. These surveys supplement the regular evaluations and audits LITEON performs, as well as the findings of its quality management system. Survey results are used to create improvement plans. Departments receiving lower scores will propose measures for enhancing these areas, while sales teams track progress and ensure completion. Customer evaluation scores are also used as performance indicators for certain departments. Approval from division heads is required for all improvement plans, which are subsequently integrated into the following year's operational goals to ensure satisfied customers.

Process of Customer Satisfaction Survey



Results of the Customer Satisfaction Survey Conducted by LITEON's Core Business in 2022

	Satisfaction Survey Items	Satisfaction Survey Items						Overall Satisfaction
		Quality	Delivery	Services	Pricing	Technologies	Hazardous Substance Free	
Average Satisfaction	Score (out of 5)	4.3	4.4	4.6	4.1	4.4	4.7	4.4
	Satisfaction (%)	85.4	88.4	92.2	82.3	87.8	93.2	88.2



3. LITEON AND THE ENVIRONMENT



LITEON's carbon reduction targets were validated by SBTi in 2019, and we have exceeded those targets for five consecutive years.



Based on the shipping volume, our continuous efforts in promoting product green design have resulted in a reduction of 504,580 metric tons of CO₂e across the entire product lifecycle in 2022.



3.1 Sustainable Environmental Commitment and Policy

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. In terms of green operations, LITEON continuously committed to reducing carbon emissions, increasing the use of renewable energy, improving energy efficiency, managing and reducing water resources, increasing recycling and reuse opportunities, and reducing waste generation. We consider product materials, use and disposal stages during design phase. By promoting green product design and management and increasing the use of recycled materials and renewable energy, we reduce the environmental impact of production activities. We have taken series of substantive operations to respond our environmental commitment and pursue for sustainable production.

Environmental Achievements in 2022

LITEON have continuously exceeded our carbon reduction targets for 5 years since obtaining SBTi validation in 2019.

The Dongguan factory has obtained the highest level platinum certification of UL 2799 for zero landfill waste, achieving a conversion rate of 100%.

LITEON completed a carbon footprint inventory of all products to establish a foundation for product carbon management and identify improvement hotspots for subsequent product R&D as well as reduce the carbon emissions of products.

LITEON's Environmental Sustainable Road Map and Goal-Setting Plan.



3.2 Climate Change and Energy Management

Major Implementation Results

- We have continuously exceeded our carbon reduction targets for 5 years since obtaining SBTi verification in 2019.
- The Dongguan factory has obtained the highest level platinum certification of UL 2799 for zero landfill waste, achieving a 100% conversion rate.
- LITEON compiled a carbon footprint inventory of all products to establish a foundation for product carbon management and identify improvement hotspots for subsequent product R&D as well as reduce the carbon emissions of products.
- A total of 72 energy-conservation plans were implemented in 2022, resulting in energy savings of 24,440 MWh. The majority of energy conservation efforts (70% in total) focused on production equipment, power systems, and air-conditioning/ chiller system.

Actions

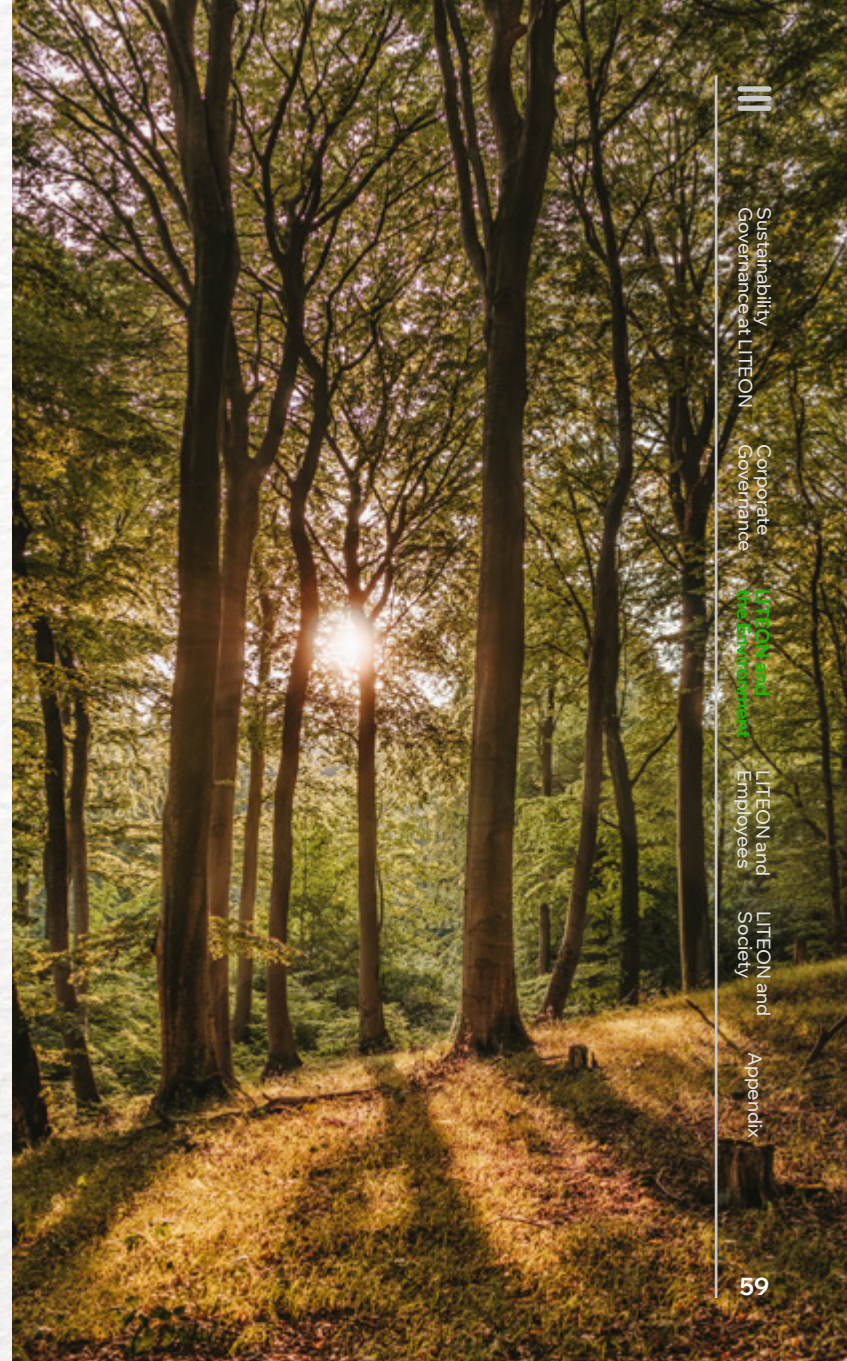
- LITEON has established a dedicated climate change risk working group responsible for assessing and developing strategies to manage physical and transition risks and opportunities arising from climate change. This includes identifying climate-related risks and opportunities, assessing potential financial impacts, and developing appropriate response measures and management methods.
- LITEON is committed to increasing the utilization of renewable energy and has implemented various measures to achieve this goal. These include reducing energy use, installing rooftop solar power generation systems, and purchasing International Renewable Energy Certificates.
- LITEON focuses on improving energy efficiency and has 6 production sites operating under the ISO 50001 energy management system in 2022. The company collaborates with energy-conservation plans to reduce electricity consumption for production and improve production efficiency by increasing output.
- LITEON has implemented an internal carbon pricing strategy whereby business units are charged internal carbon fees if they exceed their annual emissions quota. This method incentivizes business units to invest in carbon reduction and renewable energy technology, and the fees are expected to increase gradually in the future to support LITEON's carbon reduction commitment.
- LITEON is taking a multifaceted approach to reduce GHG emissions through production optimization and plant operation improvement, and by promoting diversified energy-saving plans. The company planned to execute 42 energy-saving plans, and aims to reduce electricity consumption by 15,000 MWh in 2023.

Climate Change Policy

LITEON places significant emphasis on climate change and energy management as these are two of the material issues and key risks to LITEON's sustainable development. The company regularly monitors and analyzes GHG emissions, VOCs, water consumption, and waste in these areas, and works on adapting to and mitigating the impact of greenhouse gases. To address climate change mitigation, LITEON has developed the LITEON SBT approach for reducing carbon intensity, and closely manages and analyzes monthly internal energy use to ensure targets are met. LITEON also actively employs green design, energy management solutions, energy generation and conservation products, and other strategies to reduce GHG emissions. In terms of climate change adaptation, LITEON assesses potential risks based on international research, industry trends, and results from internal and external studies. This information is used to create comprehensive policies for GHG emissions, such as the use of renewable energy, energy conservation, green products, and smart energy-conservation technologies.

LITEON Climate-Related Financial Disclosure Principles

LITEON has adopted the principles of the Task Force on Climate-related Financial Disclosures (TCFD) in 2018. This includes the disclosure of four core elements: governance, strategy, risk management, and metrics and targets. LITEON has established an information framework that identifies major risks and opportunities that may arise from its operations, and proposes relevant countermeasures. For governance, LITEON discloses how it manages its climate-related risks and opportunities. For strategy, LITEON describes how it plans for actual and potential climate-related impacts on its business, strategic, and financial planning. For risk management, LITEON discloses its approach to identifying, assessing, and managing climate-related risks and opportunities. Finally, for metrics and targets, LITEON discloses the metrics and targets it uses to assess and manage climate-related risks and opportunities.



3.2.1 LITEON Climate Governance

The Board's Oversight of the Climate-Related Risks and Opportunities

LITEON actively reinforces the governance of sustainable business and sustainable environment by establishing the Corporate Sustainability Committee as the highest-level supervisory organization for sustainable governance operations. The committee consists of five independent directors and is chaired by the board chairman (also chief sustainability officer). Its responsibilities include setting annual targets for corporate social responsibility in economic, environmental, and social dimensions, monitoring their progress, and leading LITEON towards its short-, medium-, and long-term sustainability goals. The committee must meet at least twice a year, according to the "organizational regulations of the Corporate Sustainability Committee," and report regularly to the Board of Directors on its execution plans and achievements.

The Corporate Sustainability Committee is also complemented by subcommittees such as the Environmental Sustainability Subcommittee, the Sustainable Product Design Subcommittee, and the Risk Management Subcommittee, which strive to enhance environmental management efficiency, develop low-carbon products, as well as control environmental risks.

Management's Role in Risk and Opportunity Assessment and Management

- **The Environmental Sustainability Subcommittee** which is led by the head of manufacturing, and is responsible for green operations at the plants, setting environmental targets, risk control, the environmental target achievement survey. The environmental targets include energy saving plan, GHG emission, water-saving, waste reduction etc. The subcommittee also analyze the risks and opportunities from customers, local government and law enforcement.
- **Sustainable Product Design Subcommittee** which is led by the head of Research and Design is responsible for low-carbon design and development.
- **The Risk Management Subcommittee** which is led by the head of the operation identifies environmental risks and opportunities as one of the eight cooperate risk management according to significance rule. The Subcommittee tracks risks and opportunities of identification and impact assessment each two year. The management indicator results are reported regularly to the CS Committee, Audit Committee and the board of directors annually.



Financialization of ESG Information

Implementation Strategy

Under the Corporate Sustainability Committee, there are the Environmental Sustainability and Risk Management Subcommittees responsible for the management of climate-related financialization of information issues. Environmental Sustainability Subcommittee adopts "CSR code of conduct" as LITEON's environmental policy and adheres to the promise to reduce the impact on the environment. For climate change mitigation, we set the LITEON SBT approach for carbon intensity reduction as well as manage and analyze internal energy usage with respect to targets. Meanwhile, we rely on green design, energy management, and energy generation, conservation, and conversion products and solutions to meet GHG emission reduction targets actively. Risk Management subcommittee follows the "ISO 31000 Risk Management System and Guidelines" to gather information on climate developments and trends in terms of external market, regulatory, technical and physical factors, and to evaluate the probability and severity of impact, and identify climate risks and opportunities.

Actions

After identifying the main risks, the Risk Management Subcommittee will discuss countermeasures with each business unit of the company, and risk assessment will be submitted to the risk management team, the Sustainability Committee, and the Audit Committee for supervision. The chairman of the Audit Committee regularly reports to the Board of Directors based on the risk management and assessment results.

In 2022, LITEON conducted a comprehensive review and considered the degree of impact and probability of occurrence. Then, it converts relevant climate risks into financial figures, which are prioritized according to likelihood and severity, and corresponding countermeasures are formulated. For risks with higher assessment results, a climate scenario analysis is additionally performed, and the current operational layout is considered to calculate its potential financial impact.

Major Implementation Results

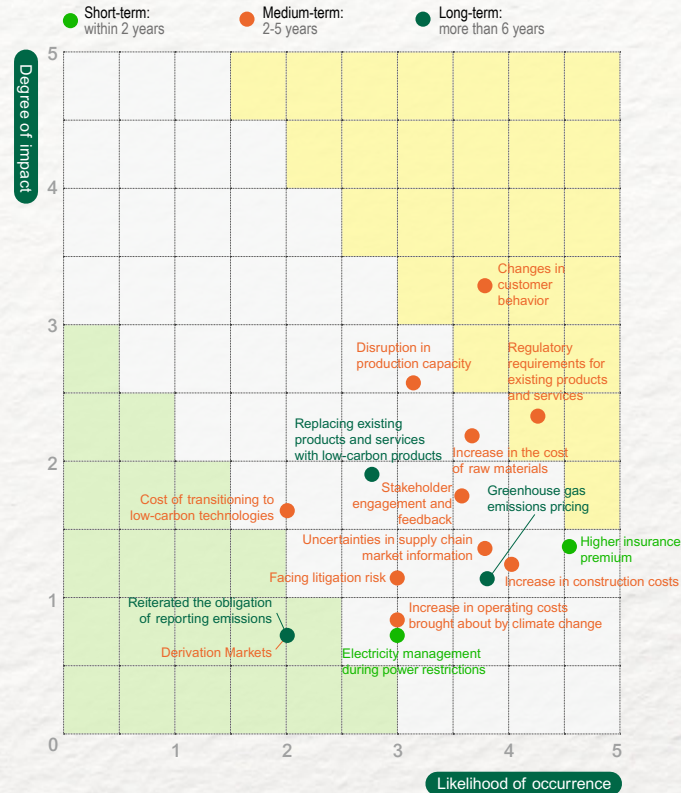
The climate risks and opportunities issues as well as financial impact data and response management measures reports presented in routine meetings of the Corporate Sustainability Committee. It provides a basis decision-making by the top management. After assessing, partial information also disclosed in the report provides for all stakeholders as a reference.

3.2.2 LITEON Climate Strategy

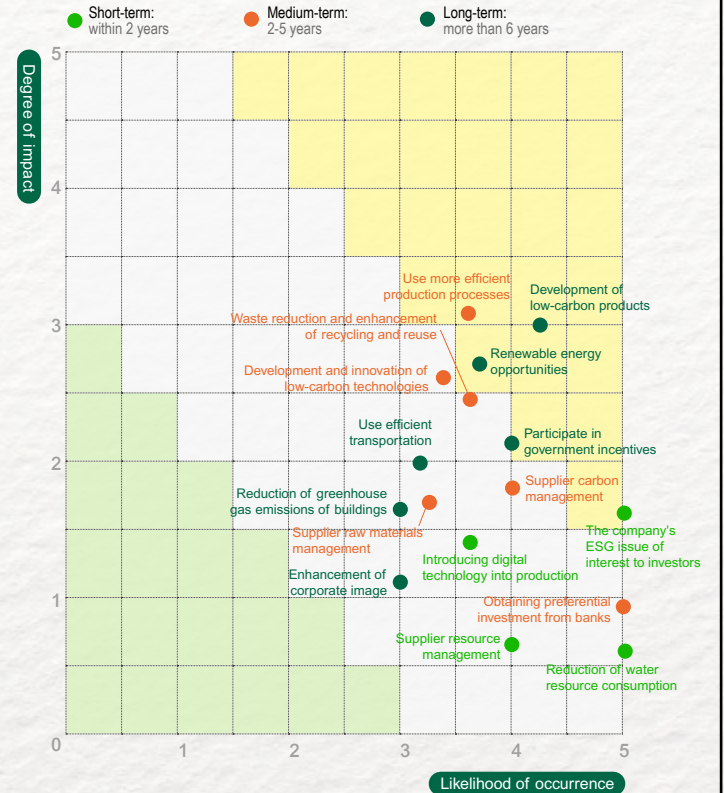
3.2.2.1 Identify Risks and Opportunities Related to Global Climate Change

The Corporate Sustainability Committee convenes regularly to discuss climate-related issues, and stays informed about international research reports, industry trends, and internal and external surveys to identify short, medium, and long-term risks and opportunities that may impact business operations due to climate change. The committee's framework is designed not only to remain agile in its management of climate-related risks and opportunities, but also to continue strengthening the link between sustainability and financial information in order to develop advanced response capabilities, as needed.

Identification of LITEON Climate-Related Risks



Identification of LITEON Climate-Related Opportunities



3.2.2.2 Identification of LITEON Climate-Related Risks and Opportunities

Risks arising from climate change and natural disaster issues are included in LITEON's identified categories of sustainability risks. For the potential impact on business activities, LITEON has the climate change risk task force in place to handle identification of transformation risks, physical risks and opportunities. Additionally, conducting assessments of possibilities and analysis of the degree of impact. The task force is also responsible for devising appropriate countermeasures.

LITEON conducts climate risk assessment according to the "ISO 31000 Risk Management System and Guidelines" and adopts the PDCA cycle, converts relevant climate risks into financial figures, and considers projects that may cause an annual financial impact of more than NT\$1.75 million as impactful risks and opportunities, which are prioritized according to likelihood and severity, and corresponding countermeasures are formulated. For risks with higher assessment results, a scenario analysis is additionally performed, and the current operational layout is considered to calculate its potential financial impact. Risk assessments are also submitted to the Sustainability Committee and the Audit Committee for supervision. The chairman of the Audit Committee regularly reports to the Board of Directors based on the risk management and assessment results.



LITEON identifies climate-related factors through ongoing improvement management practices. 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 management and results will be submitted to the risk management team 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. With respect to climate challenges and opportunities, LITEON actively performs climate scenario analysis specifically targeting higher climate risk factors and calculating potential financial impacts on an ongoing basis. The practice makes climate risk management part of business operations.



Description of Climate-Related Issue — Transition Risk


 <p>Policies and Regulations</p>	<p>Potential Financial Impact</p> <p>Increase operating costs</p> <ul style="list-style-type: none"> Costs of energy conservation/ greenhouse gas/ climate change related projects 	<p>Increased Price of GHG Emissions (Cap/Carbon Tax/Energy Tax)</p> <ul style="list-style-type: none"> Taiwan's Pathway to Net-Zero Emissions by 2050 was announced in the first half of 2022. With the "Climate Change Response Act" as its basis, Taiwan will also charge carbon fees to major carbon emitters in the future. The European Commission proposed the Carbon Border Adjustment Mechanism (CBAM) for certain imported products. The first stage does not regulate electronics products, and we will continue to track regulatory changes. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: medium to high</p>	<p>Management Practices</p> <p>There is no significant impact in the current stage, but we will actively follow the latest regulatory changes to comply with regulatory requirements on carbon reduction, product energy efficiency, and raw materials. We will make timely adjustments and optimize the company's carbon reduction plans and measures in order to ensure that the company's operational activities comply with legal and regulatory requirements.</p>
	<p>Increase procurement cost</p> <ul style="list-style-type: none"> Renewable energy acquisition costs 	<p>Reiterated the Obligation of Reporting Emissions</p> <ul style="list-style-type: none"> In addition to revising the disclosure methods of sustainability reports and annual reports of listed companies to expand the scope of greenhouse gas inventory and verification, the FSC will actively cooperate with customers in data collection and calculation due to the increasing demand for carbon emission data and carbon disclosure CDP from customers. LITEON voluntarily commits to formulate Scope 1 and Scope 2 greenhouse gas emission reduction targets in line with SBTi standards. Renewable energy market mechanisms vary by region and most are immature. Some customers have asked LITEON to provide GHG emissions or product carbon footprint data for specific next tier suppliers with high carbon emissions or high risk. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: medium to high</p>	
	<p>Increase capital expenditures</p> <ul style="list-style-type: none"> Capital items and amounts invested in renewable energy construction, energy conservation projects, and equipment improvement 	<p>Regulatory Requirements for Existing Products and Services</p> <p>OEM electronic products must comply with the energy efficiency standards and specifications of products promulgated and updated by various countries in response to greenhouse gas reduction strategies:</p> <ul style="list-style-type: none"> Product requirements such as ENERGY STAR, use of recyclable packaging materials, and use of recycled materials. According to the needs of brand customers to apply for EPEAT, the proportion of recycled plastics may be as high as 80%. Require products to improve energy conversion efficiency according to 80PLUS specification. Continue to look for low-carbon materials and build a low-carbon production supply chain. EU regulatory trends: European Green Deal, EU Carbon Border Adjustment Mechanism (CBAM) and other mechanisms may affect product exports. 	<p>Time frame: Long-term</p> <p>Possibility of occurrence: Low to medium</p>	

Description of Climate-Related Issue — Transition Risk

 <p>Technology</p>	<p>Potential Financial Impact The cost of transitioning to a low-carbon economy</p> <p>Operating costs</p> <p>Related product development costs</p> <p>Procurement/raw materials cost</p>	<p>Replacing Existing Products and Services with Low-Carbon Products</p> <ul style="list-style-type: none"> In response to the risk of high competition for low-carbon products in the future, the company will continue to develop various emerging green technologies and product solutions related to the company's products in terms of new technology development, including renewable energy, energy storage systems, energy conversion efficiency, and micro-distributed power grids. <hr/> <p>Cost of Transitioning to Low-Carbon Technologies</p> <ul style="list-style-type: none"> Evaluate the technologies and expenses associated with the upgrade and compatibility of materials used in products based on future power conversion demand in the market. For example, demand for charging power will increase when electric vehicles are popularized, and fast charging will be mainly used. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: medium to high</p>	<p>Management Practices</p> <p>To reduce the GHG emissions of its products, LITEON has implemented measures to adjust the carbon emissions associated with the product's raw materials and usage stage. The company also collaborates with its suppliers to research and develop lower-carbon materials, while improving its R&D capabilities to increase the energy conversion efficiency of power products, and improve the luminescence efficiency of opto-electronics products.</p>
 <p>Reputation</p>	<p>Potential Financial Impact Addition of stakeholder concerns and negative feedback</p> <p>Damage to business image</p> <p>Impact on revenue</p> <p>Impact on procurement cost</p>	<p>Facing Litigation Risk</p> <ul style="list-style-type: none"> Customers can review the company's reputation on the website and make a purchase decision. A poor reputation for climate can hurt sales through consumer boycotts or local community protests, and our customers' orders may be reduced, and some market share may be lost as a result of these illegal events. <hr/> <p>Stakeholder Engagement and Feedback</p> <ul style="list-style-type: none"> If the company's ESG-related disclosure and ESG rating performance decline, it may affect investors' evaluation of the company and even the investment proportion, which in turn affects the market value, thus highly affecting the company's intangible assets and image. If companies do not demonstrate green competitiveness, investors may reduce their willingness to invest in the long term. If the company or its suppliers have major environmental pollution, climate risk crisis or poor environmental management performance, relevant media reports may affect the reputation. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Low</p> <p>Time frame: Medium-term</p> <p>Possibility of occurrence: medium</p>	<p>Management Practices</p> <p>The extent to which companies make efforts on climate change issues may influence investors' investment decisions.</p> <hr/> <p>Management Practices</p> <p>In engagement activities with stakeholders, LITEON is committed to explaining climate change goals, plans, actions and quarterly annual targets, and ensure the environmental management of the company and suppliers.</p>




Description of Climate-Related Issue — Transition Risk

 <p>Market</p>	<p>Potential Financial Impact Decrease in revenue Operating costs Procurement/ Renewable energy acquisition costs</p>	<p>Changes in Customer Behavior</p> <ul style="list-style-type: none"> With growing environmental awareness, low-carbon technologies and a wider range of services may start affecting customer preferences in products. If LITEON fails to meet customer demands in a timely manner, the sales of products will decline. To that end, LITEON monitors closely market developments triggered by climate change. LITEON invests in research and work to develop these sustainable technologies to enable itself to respond quickly to the customer preference shift to green products. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: medium to high</p>	<p>Management Practices</p> <p>For research and development strategies and project management, we will continue to develop various emerging and alternative green technologies and product solutions related to the company's products in terms of new technology development. In addition, we will seek relevant technical requirements and internal and external resources in the research and development of new green technology processes and products. The research and development teams of various business divisions formulate relevant research and development strategies, projects, schedules, and budgets to respond to customer needs and low-carbon product development promptly. trend, and reduce R&D costs and technical risks.</p>
	<p>Potential Financial Impact Uncertainties in market information Procurement costs • Renewable energy acquisition costs</p>	<p>Greenhouse Gas Emissions Pricing</p> <ul style="list-style-type: none"> Several sustainability regulations have not yet formed a consistent standard, so the needs of customers, investors and key stakeholders are also inconsistent. The great variability in the associated carbon emissions and energy efficiency norms creates risks that the industry as a whole face. 	<p>Time frame: Short-term</p> <p>Possibility of occurrence: High</p>	<p>Management Practices</p> <p>LITEON has passed internal carbon tax policy. We revise carbon pricing prices annually. The business units were charged with internal carbon fees if they exceed the annual carbon emission quota. The method strengthens business units' decision-making on carbon reduction investment.</p>
	<p>Potential Financial Impact Raw materials cost Procurement cost Renewable energy acquisition costs</p>	<p>Increateatse in the Cost of Raw Materials</p> <ul style="list-style-type: none"> Many customers have considered using recycled raw materials to replace traditional raw materials for considering the importance of environmental protection. Thus, it caused higher material costs. Given the increasing attention to renewable energy, a portion of suppliers will commence adopting renewable energy to replace conventional energy sources. The cost of using renewable energy is relatively high which will cause a portion of suppliers to transfer costs to raw materials prices. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: High</p>	<p>Management Practices</p> <p>We formulated procurement strategies for raw materials cost in advance and paid attention to international renewable energy market information.</p>



Description of Climate-Related Issue — Physical Risk



 <p>Acute</p>	<p>Potential Financial Impact Increased severity of extreme weather events, such as typhoons and floods</p> <p>Increase in operating costs/capital expenditures</p> <ul style="list-style-type: none"> Environmental expenses in the plant area in response to extreme weather Equipment and construction costs 	<p>Disruption in Production Capacity</p> <ul style="list-style-type: none"> Changes in rainfall patterns during dry and rainy seasons will affect ability of reservoirs to store water and reduce flooding, and thus affect the water supply system. Insufficient water supplies can also lead to the shutdown of operations and production lines. Disasters will disrupt operations, impact employee life, and interrupt supplier component supply. The associated recovery costs and product delivery delays will increase management costs and reduce sales. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Medium to high</p>	<p>Management Practices</p> <p>We will incorporate business interruption insurance to address the risk of operational interruption arising from various natural disasters to reduce the risk impact caused by capacity disruption.</p>
		<p>Higher Insurance Premium</p> <ul style="list-style-type: none"> According to the aqueduct investigation, LITEON has a total of four operating bases worldwide located in areas of high water risk. In order to reduce the impact of drought events, respective plants have successively made investments in water-conservation facilities, enhanced the recycling of water resources, extended insurance coverage to relevant scopes, and formulated emergency response plans to reduce disaster risk. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Medium to high</p>	
		<p>Uncertainties in Supply Chain Market Information</p> <ul style="list-style-type: none"> Extreme weather events caused by climate change, such as typhoons, drought and floods, may have a negative impact on regional production and result in unstable product, which will create a shortage in product supply. This shortage may further spread to upstream products and cause a material shortage for products in the supply chain, creating inconvenience and losses for companies and consumers. Thus, climate change poses a severe challenge to the stability of supply chains which is essential for businesses to adopt proactive measures to mitigate the impact of climate change on the supply chain. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Medium to high</p>	
		<p>Electricity Management During Power Restrictions</p> <ul style="list-style-type: none"> Certain regions may potentially encounter temporary power rationing situations due to the policies in the countries/regions. It will lead to a decline in output or the shutdown of production. 	<p>Time frame: Long-term</p> <p>Possibility of occurrence: High</p>	
 <p>Chronic</p>	<p>Potential Financial Impact Average temperature increase</p> <p>Increase operating costs</p> <p>Increase energy costs</p>	<p>Higher Operating Costs Due to Higher Construction Costs and Climate Change</p> <ul style="list-style-type: none"> Weather hazards created by rising temperatures could increase severity concerning plant safety and health regulations, thus increasing management costs changes in average temperature change has a direct impact on the power used by the air-conditioning system, increase in the energy consumption demand for cooling equipment, and the overly high temperatures of cooling water. 	<p>Time frame: Long-term</p> <p>Possibility of occurrence: Low to medium</p>	<p>Management Practices</p> <p>We implemented adaptation and mitigation projects with the aim of reducing the impact of physical risk.</p>

Description of Climate-Related Issue — Opportunity

 <p>Resource Utilization Efficiency</p>	<p>Potential Financial Impact Use more efficient production and distribution processes</p> <p>Operating costs</p>	<p>Use Efficient Transportation</p> <ul style="list-style-type: none"> LITEON is dedicated to enhancing its product transportation and distribution operations to improve logistics efficiency, reduce energy consumption associated with product transportation, and decrease carbon emissions in the distribution stage. To achieve these goals, LITEON developed the MFG portal system in 2018, based on big data analysis, to optimize logistics management. The system integrates with SAP shipping documents to optimize packaging and logistics, reducing energy consumption during transportation by minimizing the high no-load ratio of goods. By reducing the number of shipments, the company is able to achieve its aim of promoting green transportation. 	<p>Time frame: Long-term</p> <p>Possibility of occurrence: Medium</p>	<p>Management Practices</p> <p>Build a Operation Combo Site (OCS) to make production and distribution processes more efficient.</p>
	<p>Potential Financial Impact Moving toward more efficient buildings</p> <p>Operating costs</p> <p>Increase asset value</p>	<p>Using More Efficient Production Processes and Reducing Greenhouse Gas Emissions From Buildings and Construction</p> <ul style="list-style-type: none"> Kaohsiung plant is awarded Gold Level Green Building certification, and the Zhonghe plant has also received green building certification. LITEON produces many green building and energy-saving products, such as LED lights, inverters, etc. If they can be applied in its own factories or buildings, it can increase sales and improve building energy efficiency. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Medium</p>	<p>Management Practices</p> <p>In order to increase energy utilization rate of product design, research and development and production processes, we implemented the concept of energy conservation and carbon reduction in all LITEON offices. Actions include recording and analyzing daily electricity consumption, improving electricity use efficiency, pipelines, improving and replacing old factory equipment, and implementing various energy saving plans.</p>
	<p>Potential Financial Impact Revenue</p>	<p>Introducing Digital Technology Into Production</p> <ul style="list-style-type: none"> LITEON collects data on electricity consumption during production through smart meters analyzed by system management tools. To achieve the purpose of intelligent management and energy saving, we carried out statistics, flow tracking, energy efficiency benchmarking, and warnings on electricity consumption in each plant area. 	<p>Time frame: Short-term</p> <p>Possibility of occurrence: Medium</p>	<p>Management Practices</p> <p>We monitor production operations through digital systems and reduce energy waste through real-time management to optimize production efficiency.</p>
	<p>Potential Financial Impact Operating costs</p>	<p>Waste Reduction and Enhancement of Recycling and Reuse</p> <ul style="list-style-type: none"> Waste and precious metals generated from production are sorted and collected by qualified treatment companies/recycling companies for further recycling and reuse. 	<p>Time frame: Long-term</p> <p>Possibility of occurrence: medium to High</p>	<p>Management Practices</p> <p>We identify waste reuse/recycling possibilities to reduce waste output and increase recycling rates by introducing UL 2799 into factories.</p>
	<p>Potential Financial Impact Waste recycling rate</p>	<p>Reduction of Water Resource Consumption</p> <ul style="list-style-type: none"> Due to climate change, some areas such as Kaohsiung plant have less rainfall, in order to cope with the water situation, the construction of water recycling equipment and the implementation of water-saving measures to improve the utilization rate of water resources annually. 	<p>Time frame: Short-term</p> <p>Possibility of occurrence: Medium</p>	<p>Management Practices</p> <p>We actively manage the use of water resources in the factory area and consider the feasibility of establishing rainwater recovery equipment, and conduct regular inspections and propose water-saving measures to reduce water resources use annually.</p>



Description of Climate-Related Issue — Opportunity

 <p>Energy Acquisition</p>	<p>Potential Financial Impact Using low-emission energy, transition to decentralized energy production</p> <p>Electricity costs</p>	<p>Renewable Energy Opportunities</p> <ul style="list-style-type: none"> The government may increase the price of electricity from non-renewable sources to support development of renewable energy. And Trend Research points out that renewable electricity prices will be lower than fossil fuels by 2030. Changan Plant signed a contract with ESCO operators for self-generated and self-consumed. Vietnam and Guangzhou Plants negotiated the construction of a rooftop solar power generation system. 	<p>Time frame: Long-term</p> <p>Possibility of occurrence: medium to high</p>	<p>Management Practices</p> <p>We evaluate the feasibility and plan of renewable energy construction on the roof of the factory, and seek cooperation from external renewable energy manufacturers to sign renewable energy purchase agreements to increase the proportion of renewable energy.</p>
 <p>Products and Services</p>	<p>Potential Financial Impact Develop or expand the range of low-carbon products and services, respond to market demand</p> <p>Product revenue Product R&D costs</p>	<p>Development of Low-Carbon Products</p> <ul style="list-style-type: none"> With the increasing severity of global climate change, the competitive advantage of low-carbon emission and high-efficiency products and services has gradually increased. LITEON continues to focus on IoT applications, including cloud computing, optoelectronics, automotive electronics and smart manufacturing as key areas of transformation, and takes this as the company's strategy to address climate change. The company believes that these sustainable technologies can help customers save costs, reduce energy usage and protect the environment, and become a key niche business for LITEON in the next few years. LITEON will also increase revenue through increased demand for low-carbon emission products and services. For the issues of product transformation, LITEON continues to promote low-carbon product portfolios and production processes. 	<p>Time frame: Short-term</p> <p>Possibility of occurrence: high</p>	<p>Management Practices</p> <p>To reduce the impact of their own operating environment, RDs work with consulting companies to calculate and set aggressive reduction targets according to customer needs. To meet the requirements of low-carbon products, we reduce product carbon footprint through energy efficiency tracking and product development.</p>
	<p>Potential Financial Impact Development and innovation of new products and services</p>	<p>Development and Innovation of Low-Carbon Technologies</p> <ul style="list-style-type: none"> In order to fight the threats of climate change, energy saving and waste reducing products are becoming mainstream. Reducing energy consumption will help LITEON and its customers cut costs and increase production capacity at the same time. LITEON works with suppliers that are carbon emission hot spots in product modification, which will improve energy efficiency, reduce the materials used and weight of products, and reduce the amount of waste generated. LITEON will invest in products to effectively improve the energy efficiency of other products and increase its competitiveness which increases LITEON sales revenue. 	<p>Time frame: Short-term</p> <p>Possibility of occurrence: medium to high</p>	

Explanation of Climate-Related Opportunity Issues

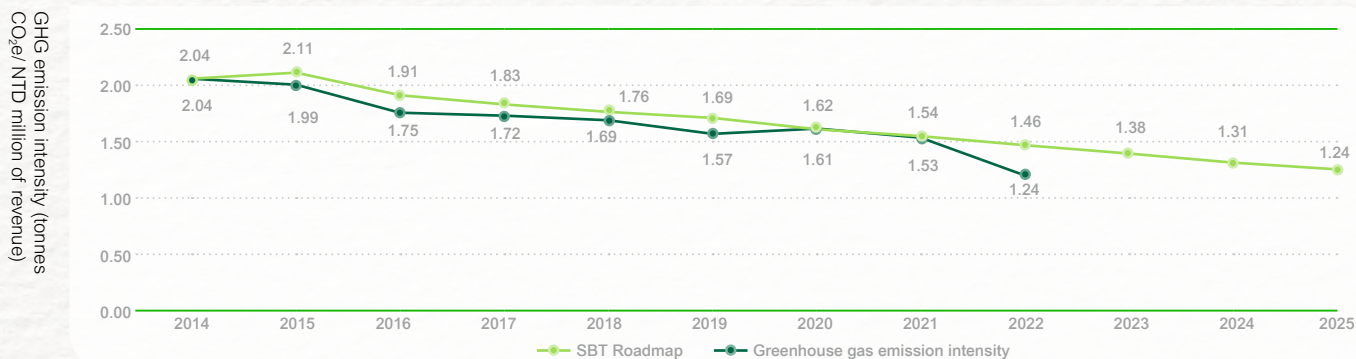
 <p>Market</p>	<p>Potential Financial Impact</p> <p>New market partnerships</p> <p>Revenue</p> <p>Costs associated with green materials</p>	<p>Supplier Carbon Management</p> <ul style="list-style-type: none"> According to the requirements of green and low-carbon products, we develop/find green material sources and applications, and obtain green market opportunities. Customers require continuous improvement of R&D capabilities and innovative designs, so we develop new materials to extend product lines. 	<p>Time frame: Short-term</p> <p>Possibility of occurrence: medium to high</p>	<p>Management Practices</p> <ul style="list-style-type: none"> Enhance technology development/search for green materials Encourage supply chains to cooperate with product carbon footprint inventory Encourage supply chains to use low-carbon materials and green electricity production Hold technical seminars regularly Establish innovation proposal platform
		<p>Supplier Resource Management and Supplier Raw Materials Management</p> <ul style="list-style-type: none"> We reduce energy consumption and environmental pollution caused by raw materials and products during transportation. To increase local procurement of raw materials and reduce carbon emissions, we improve the efficient use of packaging materials and space, and use recyclable packaging materials. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Medium</p>	<p>Management Practices</p> <ul style="list-style-type: none"> Drive the search for local suppliers to purchase materials, shorten the journey, and make it easier to replenish or replace when needed. Implement product lifecycle tracking Product recycling rates are included in supplier evaluations Create recycling by recycled material development
		<p>The Company's ESG Issue of Interest to Investors, Enhancement of Corporate Image and Obtaining Preferential Investment from Banks</p> <ul style="list-style-type: none"> In recent years, global investors have paid attention to the substitution rate of renewable energy and carbon reduction results of enterprises as one of the reference indicators for their green sustainable investment. The company will have an opportunity to become an investment target for new sustainable finance products if it can achieve exceptional performance in low-carbon transition and seize ESG business opportunities. New Sustainability-Linked Loan (SLL) with banks to motivate companies to move towards sustainability goals through product design. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: Medium</p>	<p>Management Practices</p> <ul style="list-style-type: none"> ESG investment has become a global trend, and investment corporations are more willing to invest in enterprises related to energy transition, such as wind power, solar energy, and low-carbon economy. LITEON enhances corporate image by setting product carbon reduction targets to reduce product carbon emissions (555 Carbon Reduction Action).
		<p>Access to Government Incentives</p> <ul style="list-style-type: none"> According to law in Taiwan, plants that have obtained Green Building Certification will receive a 10% floor area ratio (FAR) discount. Procurement of public agencies is mainly green procurement, and those that produce environmentally friendly products will be selected as a priority, increasing the opportunities for cooperation with government departments. Subsidies for energy-saving equipment provided by the Energy Bureau which reduces the cost of upgrading to high-efficiency energy-powered equipment, and increases incentives. Participate in Taiwan Power Company's (TPC) demand bidding program to increase the company's energy-saving flexibility and obtain virtual electricity revenue. LITEON actively responds to the energy management policies of the Chinese government, such as introducing an online energy monitoring system which was selected as a Class-A enterprise in the energy management system of the Dongguan Bureau of Economics and Information Technology and won government awards for the online energy monitoring system. 	<p>Time frame: Medium-term</p> <p>Possibility of occurrence: medium to high</p>	<p>Management Practices</p> <ul style="list-style-type: none"> We actively collect relevant subsidy regulations in production areas, set up project organizations, and set up special personnel to manage to win incentives from the public sector. We actively participate in the energy conservation projects of the Industrial Bureau and assist suppliers to achieve energy saving goals.
<p>Potential Financial Impact</p> <p>Access to government incentives (products)</p> <p>Operating costs</p> <p>Product revenue</p>				



3.2.3 LITEON Climate Risk Management

LITEON simulates future effects of climate change based on the IEA 2DS and uses the results to set the GHG reduction Science-Based Targets(SBT). LITEON is committed to promoting climate change response measures, including climate change mitigation and adaptation. To mitigate climate change, the company uses simulations to assess the future effects of climate change and sets GHG reduction SBTs accordingly. LITEON achieves its climate change mitigation goals through energy management, renewable energy, process optimization, plant operation improvement, and internal carbon pricing strategies. The company also formulates climate change adaptation strategies and develops low-carbon products and energy-saving technologies to reduce its carbon footprint and achieve net-zero greenhouse gas emissions.

The SBT near-term carbon reduction pathway target map by 2025

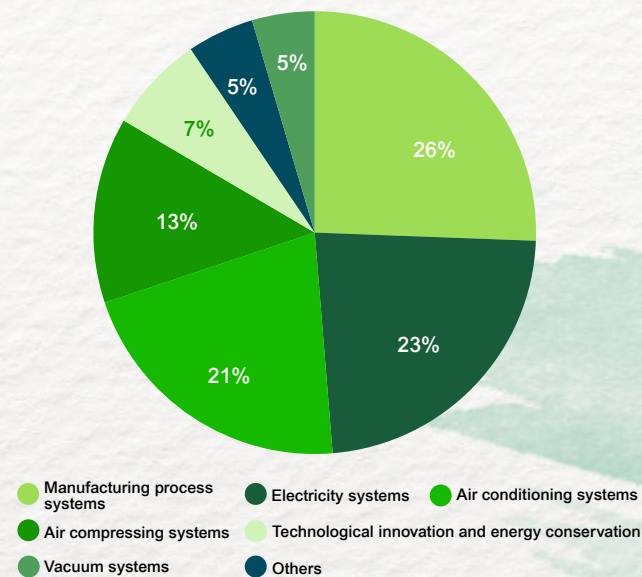


3.2.3.1 Climate Change Mitigation Measures

Enhanced Renewable Energy Utilization

LITEON is committed to increasing the utilization rate of renewable energy and reducing its carbon emissions. The company achieves this by increasing the amount of renewable energy it uses and the proportion of renewable energy in its energy mix year by year. LITEON accomplishes this by reducing its energy use, installing rooftop solar power systems, and procuring International Green Electricity Certificates. The company is dedicated to achieving low-carbon production and is actively seeking out renewable energy companies to sign long-term green power purchase agreements (PPAs). In 2022, LITEON has already used and purchased renewable energy certificates. The company's renewable energy consumption using I-REC has reached 88,945 MWh, accounting for 26.8% of its total electricity consumption.

Proportion chart of various energy-saving measures equipment improvements



Energy Management

LITEON continues to improve the efficiency of energy use, improves equipment and adopts different energy-conservation methods in energy use; it increases production output while saving energy, improving production efficiency. In 2022, a total of 6 production sites will continue to operate under the ISO 50001 energy management system. We expect to increase the number of ISO 50001 production sites in 2023 and to cooperate with energy-conservation plans to reduce electricity consumption for production and improve production efficiency. It established a demonstration site for the implementation of the process pilot plan, introduced power analysis tools, digitized the power consumption of intangible processes, generated a power model of the utility and process system and the power consumption analysis diagrams of production processes, find out the optimal control scheme for power consumption, and improve efficiency of energy use. In 2022, a total of 72 energy-conservation plans were implemented, with a total energy savings of 24,440 MWh. Among them are primarily the air-compressors and air-conditioner/chiller and process equipment, accounting for 70% of the total energy savings.



Manufacturing Process

- Ventilation improvement for process equipment, increase air flow and reduce electricity consumption
- LITEON improved equipment start and stop based on production requirements
- LITEON replaced process equipment and uses energy efficient equipment, increasing average energy recovery by 75% to 80%.



Electricity

- Improve the capacitor cabinet of transformers to increase power factor
- Modify production equipment of plants to achieve energy conservation



Air Conditioning

- Replace old air conditioners with variable-frequency models
- Adjust the number of air conditioners turned on based on production requirements
- Adjust the outlet water temperature of the chiller units according to seasons and production needs

Strengthen Internal Carbon Pricing Strategy

LITEON continues to actively adjust the governance aspects related to a sustainable operations and sustainable environment. It has established an Environmental Sustainability Subcommittee, which is chaired by the head of manufacturing. The subcommittee is responsible for promoting green operations to improve environmental management performance and environmental risk controls. In 2018, LITEON referred to relevant regulations on carbon trading in Taiwan and the market price of carbon trading in China, and adopted the shadow price method to set the carbon fee price as the decision-making for our energy-saving and carbon reduction measures. In addition to the overall SBT carbon reduction target, LITEON also sets the SBT emission intensity target, and determines an internal carbon price to replace the shadow price every year starting from 2020. LITEON has implemented an internal carbon pricing strategy, where the carbon price is set at 1USD per ton of CO₂e in 2022. Under this strategy, business units will be charged internal carbon fees if they exceed their annual emissions quota. This approach creates incentives for business units to invest in carbon reduction and renewable energy technology. Additional fees are expected to increase gradually in the future to align with LITEON's carbon reduction commitment.

3.2.3.2 Climate Change Adaptation Measures

Develop Low-Carbon Products

The LITEON CSR Code of Conduct follows the principles of life cycle thinking and incorporates the 3Rs rule. As part of its commitment to sustainability, the company strives to design and develop environmentally friendly products that are non-toxic, easy-to-assemble/disassemble, and contribute to reducing carbon footprint. In 2022, LITEON has set a target to reduce the carbon footprint of its next generation of products by more than 5%. The company achieves this through optimized circuit design that improves energy conversion efficiency of power products such as servers and 3C products, leading to a reduction in energy and material consumption, as well as carbon emissions. The adoption of energy-saving technology and improvements in energy and light extraction efficiency also reduce energy consumption in LED and energy-saving street light products. By incorporating low-carbon recycled materials, improving packaging technology, and extending product life, LITEON's products are estimated to reduce 493,749.6 metric tons of CO₂e during the usage phase alone, while the total carbon reduction throughout the entire product lifecycle amounts to 504,580 metric tons of CO₂e.

Enforce GHG Emissions Reduction

LITEON develops production optimization and plant operation improvement, and continues to reduce energy by promoting diversified energy-saving plans. The plans included updating air compressors, adopting high-efficiency equipment, improving and managing processed equipment technology and introducing management system and other energy-saving plans to enforce energy saving and operational equipment efficiency improvement. In OCS (Operation Combo Site), leakage management teams have been established to conduct a comprehensive survey on air compressor pipelines and effectively reduce pipeline leaks in various locations. The company also installs inverters and replaces air conditioning systems to save energy usage. For 2023, LITEON has outlined 42 energy-saving measures and plans to reduce electricity consumption by around 15,000 MWh.



3.2.3.3 Climate Risk Management and Financial Impact Assessment

Climate Risks	Management Measures/Actions	Risk Reduction Actions	The Degree of Impact of Finance
<p>Changes in Customer Behavior</p> <p>Analysis of customer behavior changes in two scenarios:</p> <ol style="list-style-type: none"> 1. Comply with increasingly stringent environmental protection regulations and standardize product energy efficiency requirements for their supply chain. 2. In order to achieve voluntary net-zero emission targets, customers regulate the energy efficiency requirements of their products during the use phase. 	<ol style="list-style-type: none"> 1. Manage and track international environmental protection regulations and corresponding products annually to confirm that products meet regulatory requirements. 2. Improve the conversion efficiency of power products and the efficiency of optoelectronic products every year. 	<p>Improve product efficiency to reduce product energy consumption.</p>	<p>We are currently unable to calculate/ evaluate the financial impact because evaluation factors and impact variables are harder to estimate.</p>
<p>Changes in Customer Behavior</p> <p>All customers require 100% renewable energy use, which increases energy costs.</p>	<ol style="list-style-type: none"> 1. Actively implement energy conservation and carbon reduction measures to reduce energy use. 2. Actively inventory and develop renewable energy sources, including renewable energy, receive renewable energy certificate to increase the use of LITEON renewable energy. 	<p>Adopt the purchase of renewable energy certificate and the installation of solar equipment to increase the use of renewable energy.</p>	<p>The short-term impact is approximately 0.07%-0.09% of revenue.</p>
<p>Regulatory Requirements for Existing Products and Services</p> <p>In response to the future requirements of the European Union's Carbon Border Adjustment Mechanism(CBAM) and regulations from various countries requiring manufacturing industries to provide product carbon footprints, LITEON can reduce the risk of being subjected to a carbon tax by offering products with lower carbon footprints.</p>	<ol style="list-style-type: none"> 1. In response to the future EU's CBAM and national regulations, the manufacturing industry is required to provide the carbon footprint of the product. 2. Calculating the impact of EU carbon tax based on organizational greenhouse gas emissions. 	<p>LITEON can offer products with lower carbon footprint to reduce the risk of carbon taxation requirements.</p>	<p>According to the existing requirements of the European Union, the highest financial impact is approximately 0.04%~0.05% of revenue.</p>
<p>Physical Risks</p> <p>Extreme weather events (flooding, typhoons, etc.) disrupt production.</p>	<p>Regularly manage and inspect drainage systems to ensure that it will not affect production equipment and production operations during extreme weather events.</p>	<p>Strengthen the management of the drainage system in the factory area.</p>	<p>In scenario RCP8.5, wear of production equipment and production account for approximately 0.7%-0.9% of revenue.</p>



3.2.4 Targets and Goals of LITEON Climate Change Management

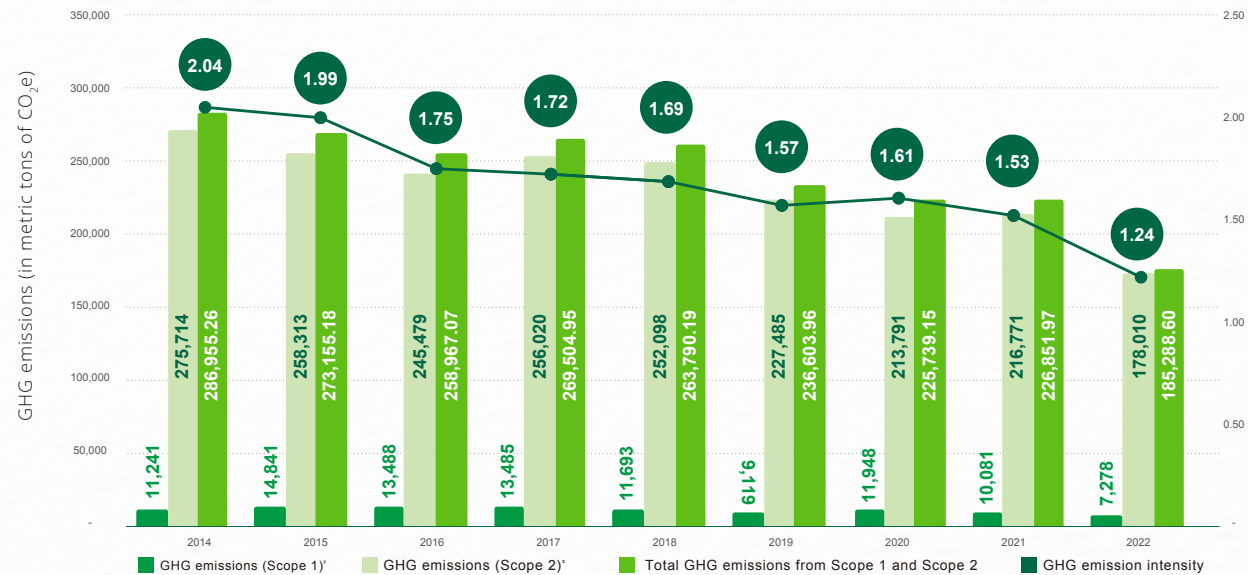
3.2.4.1 GHG Emission Inventory (Scope 1 and 2)

According to the ISO 14064-1:2018 standard for GHG emissions inventory, in 2022, LITEON's direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) were 185,288.60 tons CO₂e (market-based), a decrease of 41,563.37.15 tons of CO₂e compared to 2021 (down by 18.32%), and 101,666.66 tons of CO₂e (down by 35.43%) less than the base year 2014. The carbon intensity was 1.24 tons CO₂e/NTD million of revenue, 18.45% lower than in 2021 and 38.97% lower than the base year 2014. The figures complied with the SBT reduction path target of 28.51% for 2022. We increase carbon intensity target to 5% per year in 2023.

Various Greenhouse Gas Emissions of LITEON in 2022

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total
Scope 1 and Scope 2 emissions - by type (tons CO ₂ e)	179,105.87	4,672.46	2.15	1,508.12	0	0	0	185,288.60

Results of LITEON's Greenhouse Gas Emissions 2014-2022



GHG emission intensity (in metric tons of CO₂e /NTD million of revenue)

- Note:
1. 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).
 2. Indirect greenhouse gas emissions from energy use (Scope 2): purchased electricity and steam.
 3. 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 IPCC 2006 emission factor database). Scope 2 emission factors included the power emission factor published by Taiwan Bureau of Energy 2022 (0.495 kg CO₂e /kWh), 2019 baseline emission factors for Mainland China's regional power grids (0.9419 kg CO₂e/kWh for Northern Mainland China, 0.7921 kg CO₂e/kWh for Eastern Mainland China, and 0.8042 kg CO₂e/kWh for Southern Mainland China), factor published by the Energy Policy and Planning Office of Thailand Ministry of Energy (0.446 kg CO₂e /kWh), electricity emission factor published by India Ministry of Environment (0.915 kg CO₂e /kWh), and factor published by Vietnam Ministry of Natural Resources and Environment (0.7221 kg CO₂e /kWh).
 4. Greenhouse gas emission statistics include sites that account for more than 1% of total revenue. Sites include 20 bases in Taiwan (4 operating bases), China (4 plants in Changzhou, 3 plants in Tianjin and Guangzhou, 2 plants in Beihai, Qingxi, Huizhou and Dongguan), Thailand, Vietnam, and India.
 5. The global warming potential (GWP) adopts the factor in the IPCC Sixth Assessment Report (AR6).

3.2.4.2 Greenhouse Gas Value Chain Inventory (GHG Scope 3)

To maximize the value of the LITEON value chain and identify key factors to mitigating climate change, LITEON not only conducts inventories of emissions from its own business activities and but also references ISO 14064:2018 and GHG Protocol standard. The practice allows LITEON to follow emission hot spots along the value chain and extend carbon management to business partners on the value chain through verification, and disclosure of emissions.

LITEON used materiality identification standards, consideration of assessment factors such as emissions, improvement potential, and quantification methods, to identify emissions from upstream raw materials used in products and services, emissions from upstream water treatment, and emissions from upstream fuel and energy activities for 2022's Scope 3 inventory. With a total of 12 categories revealed in Scope 3/ Categories 4 to 6, LITEON continues to work with value chain partners to develop low-carbon products (Chapter 3.5) through strategies such as green product design to combat climate change and global warming.

Scope 3 ¹	Category 4-6 ²	Category	Scope of Verification	Emissions (tons CO ₂ e)
01	4	Purchased goods and services-raw materials	Carbon emissions from raw materials purchased for power products	8,738,743.60
01	4	Purchased goods and services-water	The carbon emissions of water used by each operating location	0.69
03	4	Fuel-and energy-related activities	Upstream electricity emissions of major operating locations worldwide	29,294.47
03	4	Fuel-and energy-related activities	Upstream diesel emissions of major operating locations worldwide	47.58
03	4	Fuel-and energy-related activities	Upstream gasoline emissions of major operating locations worldwide	105.50
03	4	Fuel-and energy-related activities	Upstream natural gas emissions of major operating locations worldwide	146.78
03	4	Fuel-and energy-related activities	Upstream liquefied petroleum gas emissions of major operating locations worldwide	1.46
05	4	Waste generated in operations	Carbon emissions from processing waste generated in operations of major operating locations worldwide	2,682.99
11	5	Use of sold products	Server power supply, power supply units (laptop power), desktop power supply	2,094,942.66
13	5	Downstream leased assets	Carbon emissions from power consumed by tenants at each LITEON operating location	2,916.73
13	5	Downstream leased assets	Carbon emissions from natural gas consumed by tenants at each LITEON operating location	351.42
13	5	Downstream leased assets	Carbon emissions from liquefied petroleum gas consumed by tenants at each LITEON operating location	9.93
Total				10,869,212.36

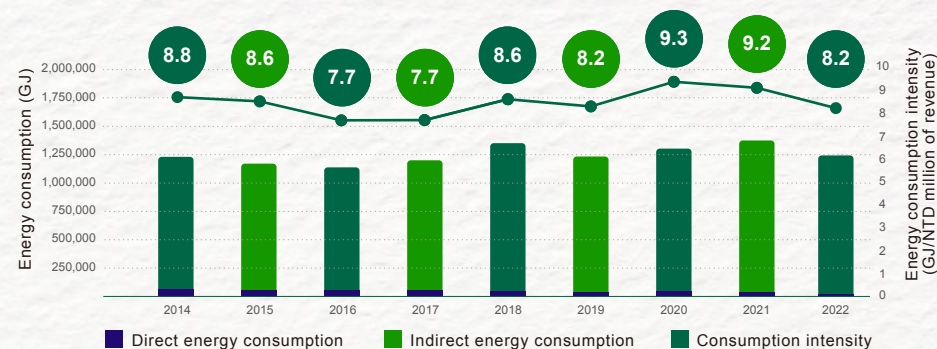
Note : 1. Categorization based on the identification by the GHG Protocol.
2. Categorization based on the definitions provided by the ISO 14064:2018 standard.



3.2.4.3 Direct and Indirect Energy Consumption

The majority of energy consumption at LITEON's operation and production sites comes from purchased electricity, followed by steam, with 97% or more of the total energy consumption being indirect. LITEON's direct energy consumption comes from the use of fossil fuels such as diesel, gasoline, natural gas, liquefied petroleum gas (LPG), acetylene, and alcohol-based liquids, primarily used in emergency generators, forklifts, buses, restaurants, and dormitory boilers. In 2022, the total energy consumption inventory of LITEON's bases was 1,213,542 GJ, a decrease of 147,541 GJ (10.8% drop) from 2021. The energy consumption intensity was 8.15 GJ/NTD million of revenue, a 10.98% decrease compared to the energy consumption intensity in 2021. This decrease was primarily due to the effective implementation of energy-conservation measures.

Energy Consumption and Intensity 2014-2022



Energy Consumption 2014-2022

	2014		2015		2016		2017		2018		2019		2020		2021		2022	
	GJ	MWh	GJ	MWh	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 ^{note 1}	2,983	6,839 ^{note 1}	1,899	2,174	604
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	5,848	1,624	5,170	1,436
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	18,091	5,024	9,512	2,641
Liquefied petroleum gas (LPG)	653	181	527	146	521	145	730	203	369	103	300	83	943	262	114	32	158	44
Acetylene	1	0	1	0	2	1	14	4	1	0	2	0	1	0	0	0	0	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 ^{note 2}	0	0	0	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	30,892	8,579	17,014	4,725
Renewable energy (RE) consumption (including consumption of selfgenerated 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	268,826	74,672	320,210	88,945
Purchased electricity (non-RE)	1,153,235	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	12,241	288,245	1,061,348	294,811	876,299	243,410
Purchased steam	15,243	4,233	20,667	5,739	16,157	4,487	15,172	4,213	13,295	3,692	11,868	3,296	1,255,507	3,399	18	5	19	5
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	1,092,976	348,741	1,330,191	369,487	1,196,528	332,360
Total non-renewable energy consumption	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	1,298,532	303,592	1,092,258	303,394	893,332	248,140
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	1,379,237	383,107	1,213,542	337,084

Note : 1. The Indian factory had to use emergency generators for power supply due to equipment replacement, resulting in an increase in diesel consumption. While, in China, diesel generators were used to supply power to factories due to government power restrictions in 2021.
2. Alcohol-based fluids have no longer been used as one of the cooking fuels since 2020.

3.2.4.4 Air Pollution Control

Volatile organic compounds (VOCs) emitted at LITEON come mainly from organic solvents used during production, such as soldering flux and isopropanol vapors. NOx and SOx 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 VOC emissions through management styles, procedure improvement, training, and regular third-party inspection. In addition, LITEON started implementing stronger outdoor air pollution emission controls on site 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). We carried out different reduction measures in the operating plants, such as waste collection and treatment transformation, use of clean products with low VOCs emissions, switch to coatings with low VOCs emissions, etc., to reduce the amount from source to discharge treatment measures. 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 test data of third-party environmental compliance inspection reports and hours of operation. The report is lower than the VOCs emission standard value set by each region, and continues to reduce VOCs emissions. The total emissions reported from LITEON's main manufacturing bases worldwide were 19.7 tons in 2022.

Note: Emission data includes Changzhou, Tianjin, Huizhou, Dongguan and Guangzhou in a total of 8 production sites

3.2.4.5 Environmental Management Targets and Implementation

Latest Progress on Management Targets

Item	Target	2020 Results	2021 Results	2022 Results
Carbon emissions and energy management targets	Carbon emission (Scope 1+2) per NTD million revenue to decrease by 39.3% by 2025 compared to the base year 2014	-21.07%	-24.62%	-38.97%
	Carbon intensity reduction performance is examined on an annual basis in order to reach net zero emissions by 2050	-	-	-
	Reduce carbon emissions per million revenue by 5% from 2023 on the basis of SBT	-	-	-
	5% lower carbon footprint per product generation	-	-	-
	Absolute electricity consumption decreased by 6% in 2023 compared to the base year 2020	-	+7.45%	-2.98%
Product energy efficiency management improvement goals	UV-LED energy efficiency to increase by 60% by 2025 compared to 2018	25%	28.85%	31.25%
	Energy conversion efficiency for power supply products to increase by 2% by 2023 compared to 2016	4.56%	5.31%	5.60%
Water management target ¹	Water consumption to decrease by 6% on an absolute basis by 2023 compared to the base year 2020	-	-0.62%	-16.96%
Waste management target ²	Reduce waste per unit of revenue by 6% by 2025 compared to 2022 ³	-	-	-
	Plastics in packaging to decrease by 300 tons by 2025 compared to the base year 2018	195.8 tons	203.1 tons	259.8 tons

Note: 1. For more information on water resource management, please refer to section 3.3

2. For more information on waste management, please refer to section 3.4

3. Due to the adjustment of the calculation method, the base year is reset to 2022

3.3 Water Resources Management

Water Resources Management

LITEON has established an environmental management system based on ISO 14001 to manage water resources. Water consumption at LITEON plants was sourced from tap water and used primarily for employees' daily needs and for plant equipment. On the drainage system, LITEON ensures ensure that the quality of effluent meets requirements of local environmental protection agencies and does not cause environmental burden. A small amount of industrial wastewater is treated by the wastewater treatment facilities inside the plants (by methods such as sedimentation or chemical coagulation), and discharged when the treated wastewater meet the local regulatory requirements. All wastewater produced is either properly treated or discharged to sewer areas. The discharge of water has no significant impact on the water body.

In 2022, water recycling volume is counted each cycle, and the efficiency of equipment for recycling water is improved. Thus, the amount of water recycled has increased significantly compared to 2021. Total water consumption in 2022 was 290,810 m³, an increase of 178,155 compared to 2021 (increased by 158.14% by 2021).

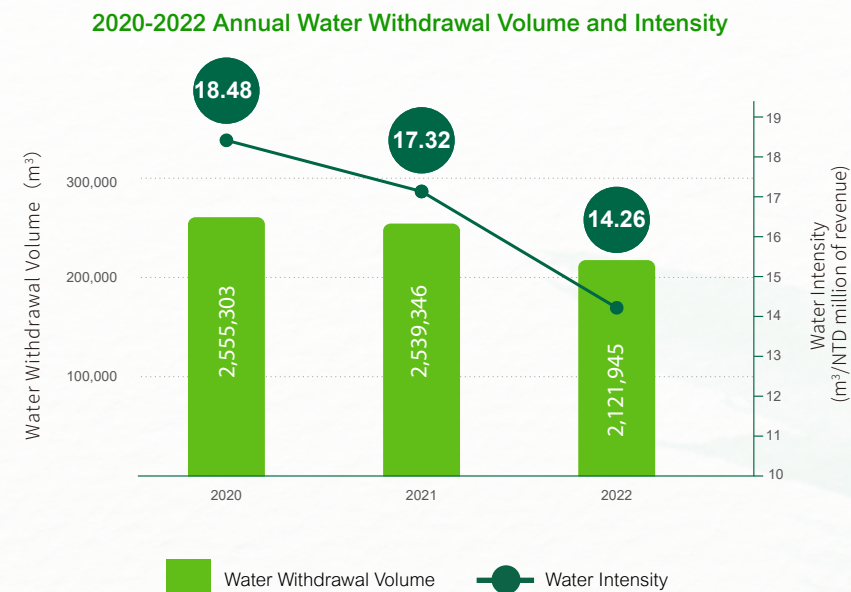
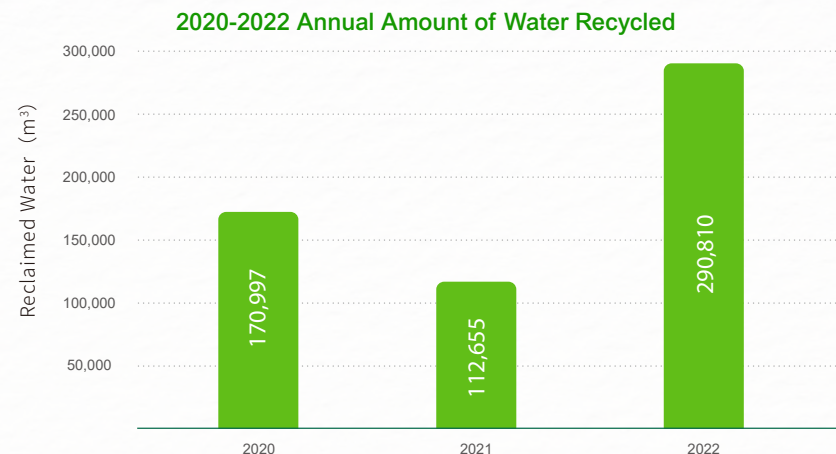
Water Risk Assessment

Areas with higher risk in LITEON's water resource management are identified using external tools and internal evaluation methods. External tools used to analyze the potential impact of main locations of operations on water resources include WRI tools and the scenario RCP 8.5 in the IPCC guidelines; internal evaluation is conducted via on-site evaluations, which identify higher risk areas in LITEON's water resource management include Tianjin, Vietnam, Thailand and India. LITEON improves the water quality in areas with higher risk, in order to lower the burden on the air conditioning system, improving equipment efficiency and reducing water evaporation. The India plant has proposed a response plan for water quality improvement, and installed water quality conversion equipment in 2022 to reduce risks to the environment and employees.

Target Execution and Tracking

In 2021, LITEON set a target of 6% absolute water reduction by 2023 (2% reduction per year) based on 2020. To reduce LITEON's water withdrawal volume in each area. In terms of tracking and management, LITEON uses a centralized data system to obtain plant data and monitor the water resource consumption of major locations of operations worldwide. We compare it with water withdrawal information in the previous year to maintain reasonable use of water resources and track water conservation/recycling results. Total water consumption in 2022 was 2,121,945 m³(16.4% lower than 2021) and the intensity was 14.26 m³ NTD million of revenue (17.7% lower than 2021).

LITEON promotes the improvement of water quality and water conservation measures. These measures include implementing the effective management and resourcization of discharged wastewater, inspecting water-saving appliances, strengthening leakage prevention equipment, improving the recovery rate of process water and reducing the water escape rate of cooling towers. LITEON also strengthens daily management practices such as training. A reduction of 433,358m³ (17%)compared to the total water consumption volume in the base year 2020. Water intensity in 2022 was 22.83% lower than 2020.



3.4 Waste Management, Recycling and Reuse

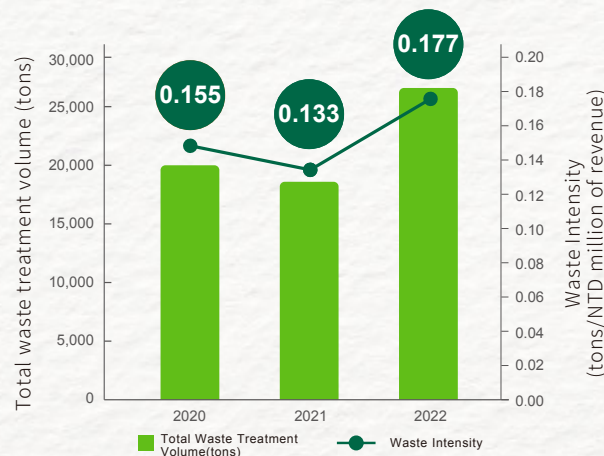
LITEON has followed the ISO 14001 standard to organize a specialized unit that effectively tracks the source and volume of waste with the criteria of maximizing the use of resources and minimizing waste production. It promotes green product design and waste management measures, to minimize the production waste increase the life cycle of each raw material, enhance the higher circulation and reuse the waste, to achieve waste reduction targets. LITEON selects qualified waste disposal operators that can effectively handle waste for disposal, and conducts audits on the disposal operators through on-site or formbased methods to confirm that waste disposal operators are properly handling disposal, so as to ensure that the waste produced will not have a significant impact on the surrounding environment.

To further implement LITEON's waste recycling philosophy, we introduced UL 2799 Zero Waste to Landfill statistic at our sites. We achieved the platinum level in the Dongguan factory, and also introduced this statistical method to other factories. Therefore, we can calculate waste statistics on the site more accurately. We not only increase the waste conversion rate and reduce the waste output, but also reduce the amount of resource recovery and improve the resource recovery rate. When carrying out removal, we also ensure that the waste disposal method of disposal service providers complies with local regulations.

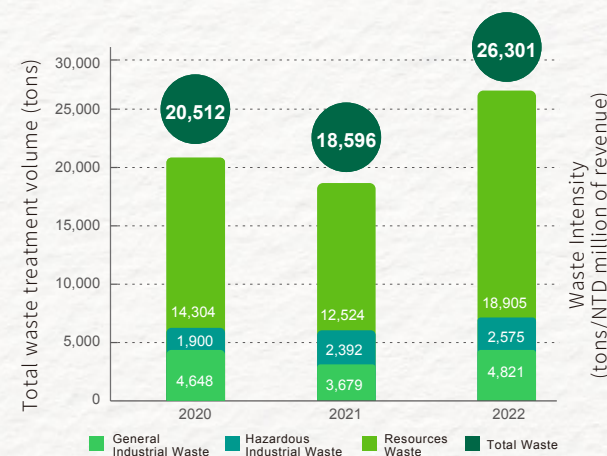
LITEON's waste recycling solutions include reusing or reducing packaging materials, plastics, cardboard and cartons, recycling alcohol and selecting pallet to reduce waste generation. In the selection of pallets, LITEON coordinates with upstream suppliers to use more durable pallets. Using the Guangzhou plant as an example: more durable plastic pallets are used to improve the utilization rate of pallets. For loading, the cartons were changed to plastic cartons to improve the recycling rate. In terms of packaging, by reducing the use of cardboard, LITEON improved the utilization rate of cardboard and reduce the procurement by about 20% a year. In terms of waste disposal, 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.

LITEON defines waste as materials after operation or production that will no longer enter the process stage. The total amount of waste discharged is calculated as the total weight of waste weighed by the waste treatment unit at the time of leaving the factory. Waste treatment methods include landfill, incineration (including/not including energy recovery), and recycling for reuse of resources. Due to the introduction of the concept of zero waste to landfill, the statistical method is inconsistent with the base year data, so the waste target has been re-set to reduce waste intensity by 2% per year with 2022 as the base year. The total waste volume in 2022 was 26,301 tons the waste intensity was 0.177 tons / NTD million of revenue in 2022. LITEON will continue to improve waste management and work towards the goal of reducing absolute waste intensity by 6% by 2025 as compared to 2025.

2020-2022 Total Waste Treatment Volume



2020-2022 Total Waste by Category



2020-2022 Total Waste by Processing Method (tons)¹

	Landfill	Incineration Treatment		Recycling and Reuse	Total Waste
		With Energy Recovery	Without Energy Recovery		
2020	4,378	270		16,134 ²	20,512
2021	703	3,041	535	14,317	18,596
2022	941	3,018	861	21,481	26,301

Note: 1. Sites that account for more than 1% of total revenue. Sites include 20 bases in Taiwan (4 operating bases), China (4 plants in Changzhou, Tianjin and 3 plants in Guangzhou, Beihai, Qingxi, Huizhou and 2 plants in Dongguan), Thailand, Vietnam, and India.

2. Incineration treatment of general industrial waste was calculated as of 2020; from 2021, the incineration treatment calculation includes the incineration treatment of general industrial waste and declared industrial waste.

3. Processed by recycling and reuse = reported waste (recycling) + resources waste (recycling and reuse).

3.5 Green Product Design and Management

Green Product Design

Implementation Strategy

According to "CSR Code of Conduct" and bases on life cycle of thinking, LITEON incorporates the 3R principles (reduce, reuse, and recycle) into green product design, and adheres to the promise to reduce, the impact on the environment. LITEON keeps, environment-related substances under effective control, and develops nontoxic, easy to assemble/disassemble, and environmentally friendly products and extend the product life.

Actions in 2022

In 2022, we set the goal to reduce the carbon emission of the next generation of products by 5%.

Major Implementation Results

LITEON continues to promote green product design, and by calculating the 2022 shipment volume, our products have already reduced 493,749.6 metric tons of CO₂e during their usage phase. The total carbon reduction throughout their entire life cycle reaches 504,580 metric tons of CO₂e.



Circular Economy

Actions in 2022

- In 2022, LITEON launched the "UL2799 zero waste landfill inventory" project. We hope to explore waste that is difficult to recycle in the factory area set for the UL2799 assessment of LITEON five main demonstration sites, and plan to integrate external technical energy to develop sustainable materials the goal is to set at high added value and high carbon reduction potential in materials. Meanwhile, we conduct extensive inventorying of existing materials, and after locking in specific materials, conducting value engineering analysis and innovative technology R&D.
- In 2021, LITEON developed the world's first LGS-7505, based on OP PS marine waste styrofoam to pass the UL2809 OP traceability certification, as well as LGP-8005 and LGC-5005 with better material properties. LITEON will continue to pay attention to the current status of marine waste recycling, such as marine waste fishing nets, Float, PA, PE, PP, PET, and ABS, and use these as base materials to develop customized marine waste sustainable plastics that can be applied to more products, with the aim of reducing the impact on the marine environment and ecology.
- LITEON promotes the improvement project of UV LED packaging structure and yield to improve the hardness of the packaging structure, packaging yield and product energy efficiency, and cooperate with suppliers by using innovative reuse technology to upgrade raw materials and realize a circular economy. LITEON has developed its own process resource utilization optimization technology in the LED packaging process, which has successfully improved the utilization rate of phosphors in the traditional process, which reduces the problem of wasted natural resources.
- The value chain product packaging cartons are recycled and reused in a non-stop mode, and the replaced cartons are recycled and made into packaging cartons, and the cycle is repeated continuously. The purpose is to reduce the use of virgin pulp and achieve the carbon reduction effect of products.

Major Implementation Results

- Computer keyboards, casings, LED street lights and traffic lights use up to 95% PCR plastics. Based on 2021 usage, it is estimated that cumulative consumption of virgin plastics was reduced by 3,089 tons, and therefore carbon emissions were reduced by 6,159.47 tons CO₂e. In addition, several products helped brand name clients obtain EPEAT labels.
- And the all-in-one reuse carton design from supplier feeding to shipping, installation, and recycling of waste products reduces the amount of wasted packaging materials. The cumulative carbon reduction is estimated to be 345.2 metric tons of CO₂e.
- UV-LED and visible LED products are optimized by packaging technology, adding self-developed energy storage materials to improve light extraction efficiency and energy efficiency. For example, based on the product life and the usage scenarios of application-end products, the annual power savings can reach 33,960.2 MWh, and the carbon reduction can reach about 17,286 tons of CO₂e.

3.5.1 Realization of a Circular Economy

In face of continuous consumption of limited resources around the world, the recycling of products and energy resources is imperative, but each cycle must bring economic opportunities to enterprises, only then can the cycle be truly sustainable. LITEON is committed to building a sustainable value chain and working with suppliers to develop sustainable materials with low-carbon emissions, and building an industrial circular economy through innovative R&D technologies.

In 2022, LITEON's green design team launched the "UL2799 zero waste landfill inventory" project. LITEON aims to discover waste of plants that is hard to recycle and dispose of through the UL2799 inventory of its five major demonstration plants. We plan to match external technical capabilities to develop sustainable materials, in order to increase the added value of materials and carbon reduction potential. Furthermore, based on the seven business models above, we conduct extensive industry surveying and evaluation, extensive inventorying of existing materials, and after locking in specific materials, conducting value engineering analysis and innovative technology R&D. In terms of the value chain, it enhances research on industrial symbiotic resources through supplier surveys and technical cooperation. We take green product design as our core concept, and we focus on the three major aspects of "co-product recovery", "circular sourcing" and "resource recovery". We cooperate with suppliers to create the basis of an industrial circular economy, and have proposed a number of green solutions, including the development of marine waste sustainable plastics, process resource utilization optimization technology, and the use of a high proportion of post-consumer recycled (PCR) materials in products.



Circular Economy Mode

Co-product Recovery

This refers to cooperating with other companies nearby, from the by-products or waste of the product process or supply chain, exchanging excess energy and resources with each other in the production process, providing raw materials to another product process or supply chain and adding such materials into the process, which will change the position of products in the industrial supply chain. Representative cases include the Linhai Industrial Park in Kaohsiung and the Kalundborg Eco-industrial Park in Denmark.



Mode five

Circular Sourcing

After the product life is over, raw materials will be extracted from it to replace the original raw materials extracted via natural resources. LITEON has realized this model in the LITEON Sea Hope platform. After recycling marine waste Styrofoam, the technology manufacturers cooperate to carry out modification and successfully apply it to the casing and packaging material of the product.



Mode six

Resource Recovery

It is the recycling and reuse of resources, the raw materials or products are recycled after the end of product life and used as input in another value chain. It can be roughly divided into the following three cycling modes:

- Closed loop cycling: For example, product scraps are reused in the manufacturing process, especially products and materials containing metal, glass, and plastic.
- Upward loop cycling: After the product life is over, it is recycled and reused to produce higher-value products, such as LITEON recycled marine waste Styrofoam into keyboards, mice and other products.
- Downward loop cycling: Conversely, recycling after end of product life is used for lower-value products, such as the use of slag waste from the steel industry for road paving.



Mode seven

LITEON cooperates with suppliers on multiple development to promote the concept of marine conservation and circular economy.

Marine Waste Sustainable Plastics Development (Mode six, Mode seven) :

Following the recycling of marine waste Styrofoam (polystyrene, PS) in 2019, and upgrading it with a content of up to 76% Ocean Plastic (OP), we developed rPS-7-76 plastic that passed ISO 14021 traceability certification. In 2021, the company developed the world's first LGS-7505, based on OP PS marine waste styrofoam to pass the UL2809 OP traceability certification, as well as LGP-8005 and LGC-5005 with better material properties. LITEON will continue to pay attention to the current status of marine waste recycling, such as marine waste fishing nets, Float, PA, PE, PP, PET, and ABS, and use these as base materials to develop customized marine waste sustainable plastics that can be applied to more products, with the aim of reducing the impact on the marine environment and ecology.



R&D and Application of Resource Recycling Technology (Mode five, Mode six, Mode seven - Upward loop cycling):

LITEON cooperates with suppliers to promote the improvement project of UV LED packaging structure and yield, uses innovative reuse technology to upgrade raw materials and processes, and at the same time improves the hardness of the packaging structure, packaging yield and product energy efficiency, and thus realize a circular economy.



Process Resource Utilization Optimization Technology (Mode seven - Closed loop):

Phosphors used in the LED packaging process are obtained by mining natural and precious rare earth ores. In order to improve the utilization rate of this rare resource, LITEON has developed its own process utilization optimization technology, which has successfully improved the utilization rate of phosphors in the traditional process, which reduces the problem of wasted natural resources.



Maximizing the life cycle benefits of packaging materials (Mode six, Mode seven - Closed loop): the Value Chain Product Packaging:

The value chain product packaging cartons are recycled and reused in a non-stop mode, and the replaced cartons are recycled into recycled pulp, which is then made into packaging cartons, and the cycle is repeated continuously. The purpose is to reduce the use of virgin pulp and achieve the carbon reduction effect of products.



The above-mentioned circular economy related technology development to reduce marine ecological environment damage caused by marine waste, reduce the use of virgin materials, and improve process yield and reduce carbon emissions. We also plan to expand other circular economy business models in the future, aiming to inspire and collaborate with upstream suppliers, downstream customers, and users to collectively achieve these goals.




3.5.2 Product Life Cycle Assessment and Improvement

Although the products are diversified and use a wide range of materials and different processes, LITEON still uses a rigorous life-cycle assessment as its basis method and conducts a detailed inventory according to the ISO 14040/ISO 14044 international standards, detailed inventory is taken of the five stages of raw materials, manufacturing, transportation, use, and disposal.

We conducted the product carbon footprint inventory in 2010. And the SMD LED product (product model LTW-089) is the first product in the group passed third-party verification. We continuously completed a number of product life cycle inventories. In 2022, LITEON compiled a carbon footprint inventory of all products to reduce the carbon emissions of products, and set the goal to reduce the carbon emission of the next generation of products by 5%. The inventory is used as a baseline for analyzing hot spots, and then product carbon reduction plans and strategies are formulated based on analysis results. We will evaluate the feasibility of carbon reduction plans to ensure that all of the plans are feasible. According to the IEC 62430 specification, the environmental assessments and 3R improvement design principles are integrated into the product development process to continue to improve the methods of carbon reduction. Improving product energy efficiency and reducing environmental impact are the core of LITEON's green product design, with the aim of reducing the carbon emission of the next generation of products by 5%.

LITEON LCA (Life Cycle Assessment) is carried out with the Taiwanese life-cycle assessment software and database DoltPro Version 2020.0003a developed by the ITRI and the carbon coefficient database Ecoinvent Version 3.8 is used to calculate and analyze carbon emissions as well as quantify the environmental benefits at each stage of the life cycle. The cumulative carbon reduction due to the green product design in 2022 reached 504,580 tons of CO₂e.



Stage in Product Life Cycle	Standards and Guidelines	Results (Accumulating achievements by the year 2022)
 <p>Acquisition of Raw Materials</p>	<ul style="list-style-type: none"> • IECQ QC 080000 • LITEON Product Green Design Criterion • LITEON Standard of Controlled Hazardous Substance (LS301) • LITEON Restricted substances management procedure • LITEON Design development management procedure • LITEON Guidelines for Green Procurement 	<p>Circuit, material, and structural optimization design Power products, including server power supplies, laptop power supplies, desktop computer power supplies, and 3C charging bases have been designed through circuit optimization and chip integration to improve the AI rate and reduce the use of electronic components; at the same time, it reduces product volume and materials, and based on shipments. It is estimated that carbon reduction reached 3,356.34 tons of CO₂e.</p> <hr/> <p>Sustainable circular plastic use Computer keyboards, casings, LED street lights and traffic lights use up to 95% PCR plastics. Based on It is estimated that cumulative consumption of virgin plastics was reduced by 3,089 tons, and therefore carbon emissions were reduced by 6,159.47 tons CO₂e. In addition, several products helped brand name clients obtain EPEAT labels.</p>
 <p>Production</p>	<ul style="list-style-type: none"> • LITEON Product Green Design Criterion 	<p>Continuously improve yield and automation ratio as well as reduce working hours and energy consumption For 3C power supply and LED automotive lamp products, through process upgrade and automation design to improve production efficiency. It is estimated that the energy saving of processes reached 1,084 MWh and carbon reduction reached 585 tons of CO₂e.</p>
 <p>Shipping and Distribution</p>	<ul style="list-style-type: none"> • LITEON Product Green Design Criterion • Pallet standards (GB/T) • Container standards (GB/T) • Packaging standards (GB/T) • Loading, unloading and handling standards (SJ/T, JT/T, TB) 	<p>Sustainable packaging design and logistics management system optimization</p> <ul style="list-style-type: none"> • Power products, including server power supplies, laptop power supplies, desktop computer power supplies, and 3C charging bases have been designed through circuit optimization and chip integration to reduce the use of electronic components; at the same time, it reduces product volume and materials. It is estimated that the overall weight of product transportation was reduced by 455 tons and carbon reduction reached 10.16 tons of CO₂e. • Enclosure and energy efficient LED streetlights products have been optimized in packaging design to increase product loading and reduce the use of compartmental cardboard and plastic bags reduced by 259.78 tons. And the all-in-one reuse carton design from supplier feeding to shipping, installation, and recycling of waste products reduces the amount of wasted packaging materials. The cumulative carbon reduction is estimated to be 345.2 tons of CO₂e. • The MFG Portal system and freight forwarding system of SAP are combined to effectively manage logistics. The integration also improves dispatch efficiency in shipping, and improving the loading rate of trucks and containers from only 20% to 50% to over 90%, reducing product transportation energy consumption and lowering distribution carbon emissions.

Stage in Product Life Cycle	Standards and Guidelines	Results (Accumulating achievements by the year 2022)
-----------------------------	--------------------------	--



Product Use

- IEC 62430
- ErP
- LITEON Product Green Design Criterion

Product energy saving: In 2022, the cumulative energy savings of products reached 970,038.5 MWh, and carbon reduction reached 493,749.6 tons of CO₂e

- Energy conversion efficiency for power supply products increased by 5.6% compared to 2016. The improvement, based on the shipments in 2022, can help users worldwide save close to 575,452.5MWh in electricity and reduce carbon emissions by 292,905 tons CO₂e per year.
- Servers and 3C power supply products use system loop integration optimization technology to reduce the use of electronic components and improve energy conversion efficiency. The cumulative power savings reached 910,323.9 MWh, while the carbon emissions of electricity consumption were reduced by 463,355 metric tons of CO₂e.
- UV-LED and visible LED products are optimized by packaging technology, adding self-developed energy storage materials to improve light extraction efficiency and energy efficiency. For example, based on the product life and the usage scenarios of application-end products, the annual power savings can reach 33,960.2 MWh, and the carbon reduction can reach about 17,286 tons of CO₂e.
- Comparing the performance of the previous generation (RX) and the current generation (TM) of LED street lighting products with the same 13,000 luminous flux, the use of high performance LED light sources in LED street lighting products that the efficiency has been improved from 125 LPW in the previous generation (RX) to 170 LPW in the current generation (TM). It reaches a 26% energy savings and the product life is much better than the specification of 70% lumen maintenance at 50,000 hours in the U.S. DLC (Design Lights Consortium). Based on 210,000 units shipped in 2022, the annual energy savings reached 25,754.4 MWh, while carbon reduction reached 13,109 tons of CO₂e.



Disposal & Recycling

- Waste Electrical and Electronic Equipment Directive (WEEE)
- LITEON Product Green Design Criterion

Material reduction, easily disassembled design, reduces the use of non-recyclable materials

- 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 disassemble and assemble and made of recycled materials. The goal is to help customers recycle more effectively as customer.
- For power supply products, system loop optimization and chip integration design reduce the use of electronic components, thus reducing the electronic waste generated by product disposal reached by 465.2 tons. The cumulative carbon reduction is estimated to have reached 374.22 tons of CO₂e.
- For example, LITEON hired BV Laboratories to deliver a WEEE disassembly assessment report. The report showed that LITEON superior to the requirements under the WEEE Directive, which better than 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.

Note: The calculations of carbon emissions for each item in this table such as electronic components, metallic materials, power coefficient according to the carbon coefficient database of life-cycle assessment software DolPro Version 2020.0003a developed by the ITRI.

3.5.3 Product Environmental Marks and Declaration





Product quality and safety

Implementation Strategy

Product quality is essential to customer satisfaction. The requirements of clients, investors and other important stakeholders for compliance with product energy efficiency standards. Most type I of environmental protection labels is mainly to assist brand customers to apply. We implement green supply chain management and revise the versions of various business divisions, in order 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.

Green Mark of Product Certification

Green Mark are awarded by national label issuing organizations based on ISO 14024, which establishes product category specifications. Products that have been certified by a third-party to comply with or exceed the corresponding product category specifications are awarded the label. 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 of environmental protection labels is mainly to assist brand customers to apply. Applications made for LITEON itself are listed as follows.

Mark	Product type and Quantity
 Taiwan Energy Label	5 energy efficient streetlights received Taiwan Energy Label.
 Energy Star	<ul style="list-style-type: none"> A total of 5 products in electric car charging pile have been awarded the Energy Star label In addition, LED packaging arrays or modules have been certified by the US Energy Star Laboratory Certification Service
 Electrical Safety Regulations	<ul style="list-style-type: none"> A total of 26 products in the power supply category were awarded the Taiwan Commodity Testing and Certification Mark A total of 24 products in the power supply category were obtained the CCC mark in China A total of 35 products in the categories of power supply, network communications, and projectors have obtained the EU CE mark. A total of 5 products in electric car charging pile have obtained UL2594
 US EPEAT	For a total of 9 products in the enclosure category, we helped customers obtain bronze grade marks

Product Carbon Footprint Declaration

In order to fulfill its green product responsibility, LITEON provides customers with complete information on the product carbon footprint, and has set it as the baseline for the carbon reduction design of subsequent products, with the aim of developing lower-carbon products. Therefore, in 2022, we launched a large-scale project to inventory the carbon footprints of all product categories. We proactively completed the product carbon footprint inventory and conducted Full LCA evaluations according to ISO 14067:2018 requirements for the company's representative products in each category, such as high shipment volume, high revenue, or long-term best-selling products. In addition, the LED streetlight GCJ-30J product passed third-party verification. The results are as follows.

Additionally, all products comply with their respective information and labeling requirements. During 2022, 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.

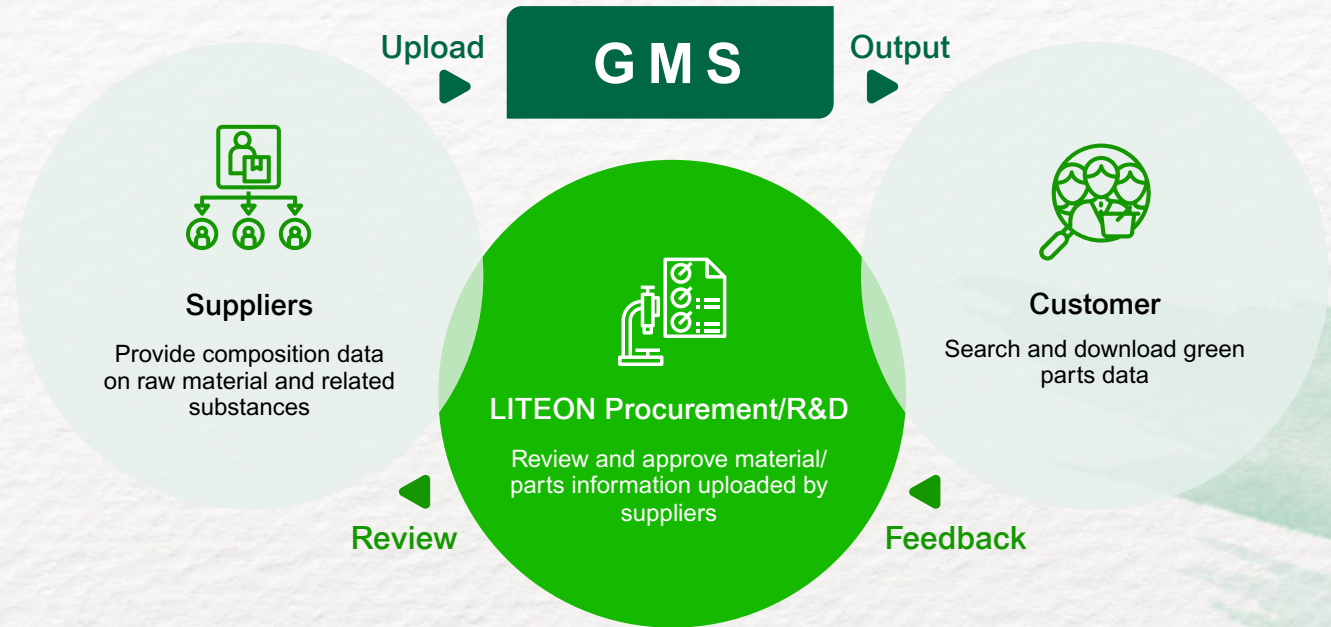
Product	Appearance	Carbon Emissions Per Functional Unit	Product	Appearance	Carbon Emissions Per Functional Unit
LED streetlight GCJ-30J		805.987 kgCO ₂ e (obtained the ISO 14067:2018 verified by a third party)	Surveillance Camera V724		54.16 kgCO ₂ e
automotive camera P1WVS18		13.81 kgCO ₂ e	Motherboards MC128		174.96 kgCO ₂ e
electric car charging pile IC3- EX		4475.35 kgCO ₂ e	AP for Home WPUB6-Lite		64.66 kgCO ₂ e
PD (Power Delivery Charger) PA-1650-28HT		59.45 kgCO ₂ e	Switch EN 5320s		1019.71 kgCO ₂ e
Mouse SM8123		2.45 kgCO ₂ e	Mini CSP LTW-A031A LTW-A031PA		0.741 kgCO ₂ e

3.5.4 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 (IEC 62474 or beyond RoHS, REACH, California Bill 65, Montreal Protocol, and other directives), as well as customer request. The LS301 standards have 100% control over all products and materials. and from time to time, it will be reconciled and revised with the versions of various business divisions. The total number of restricted substances reached 564 in 2022. The in-house Green product Management System (GMS) works with the Prohibited 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)	
116 restricted substances (including 13 items Reporting Substances)	<ul style="list-style-type: none"> • Cadmium hydroxide • Sodium octaborate tetrahydrate • Dibutylbis(2,4-glutarate-0,0')tin • Diisodecyl phthalate • Bisphenol B 4,4'-(1-methylpropylidene) bisphenol
REACH 403 substances of very high concern and substances required to be reported according to IEC62474	EU REACH SVHC 1-219 <ul style="list-style-type: none"> • Orthoboric acid, sodium salt • Glutaral • 2,2-Bis(bromomethyl)-1,3-propanediol (BMP)

LITEON build 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. Through the abovementioned management method for environment-related substances in the value chain, no sales were made to medical or military units, and products that contain substances required to be reported according to IEC62474 account for 0% of LITEON's annual revenue.



4. LITEON AND EMPLOYEES



Planning and providing diverse benefits/assistance measures and physical/mental health promotion programs to enhance employee engagement and morale.



Prioritizing employee education and development, the total training hours for the entire group reached 876,636 hours in 2022, with an average of 27.2 hours of training per person.



The retention rate for critical position reached the target of 93.3% in 2022.

4.1 People-Centered Talent Strategy

Following a human-centered approach, LITEON places employee well-being as a top priority in all matters. In addition to effectively integrating the Group's resources, LITEON focuses on solid execution, optimizes the operating system and ensures sustainable development. We also strive to create a pleasant workplace with vitality and prospects, so that every LITEON employee can achieve personal career growth and work together to achieve a common vision.

Talent Attraction and Retention

Implementation Strategy

LITEON has actively implemented its digital transformation strategy in recent years, and developed an on-line recruitment platform transitioning from offline recruitment to a strategy that integrates online and offline recruitment. Through global talent recruitment strategy and system implementation, we create a diverse and inclusive-friendly workplace and provide competitive salaries, localized benefits, and festive activities for colleagues across global factories and operational locations, allowing all employees to have good development.

Actions in 2022

- LITEON has strengthened its recruitment platform, applications of online interview tools, brand image, and operations on social media, transitioning from offline recruitment to a strategy that integrates on-line and offline recruitment. We use a variety of channels including 104 Corporation website, company website, LinkedIn, Facebook to communicate the Company's culture and core values, in order to attract exceptional talent to join the Company.
- 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.
- We not only recruit people who have graduated from school, but also expanded our collaboration with universities in industry-academia programs, and provide summer internships to cultivate students to join LITEON. We are also participating in the government's employment promotion program, and hire R&D substitute servicemen each year, providing them with the same benefits as full-time employees, in order to retain talent after completing their military service.
- Employees enjoy employee benefits from the day they report for duty, including flexible work hours, directly giving employees paid leave during make-up days, providing one free meal a day, and cash gifts on three holidays, employees' birthday and Labor Day. LITEON also establishes pension policies. Employees' family members are allowed to be enrolled in group insurance. Employees raising children between the ages of 0-6 years old receive a monthly allowance. LITEON provides employees with double the care compared with peers in the industry.

Major Implementation Results

Critical position retention rate of 93.3% in 2022.

4.1.1 Talent Policy

Employees are LITEON's important partners for becoming a world class company and achieving sustainable development. They are also the most important factor to maintaining company growth and continuously making progress. Hence, we attach even greater importance to the career development and physical and mental balance of employees, creating an inclusive, open, and healthy work environment with diversity and respect for faster growth. Furthermore, LITEON values employees' family relations and provides flexible work hours, group insurance for dependents, and emergency allowance, extending the Company's care from employees to employees' family members.

We set up the human rights policy, offer compensation and benefits, and commit to protect the rights of all of its employees in the workplace. We also provide support in daily life and career development. 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.

The human resource department sets annual targets guided by the company's strategy, establishing a comprehensive planning, execution, and evaluation mechanism, and tracking and reviewing progress towards achieving the goals. The results are reported regularly to heads of the Human Resources department. This year's goal setting and achievement status are as follow:

2022 Targets	Results	2023 Goals
30 training hours per person on average	27.2 training hours per person on average ^{Note1}	30 training hours per person on average
Hire quality experts to teach 20 inhouse courses	20 courses completed	Hire quality experts to teach 12 in-house courses ^{Note3}
Monthly average rate of critical position retention at 93% or higher	Critical position retention rate of 93.3% ^{Note2}	Monthly average rate of critical position retention at 94% or higher

Note 1: In 2022, the pandemic has gradually subsided and both classroom and online courses that are being planned and implemented are offered. (The form of the course is determined based on learning outcomes) The average training hours per person this year are increasing compared with previous years.

Note 2: Key positions are those exposed to key manufacturing technologies in plants in China and Thailand. Such positions are reported by heads of the manufacturing and IE departments, reviewed by the quality control, engineering, and management departments, and approved by the highest-ranking management of the respective plants.

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

Note 3: LITEON has continued to offer internal quality courses since 2017. To raise quality awareness and related management abilities, and has achieved certain results. Some courses have been internalized into organizational abilities through the guidance or OJT provided by internal instructors or supervisors. Therefore, there is no need to invest external expert resources. Meanwhile, through annual demand survey and analysis, and interviews with the head of quality and R&D, it is expected that 12 internal quality courses will be offered to strengthen and enhance the capabilities.

4.1.2 LITEON's Employee Care Vision and Strategy

All of LITEON's human resource policies and strategies aim to create a "passionate, motivating, innovative, and growing" workplace culture, 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 to achieve greater success as well as a rewarding career.



Diversity and inclusion to create a global LITEON family

LITEON provides equal employment opportunity are given regardless of race, gender, religion, skin color, nationality, age, political affiliation, sexual orientation, pregnancy, mental/physical disability, and social background when recruiting employees, and strictly implements its non-discrimination policy. Amidst the tide of globalization, we not only comply with local laws and regulations, but also provide labor protection, adapt to cultures of each country, and provide benefits suitable for local customs. Please refer to [4.2 Diversity and Inclusion: Our Global Employee Profile](#).



Putting people first, taking care of employees and taking care of family members

LITEON provides compensation that is competitive in the market through structural adjustments to promote the needs of employees in all aspects such as work, life, safety and health. In addition, employees can still enjoy a variety of subsidies and benefits for their families while working through comprehensive employee welfare system including the childcare allowance, scholarships, employee assistance and other projects. Meanwhile, it enhances employee engagement, and then unites the centripetal force of the group. Please refer to [4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs](#).



LITEON talent cultivation, the wonderful career of learning and collaboration in LITEON

LITEON is committed to training and investing in talent. LITEON has established a complete training and development system based on the company strategy, vision, and values, as well as LITEON's culture, and provides complete career development planning and blueprint. Seminars are offered routinely to employees. Besides learning during work, this also enriches employees' lives. LITEON also has a smooth job rotation mechanism that allows employees to challenge themselves, seize opportunities, and gain experience in different positions. Please refer to [4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey](#).



Friendly workplace with job security

LITEON respects the human rights of its employees and provide a smooth and diverse communication and interaction platform and channels. LITEON accepts and replies to employee recommendations and complaints at any time, effectively protecting employees' rights and interests. We also support employees in forming a labor union and respect their right to negotiate with management. Additionally, in order to provide employees, customers, communities and business partners and other stakeholders with safe, comfortable, low environmental impact, and efficient operation services, we exert every effort to reduce safety and health risks in the workplace. Please refer to [4.5 Friendly workplace with job security](#) and [4.7 Occupational Health and Safety](#).



LOHAS LITEON, creating a greater sense of happiness in the workplace

LITEON makes an effort to provide and maintain a workplace that is an inclusive corporate culture that puts people first and pays attention to the mental and physical health of employees. The company continues to implement employee care programs that contribute the mental and physical health of employees, and plans employee activities with different themes. Various motivational events are organized to help employees enjoy a balanced, healthy and joyful work life. Please refer to [4.6 LOHAS LITEON](#).



4.2 Diversity and Inclusion: Our Global Employee Profile

LITEON has actively implemented its digital transformation strategy in recent years, and developed an online recruitment platform. LITEON has strengthened its recruitment platform, applications of online interview tools, brand image, and operations on social media, transitioning from offline recruitment to a strategy that integrates online and offline recruitment.

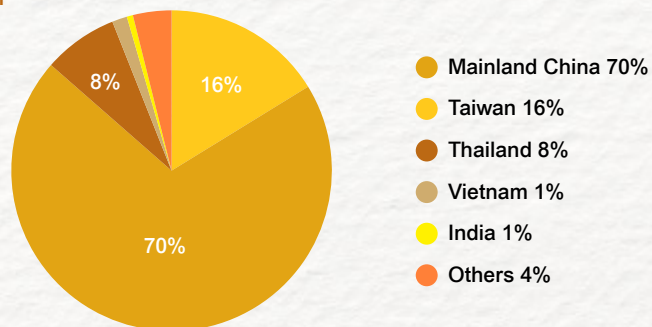
Through global talent recruitment strategy and system implementation, LITEON ensures that the recruitment process does not discriminate against race or class, language, religion, gender. We create a diverse and inclusive-friendly workplace and provide competitive salaries, localized benefits, and festive activities for colleagues across global factories and operational locations, allowing all employees to have good development.

4.2.1 Employee Structure and Distribution

Ratio of Employees by Region

As at the end of 2022, LITEON had 32,230 employees worldwide; 54.3% of whom were male and 45.7% were female. The proportion of female employees increased by 1.9 percentage points compared to last year, reaching 45.7%. The overall male to female employee ratio has become even more even. There were 5,230 employees in Taiwan, while the remaining 27,000 employees were located throughout other overseas (including Mainland China, Thailand, Vietnam, Brazil, India, Singapore, Mexico, U.S.A., Japan, Europe etc.), 97% of employees were in Asia.

Employee Distribution



Region	Taiwan	Mainland China	Thailand	Vietnam	India	Others	Total
Male	8.9%	40.3%	1.8%	0.7%	0.6%	2.0%	54.3%
Female	7.4%	29.9%	5.7%	0.8%	0.0%	1.9%	45.7%

Note: In response to developments in the pandemic or international trade in 2022, as well as the Company's internal product line adjustment and production policy, we lowered the ratio of production lines in China and Vietnam, and increased production personnel in Taiwan and America.



Employee Composition Contract Type

Region	Gender & Type		Male			Female			Total
	Full Time	Part Time	Subtotal	Full Time	Part Time	Subtotal			
Taiwan	2,845	9	2,854	2,373	3	2,376	5,230		
Mainland China	12,436	546	12,982	9,399	251	9,650	22,632		
Thailand	587	0	587	1,839	0	1,839	2,426		
Vietnam	224	0	224	265	0	265	489		
India	188	0	188	12	0	12	200		
Others	652	4	656	595	2	597	1,253		
Worldwide Total	16,932	559	17,491	14,483	256	14,739	32,230		

Note 1: Full-time employees including indefinite contract employees, R&D substitute service candidates and foreign workers.

Note 2: Part-time employees including short-term contractors and interns.

Dispatch Employment

Region	Gender		Total
	Male	Female	
Taiwan	66	95	161
Mainland China	1,499	1,195	2,694
Thailand	0	0	0
Vietnam	0	0	0
India	200	0	200
Others	21	23	44
Worldwide Total	1,786	1,313	3,099

Note: Dispatched employees are mainly direct labors on the production line. In response to order volume demand, 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 ^{note1}	20	14	34	24	405	429		
Mainland China	186	57	243	0	2	2		
Thailand	0	0	0	0	0	0		
Vietnam	0	0	0	0	0	0		
India	0	0	0	0	0	0		
Others	5	3	8	0	1	1		
Worldwide Total	211	74	285	24	408	432		

Note 1: The weighted number of people with disabilities in Taiwan is 37, which is less than the quorum of 15. The company paid the due amount according to law.

Note 2: Local laws in Thailand, Vietnam and India do not have clear regulations on this.

Percentage of Local Residents Recruited to Occupy High-Level Management Positions

Region	Type	Percentage of local residents recruited to occupy high-level management positions	
		Senior level managers and above	Percentage of local residents recruited to occupy mid-level management positions
Taiwan		2.3%	98.4%
Mainland China		0.1%	30.8%
Thailand		0.04%	0.0%
Vietnam		0.2%	0.0%
India		-	-
Others		2.2%	88.9%
Worldwide Total		1,786	1,313

Note1: To transfer company culture and core management capabilities, senior level managers in Thailand and Vietnam were initially assigned as expatriates. However, there has been a gradual development of local residents into mid-level managers.

Note 2: Manufacturing bases in India do not have senior executives due to the nature of their activities

Note 3: Senior manager are Director and above. Mid-level manager are manager-level supervisors

Gender and Age Distribution by Region

Region	Gender& Type		Male					Female				
	≤ 30	31-40	41-50	>50	Total	≤ 30	31-40	41-50	>50	Total		
Taiwan	14.9%	17.5%	17.1%	5.1%	54.6%	14.3%	15.6%	11.6%	4.0%	45.4%		
Mainland China	28.9%	19.9%	7.4%	1.2%	57.4%	16.3%	16.3%	9.6%	0.4%	42.6%		
Thailand	11.6%	6.6%	4.6%	1.4%	24.2%	23.3%	23.1%	22.3%	7.2%	75.8%		
Vietnam	30.3%	13.5%	1.8%	0.2%	45.8%	35.6%	15.1%	2.9%	0.6%	54.2%		
India	92.5%	0.0%	1.0%	0.5%	94.0%	6.0%	0.0%	0.0%	0.0%	6.0%		
Others	17.3%	14.5%	11.8%	8.8%	52.4%	17.7%	14.9%	9.6%	5.5%	47.7%		
Worldwide Total	25.3%	18.1%	8.8%	2.1%	54.3%	16.8%	16.5%	10.7%	1.7%	45.7%		

Note: The calculation of the proportion = the year-end headcount in that category / total sum of number of the respective region end over the year

Gender and Education Distribution by Region

Region	Gender & Education		Male			Female		
	Masters & Above	Bachelor	Others	Masters & Above	Bachelor	Others		
Taiwan	26.8%	23.0%	4.7%	7.0%	24.6%	13.9%		
Mainland China	0.6%	12.7%	44.1%	0.2%	8.7%	33.7%		
Thailand	0.2%	12.8%	11.2%	0.2%	15.1%	60.5%		
Vietnam	1.2%	14.3%	30.3%	0.2%	17.2%	36.8%		
India	0.0%	76.5%	17.5%	0.0%	6.0%	0.0%		
Others	5.3%	32.5%	14.6%	1.6%	21.4%	24.7%		
Worldwide Total	5.0%	15.5%	33.7%	1.4%	12.4%	32.0%		

Note: "Other" mainly refers to high school and middle school

Distribution of Managerial Personnel, Professional Technician and Direct Labor

Grade and Gender	Year	2020		2021		2022	
		Count	Proportion	Count	Proportion	Count	Proportion
Executive Management ^{Note 1}	Male	51	94.4%	42	91.3%	40	88.9%
	Female	3	5.6%	4	8.7%	5	11.1%
	Total	54	100.0%	46	100.0%	45	100.0%
Senior Manager	Male	133	88.1%	127	89.4%	116	87.9%
	Female	18	11.9%	15	10.6%	16	12.1%
	Total	151	100.0%	142	100.0%	132	100.0%
Mid-Level Manager	Male	1,699	75.6%	1,647	74.5%	1,600	73.8%
	Female	547	24.4%	564	25.5%	569	26.2%
	Total	2,246	100.0%	2,211	100.0%	2,169	100.0%
Indirect Labor ^{Note 2}	Male	5,660	59.3%	5,989	59.3%	6,195	59.2%
	Female	3,880	40.7%	4,102	40.7%	4,276	40.8%
	Total	9,540	100.0%	10,091	100.0%	10,471	100.0%
Direct Labor (DL) ^{Note 3}	Male	12,987	53.3%	14,669	53.3%	9,540	49.1%
	Female	11,368	46.7%	12,860	46.7%	9,873	50.9%
	Total	24,355	100.0%	27,529	100.0%	19,413	100.0%
All Employees	Male	20,530	56.5%	22,474	56.2%	17,491	54.3%
	Female	15,816	43.5%	17,545	43.8%	14,739	45.7%
	Total	36,346	100.0%	40,019	100.0%	32,230	100.0%

Note 1: Executive management are Associate Vice President and above. Senior manager are Director and above. Mid-level manager are manager-level supervisors.

Note 2: Professional technician are managers or engineers indirectly related to production, such as R&D engineers, project managers, and business marketing specialists.

Note 3: Direct labor (DL) are workers who work directly on the production line.

Note 4: For considerations of privacy, the company has never collected personal racial information, so it has not been disclosed.

4.2.2 Global Multicultural Celebration Feast

The global operating sites of LITEON are a platform that embraces diverse cultures from around the world. Each site showcases the way of cultural openness and integration, and collaborates with local festivals to host various celebratory activities, becoming a heart-warming human force within the company. Colleagues at each site participate in these activities and gain a deeper understanding of the customs and sentiments of different cultural circles, promoting mutual understanding and interaction among colleagues, and embodying the corporate spirit of respecting multiculturalism and practicing diversity and coexistence.

CN Beihai Plant

Dragon Boat Festival Rice Dumpling Wrapping Competition

Dragon Boat Festival rice dumpling wrapping competition at Beihai Plant



THA

Songkran Festival

Songkran festival is the grandest traditional festival celebrated by Thai and Southeast Asian ethnic groups. Mainly offers sacrifices on the altar in plants for employees to feel the atmosphere of folk festivals.



New Year

The annual worship and prayer for peace lets employees feel the atmosphere of the holidays and successfully start a new year, as they pray to eliminate any hindrances in the past year.



TW

Special Event in Dragon Boat Festival

During the Dragon Boat Festival, LITEON organized the special event "Northern and Southern Rice Dumplings" and invited employees to share the differences in taste of northern and southern rice dumplings and their personal preference, encouraging employees to share videos of delicious stores and how to make a good rice dumpling.



VNM

Mid-Autumn Festival Gala in 2022

The Mid-Autumn Festival is a celebration symbolizing reunion, as one of the four major traditional festivals in Vietnam. LITEON brought together the industrial park in organizing parade for celebrations to strengthen employee engagement; entered the Mid-Autumn Festival event of Hai Phong Industrial Park with the lantern "Cool Tiger" and won the Special Prize.



Taiwanese and Vietnamese Culture Research Club

Taiwanese employee founded the Taiwanese and Vietnamese Culture Research Club after seeing the emotional support and cultural adaptation needed by migrant workers far away from home. This created a community to give Vietnamese workers a taste of home, so that they can feel at home and find a sense of belonging in Taiwan. Cuisine and language exchange are the main elements and not only allow Vietnamese workers to build connections, but also allow Taiwanese and Vietnamese workers to share their culture and experience, improving mutual understanding and helping members more smoothly assimilate into the environment, supporting each other and growing together at LITEON.



MCO

DIA DE MUERTOS

"DIA DE MUERTOS" is a way to welcome and comfort spirits in Mexican tradition. Altars are erected to honor deceased loved ones, often decorated with holy flowers, candles, sugar skulls, photographs of the deceased, and their favorite food and drink. Mexicans believe that the spirits of the deceased will return to gather with their family on the Day of the Dead. The altar and offerings celebrate the beauty and abundance of life and death during this holiday, and also show respect for departed loved ones as well as recognize the connection between past, present, and future generations.



POSADA

POSADA which means lodging is one traditional ritual of Christmas in Mexico. A traditional parade on the nine days preceding Christmas Day, called peregrinación, is held every night to recreate the journey of Mary and Joseph searching for a place to stay. Participants are divided into two groups. One group portrays the Christmas angels, representing Mary and Joseph seeking accommodation, while the other group portrays the innkeepers who refuse to accept them. The parade will stop at different places to pray and sing, until they find a place that accepts them and allows them to enter for a celebration. Banquets and dance parties are also often included to celebrate the arrival of Christmas.



4.2.3 Integrating Virtual and Real Elements to Create a Talent Magnetism

LITEON has strengthened its recruitment platform, applications of online interview tools, brand image, and operations on social media, transitioning from offline recruitment to a strategy that integrates online and offline recruitment. We use a variety of channels including 104 Corporation website, company website, LinkedIn, Facebook to communicate the Company's culture and core values, in order to attract exceptional talent to join the Company.

We not only recruit people who have graduated from school, but also expanded our collaboration with universities in industry-academia programs, and provide summer internships to cultivate students to join LITEON. We are also participating in the government's employment promotion program, and hire R&D substitute servicemen each year, providing them with the same benefits as full-time employees, in order to retain talent after completing their military service.

2022 Annual Monthly Average New Hire Rate - by Gender

Region	Direct Labor (DL)		Indirect Labor (IDL)					
	Male	%	Female	%	Male	%	Female	%
Taiwan	229	6.3%	715	7.5%	686	2.4%	365	2.4%
Mainland China	35,496	31.1%	13,297	15.3%	879	1.4%	477	1.2%
Thailand	90	2.4%	293	1.4%	25	0.6%	14	0.3%
Vietnam	144	4.6%	72	2.2%	23	2.6%	36	3.7%
India	10	0.9%	2	6.7%	17	2.7%	4	5.1%
Others	381	10.5%	670	11.8%	107	2.4%	52	2.3%
Worldwide Total	36,350	28.1%	15,049	11.8%	1,737	1.7%	948	1.5%

Note: The proportion calculation= the number of new hires in that category for each month / the total number of employees in that category at the end of each month

2022 Annual Monthly Average New Hire Rate - by Age

Region	Direct Labor (DL)								Indirect Labor (IDL)							
	≤ 30	%	31-40	%	41-50	%	>50	%	≤ 30	%	31-40	%	41-50	%	>50	%
Taiwan	478	8.4%	323	7.4%	134	5.1%	9	2.0%	478	4.9%	358	2.4%	189	1.3%	26	0.5%
Mainland China	36,200	32.0%	10,356	17.8%	2,236	8.1%	1	0.1%	908	2.6%	390	0.8%	57	0.3%	1	0.0%
Thailand	302	2.8%	71	0.9%	10	0.2%	0	0.0%	28	1.0%	7	0.3%	4	0.2%	0	0.0%
Vietnam	189	3.9%	27	1.9%	0	0.0%	0	0.0%	47	4.6%	9	1.3%	3	2.3%	0	0.0%
India	12	1.1%	0	0.0%	0	0.0%	0	0.0%	21	3.2%	0	0.0%	0	0.0%	0	0.0%
Others	574	13.4%	278	10.4%	172	9.5%	27	5.2%	61	4.3%	67	3.4%	23	1.4%	8	0.5%
Worldwide Total	37,755	27.0%	11,055	14.9%	2,552	6.8%	37	0.9%	1,543	3.0%	831	1.2%	276	0.7%	35	0.4%

Note: The proportion calculation= the number of new hires in that category for each month / the total number of employees in that category at the end of each month

4.2.4 Caring Interviews to Enhance Retention Rates

LITEON ensures that the actual work matches the job description during interviews, and that employees' work meet the expectations of their supervisor through an evaluation mechanism once the probationary period is completed. 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. 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 2022, due to the upgrade of the intelligent production line and adjustment of the company's product line, LITEON's turnover rate mainly came from direct personnel (including production line operators and related production collaboration personnel), mainly from employees in Mainland China. In the future, we will integrate smart manufacturing and automated operations through digital intelligence development to replace the natural attrition of direct personnel and enhance the per capita output value, thus reducing the impact of personnel turnover.

2022 Annual Monthly Average Turnover Rate (including voluntary and involuntary departures) - by Age and Region

Region	Type/Age/ Monthly Average Turnover Rate	Direct Labor (DL)								Indirect Labor (IDL)							
		≤ 30	%	31-40	%	41-50	%	>50	%	≤ 30	%	31-40	%	41-50	%	>50	%
Taiwan		101	1.8%	94	2.2%	55	2.1%	3	0.7%	200	2.1%	297	2.0%	232	1.6%	74	1.5%
Mainland China		39,544	34.9%	11,411	19.6%	2,856	10.4%	15	0.8%	1,398	4.0%	931	1.9%	147	0.8%	32	1.4%
Thailand		80	0.7%	35	0.5%	6	0.1%	1	0.1%	8	0.3%	4	0.2%	5	0.2%	2	0.2%
Vietnam		513	10.7%	100	7.0%	4	2.5%	0	0	38	3.7%	17	2.5%	3	2.3%	2	4.4%
India		16	1.4%	0	0	0	0	0	0	7	1.1%	0	0	1	2.6%	3	10.7%
Others		351	8.2%	168	6.3%	113	6.2%	24	4.7%	27	1.9%	30	1.5%	12	0.7%	9	0.6%
Worldwide Total		40,605	29.0%	11,808	15.9%	3,034	8.0%	43	1.0%	1,678	3.3%	1,279	1.9%	400	1.1%	122	1.2%

Note: The proportion calculation = the number of departures in that category for each month/ the total number of employees in that category at the end of each month

2022 Annual Monthly Average Turnover Rate (including voluntary and involuntary departures) - by Gender and Region

Region	Type/Age/ Monthly Average Turnover Rate	Direct Labor (DL)				Indirect Labor (IDL)			
		Male	%	Female	%	Male	%	Female	%
Taiwan		92	2.5%	161	1.7%	511	1.8%	292	1.9%
Mainland China		38,548	33.8%	15,278	17.6%	1,645	2.6%	863	2.1%
Thailand		18	0.5%	104	0.5%	10	0.2%	9	0.2%
Vietnam		348	11.1%	269	8.3%	32	3.6%	28	2.9%
India		16	1.5%	0	0.0%	11	1.7%	0	0.0%
Others		221	6.1%	435	7.7%	49	1.1%	29	1.3%
Worldwide Total		39,243	30.4%	16,247	12.8%	2,258	2.2%	1,221	1.9%

Note 1: The proportion calculation = the number of departures in that category for each month/ the total number of employees in that category at the end of each month.

Note 2: The relatively high employee turnover in Mainland China is largely attributable to product line adjustment, the local labor shortage as well as fierce competition in the industry.

4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs

LITEON provides new employees with physical examinations free of charge before they report for duty, in hopes of retaining employees. After recruits report for work, the supervisor of each unit understands how well employees adapt, and reduces employees who have trouble adapting. We also organize new employee training and communication meetings to help them adapt to the Company's overall environment.

Employees enjoy employee benefits from the day they report for duty, including flexible work hours, directly giving employees paid leave during make-up days, and providing employees with more leave days. LITEON provides employees with one free meal a day, and cash gifts on not only the three holidays, but also employees' birthday and Labor Day, which is the equivalent of over NT\$20,000 in benefits for every employee each year. There are also more than 50 clubs of various types to enrich everyone's leisure life. In addition, LITEON establishes pension policies according to local regulations, regardless of where it operates in the world. We conduct annual retirement fund contributions to safeguard the retirement benefits of colleagues.

LITEON has extended its care to employees' family members, who are allowed to be enrolled in group insurance, providing family members with even more complete medical insurance. Furthermore, employees raising children between the ages of 0-6 years old receive a monthly allowance of NT\$5,000. Salaries are adjusted according to market conditions each year to provide employees with double the care compared with peers in the industry.



4.3.1 Competitive Salaries

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 1.10 times the minimum wage in Taiwan, 1.27 times in Mainland China^{Note1}, 1.36 times in Thailand, 1.13 times in Vietnam, and 1.06 times in India.

Note: The average starting salary of each plant in mainland China/the statutory minimum basic salary in each region

The Gender Pay Gaps by Pay Grade

Grade	2022				2021			
	Annual salary		Monthly base salary		Annual salary		Monthly base salary	
	Male	Female	Male	Female	Male	Female	Male	Female
Director and above	1	1.10	1	0.89	1	1.13	1	0.99
Managers	1	0.84	1	0.87	1	0.85	1	0.87
General Indirect Labor	1	0.84	1	0.88	1	0.85	1	0.93
Direct Labor	1	0.98	1	1.06	1	0.99	1	0.98

Comparing Gender-Based Salary Gaps Across Job Levels Over Time

Item	Gender Pay Gap (2022)	Gender Pay Gap (2021)
Median of Monthly Base Salary (hourly)	2%	8%
Average of Monthly Base Salary (hourly)	8%	6%
Median of Bonuses / Allowances for the Year	16%	8%
Average of Bonuses / Allowances for the Year	8%	7%

Note1: The definition of annual salary includes base salary and all allowances and bonuses in the year (same applies to all table below)

Note 2: Monthly base salary is defined as Calculated based on December 2022 salary and converted using the average exchange rate for each month of the year

Note 3: Statistics are based on 2022/12/31 in-service personnel (excluding part-time personnel), excluding salaries of employees in other regions (due to limitations of local regulations)

Note 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	2022 (NTD thousand)	2021 (NTD thousand)	2020 (NTD thousand)	Growth
Median	1,129	1,154	1,169	-2.2%
Average	1,472	1,434	1,376	2.6%

Worldwide	2022 (NTD)	2021 (NTD)	2020 (NTD)	Growth
Median	296,534	277,702	257,871	6.8%
Average	369,661	321,771	344,467	14.9%

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	2022	2021	2020	Growth
Number of Employees	27,952	35,245	31,115	-20.7%
Average Benefit Expense (NTD)	508,200	381,250	466,611	33.3%

Top Manager and Median Salary:

Region	Ratio of Top Manager to Median Salary	Ratio of Top Manager Salary Increase to Median Salary Increase
Taiwan	7,813%	0%
Mainland China	24,030%	0%
Thailand	35,875%	0%
Vietnam	43,245%	0%
India	81,192%	0%
Worldwide	22,726%	0%

Note 1: The ratio of annual salary for top manager to annual average salary for other employees is 18,116%.
 Note 2: Top manager salary is based on the company's business performance and calculated on an annual basis.

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 on-board 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 out-stationed employees, giving them the peace of mind when working overseas.

Compensation for overseas employees has been set at reasonable and competitive levels depending on local market conditions. Meanwhile, long-term and short-term bonuses are also offered as added incentives according to local regulations and industry practices. Overseas employees are covered by social insurance schemes as required by local regulations.

4.3.2 Diverse Welfare Systems

In order to effectively promote the welfare measures of employees, we promote the needs of employees in various aspects such as work, life, safety and health, so that employees can receive salary and remuneration. In addition, employees receive a range of allowances and benefits for themselves and their families. These programs encourage employee loyalty to the Company and the Group. The company plans and provides a variety of welfare measures and physical and mental health promotion programs.

Employee Welfare Measures

Recognition for senior/outstanding employees	Employee Assistance Programs (limited to Taiwan, China and Vietnam)
Group insurance	Marriage allowances (limited to Taiwan, China, and Vietnam)
Care and relief for employees	Birth subsidies (limited to Taiwan and China)
Employee funeral relief	Continuing education subsidies (limited to Taiwan and China)
Employee hospitalization relief	Education allowance for employees' children (limited to Taiwan)
Holiday benefits (New Year/Dragon Boat Festival/ Mid-autumn/Labor Day/birthday gifts)	Personal travel allowance (limited to Taiwan)
Employee group trips	Statutory employee benefits



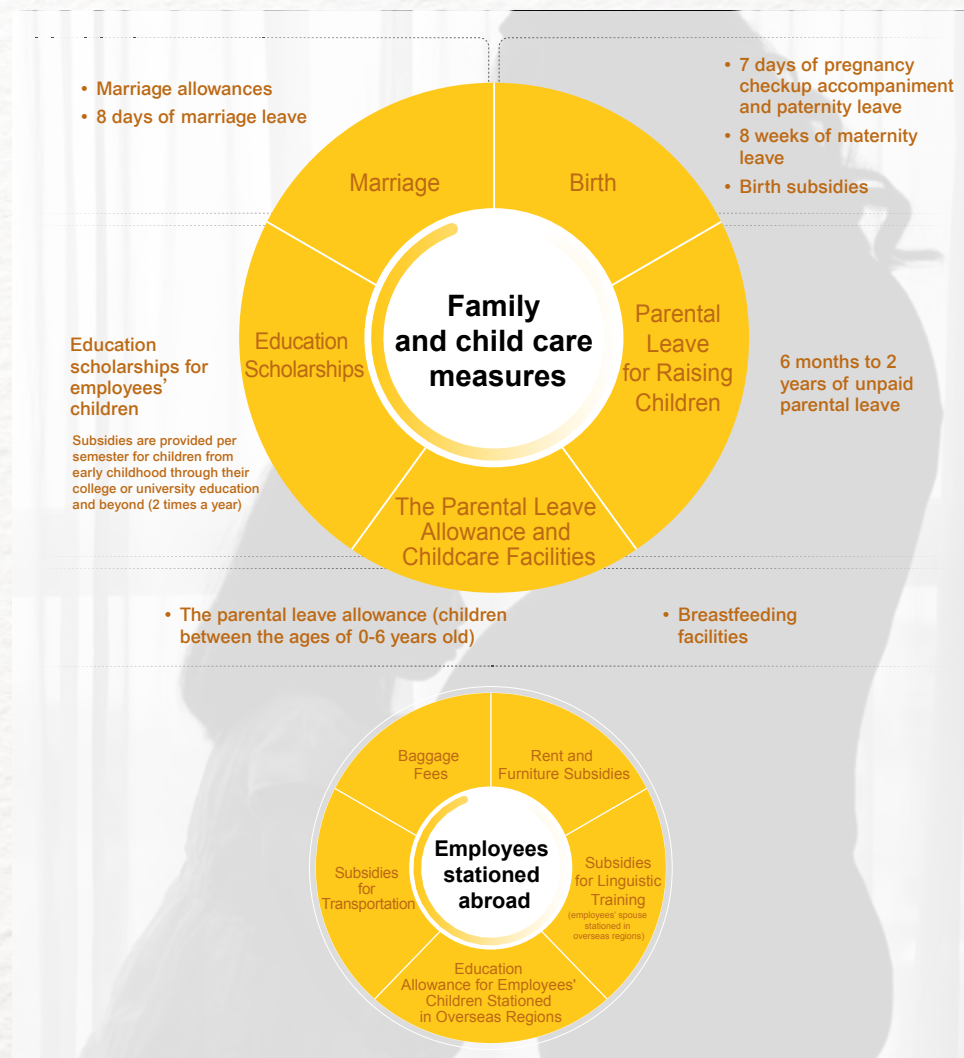
Employee Stock Ownership Trust Plan, Create a Mutually Beneficial Partnership

LITEON's Taiwan region plant launched its "employee stock ownership trust" in September 2021, and has invited employees to become LITEON shareholders. Together for shared success: As soon as you join us as a partner, you are eligible to participate in our employee stock trust program^{Note}. Taiwanese employees can choose to participate according to their personal intention. A fixed amount is allocated from the monthly salary of participants, and the Company will allocate a corresponding reward and deposit it into a special trust account. The trust allows employees the opportunity to share the operational results of the Company over the long term, accumulate wealth, and create a mutually beneficial partnership.

Note: Direct employees who have completed one year of service will be eligible to join the employee stock trust program from the same month onward.



Family and Child Care Measures



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. Additionally, Taiwan plants provide an emergency allowance between NTD30,000 to NTD100,000 for employees in need. In the event that colleagues encounter significant unforeseen circumstances requiring urgent assistance, the company will also consider providing additional subsidies based on practical considerations, with the aim of assisting employees in obtaining immediate help and overcoming challenging situations. The company also introduces external resources to provide employee assistance programs as follows:

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 2022	
Status	Employee Satisfaction
<ul style="list-style-type: none"> • 207 people sought advice • 24 people sought free advice via land line • 83 people sought professional advice (36 employees) 	97 (The professional consulting satisfaction survey had a 100% response rate)

4.3.3 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.

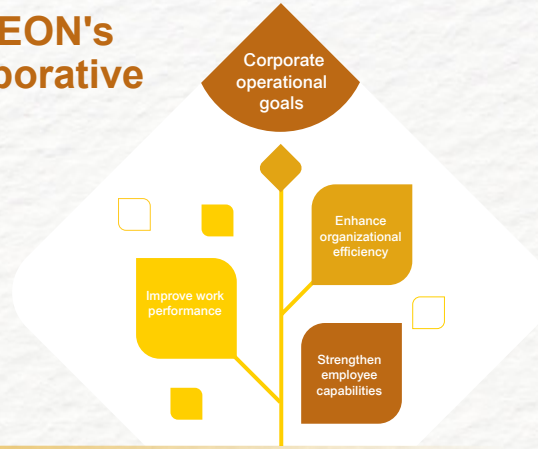
In Taiwan, employees' pension schemes are governed either by the Labor Standards Act (the old scheme) or the Labor Pension Act (the new scheme) of the Republic of Mainland China. Employees who came on-board on or before June 30, 2005, are entitled to carry forward their years of service from the old 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 NTD960 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 Thrive Together: LITEON's Approach to a Collaborative Career Journey

4.4.1 LITEON's Commitment to Learning and Development

LITEON's mission statement states, "the purpose of training is to provide employees with the right management skills, professional knowledge and teamwork or collaboration to help the organization thrive and maintain sustainable growth." As a consequence, learning and development receive the highest degree of emphasis at LITEON.



LITEON Comprehensive Learning and Development Strategies and Plans

It Focuses on Improving Employees' Professional Skills and Achieving the Company's Mission and Vision

LITEON is committed to optimizing the experience of new hires and allowing employees to gain a deep understanding of the company and its future development. In addition to the mandatory compliance courses, leadership and management training courses are designed according to level to improve employee ability to manage matters, people, and teams. For professional skills, online and On the Job Training(OJT) is provided on top of general quality competency training. For self-growth, a variety of learning resources are available through LITEON Lectures, O365 workplace skills, and various digital learning resources. Furthermore, there are talent development programs (e.g. NBA Camp (New Brave Adventurer Camp) and "ONE PIECE" building activities) intended for certain groups. These programs utilize training resources effectively to develop the next generation of leaders for the company. It is hoped that employees can become better trained in both theory and practice and be able to apply their training and improve on an ongoing basis. Hence, employees regardless of level will grow with specific goals in mind and become more efficient as an organization, thereby achieving the company's operational targets and fulfilling LITEON's mission and vision of sustainable development.

4.4.2 LITEON's Learning Structure and Roadmap

LITEON's employee training and development programs are guided by the company's vision, strategy, and values. The corporate culture is embedded at the core of a full-developed-level and skill-specific learning structure. It encompasses five dimensions:

LITEON's Learning Structure





The density of outstanding leaders in a company can be equated to the organization's competitiveness. LITEON planned Executive Development Program(EDP) to achieve short-term business goals and long-term strategic development and sustainable operation, focusing on the development of strategy and leadership skills. We adopted different practical experience-based development methods to broaden the horizons and enhance key abilities of senior managers.

Enhance Competitive Advantages and Execution Performance to Become the Top 1% of Executive Managers at LITEON!

① Executive Workshop

LITEON has cultivated well-rounded executive managers since it began engaging in digital transformation. Managers select one of the four major aspects: leadership development, strategy innovation, culture shaping, and organizational transformation, and engage in brainstorming, observe and learn from each other, build a consensus, and formulate action plans, upholding the spirit of co-learning in hopes of becoming more well-rounded executive managers. Senior managers have achieved efficient teamwork and strengthen the overall management team. In 2022, it was held twice in August and October.



② Lecture Sharing By Successful Entrepreneurs

We have invited entrepreneurs from major corporations in different industries to share their practical experience in various management issues, as well as the latest trends in organization leadership, with LITEON's executive managers! In 2022, it was held six sessions.



Emphasizing Both Theory and Practice, Cultivating Supervisor-Level Smart Talent in the New Plant

Project sharing: LiMI Institute of Smart Manufacturing Phase II

This case aims to drive LITEON's progress in automation/digital/smart artificial intelligence development and cultivate core talent for competitiveness in smart artificial intelligence, we set recruitment standards after examining what abilities entry level smart intelligence engineering talent lacked. External recruitment mainly targets MA while each site recommends students, who receive one year of training in three stages.

- The first stage is two months of basic course training with internal instructors, partnering colleges, and external vendors providing general education courses on LITEON's culture, accountability, etc.; project management courses on industrial engineering, three types of management and three processes, etc.; professional courses on SMT, EPSON, etc., so that participants in different positions can gain a complete understanding of how a plant is structured and operates.
- The second stage is practical training in plants, in which participants are divided into groups based on their position, and each group has multiple senior employees as instructors, providing professional skills training for each position, production line operations training, and practical training in project improvements.
- The third stage is an internship in a plant, which lasts for seven months. Participants become interns in different plants and engage in actual operations of projects based on the different condition of each product line, until they are able to operate independently in projects.
- After one-year training period, participants are then assigned to different departments and plants based on their overall evaluation and the needs of each plant, where they apply their training in work. Talent with smart artificial intelligence strategy planning ability are cultivated and selected through this cycle, and create a pool of professional smart AI talent with international mobility.
- It is currently in the second stage. Sharing of partial results

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.

Project sharing: LiMI Institute of Smart Manufacturing Phase II

Grade	Production Efficiency Improvement Project	
L3	the second stage	Digital transformation: CIM Trainees participated in connection of B-25 automated equipment to a network for data collection and display saved the Company NT\$880,000 Production efficiency improvement: PM Trainees help CIPS increase productivity that PPH has been improved from 2.83 to 3.85. Annualized benefits are estimated at NT\$2.54 million. Help APP increase productivity that PPH has been improved from 6.6 to 7.4. Annualized benefits are estimated at NT\$6.26 million.
L2	the first stage	Pass rate of the first stage of training course = 86%
L1	Recruitment phase	All students recruited have a bachelor degree or higher, 985/211/double first-rate students account for 31% and students from the first batch of universities account for 33%.



Domain Knowledge



Legal Compliance

LITEON is committed to integrity and transparency. We believe in winning the trust of our employees, clients, and shareholders by doing the right thing and achieving sustainable development. An Integrity Management Team has been established, and an Ethical Management Policy, Employee Moral Guidelines and Work Rules have been formulated; there are also channels for professional ethics complaints and reporting. In order to convey the importance of integrity to employees, compliance courses are held regularly every year, so that employees can understand the company's determination to operate with integrity.

"Integrity" is the Principle Which LITEON Follows and the Value in Which it Believes

In order to continue the spirit of last year's "anti-corruption and anti-bribery practice and trend" course, this course was included in the annual re-training course, and was designated as a required course for supervisors at job level G26 and above with a completion rate reaching 100%. In the future, it will be included as a required course for division supervisor training.

In addition, to improve knowledge of all employees on sexual harassment-related laws and regulations, and specially develop relevant digital learning courses" Say no to sexual harassment, worry-free workplace." It was included in new employee training and annual re-training to prevent employees from violating the law due to their ignorance.



Self-Development

- LITEON Lectures Series: Contents cover a wide range of intellectual topics and softer topics. Most speakers are well-known industry experts, scholars, and experts in various fields, and provide LITEON employees with new work or life-related knowledge and encouragement in life.
- Reading and learning Project: LITEON Reading
- A wide variety of learning resources: Learning Center combines digital libraries such as Business Weekly, Global Views Monthly, English learning magazine and CommonWealth Leader Academy courses. It provides a rich variety of micro-learning resources for LITEON employees. Online learning resources were accessed 179,055 times in 2022.
- English learning program: LITEON encourages employees to build up soft power by learning foreign language. The company continued to offer a language incentive program for employees. A total of 198 people applied to participate in the English learning program this year. Completion rate of 51%.
- External training: In addition to internal training, employees apply for external training courses according to the needs of their professional work, strengthen their professional skills, and provide relevant subsidies. A total of 388 people applied for external education and training subsidies this year.

Pass on LITEON's Culture and Spirit Through Reading

LITEON for Seeking Employment and Promotions

Self-learning is a very important part of a learning organization. Reading and growth are important matters at LITEON. For employees to better understand LITEON's corporate culture and the DNA that it values, and also for employees to effectively utilize their soft power and hard power at work. LITEON attaches importance to the future career development of all employees. Therefore, we selected 20 books such as career planning, self-growth, workplace skills, success stories, and business management and hoped that every member of LITEON will start the journey of their dream career path by reading these 20 books. We held two activities [Teams reading together, making friends through books] and [Reading at LITEON, sharing with people with the same hobby] this year, which were promoted with the Company's internal event MVP Summit, promoting the 20 books recommended by LITEON for seeking employment and promotions. The activities also allow employees to gain an in-depth understanding of LITEON's reading culture.

The HR Portal of "LITEON Reading" page has **4,024 views**

"Read together with the team; make friends through books" activity was attended by **183 people**

193 articles shared in "Sharing in LITEON's reading community" activity

From the Heart, Exploring the World, Bravely Building Dreams

LITEON Lectures It Was Held Twice in 2022

① Theme: Dream Recorder, Creating Social Influence Through Images

LITEON invited famous documentary director Yang Li-Chou to share his experience with filming the documentary and encounters at work, teaching LITEON employees how to face the unknown in life, how to find the courage to make a breakthrough in life, and how to have faith in yourself to pursue your dreams.

L1: Overall satisfaction score is **4.7** out of 5

② Theme: Chen Hsing-Ho From Cirque Du Soleil

We specially invited street performer Hsing-Ho Chen from Cirque du Soleil, and share his story about joining Cirque du Soleil driven by passion and positive energy for life, teaching LITEON employees to develop their concentration, make "hobbies" the key to "work," and develop skills to make work the blueprint for building their own life.

L1: Overall satisfaction score is **4.7** out of 5



Exert Influence and Shape an Organizational Atmosphere of Mutual Aid, Mutual Benefit, and Altruism

Project Sharing – ONE PIECE

There are many things that cannot be achieved by one person alone, but by using the strength of a group of people engaged in mutual encouragement, we are able to make the impossible possible.

LITEON uses a variety of strict mechanisms that combine work performance, potential, personality traits, and test results to select 38 management-level supervisors who are in line with the spirit of the members of ONE PIECE from each business unit and Corp. Function. With a training focus on making influential leaders, we planned a structural, systematic, and pragmatic talent development project which lasts for ten months. Aspects of project development include changes in attitude (attitude towards growth), improvement in leadership, decision-making, and influence, better mutual understanding, and building a team consensus by teambuilding and cooperative learning. The training project includes a 45-day action plan and co-learning project, which are after-class extended action plans, and expect and require "members of ONE PIECE" to apply what they learned in the organization to mutually benefit the organization, drive positive development for win-win, and create an atmosphere that benefits each other for success, so that they become an influential leader.



Provide targeted training courses for potential talent; help employees develop their potential and grow rapidly through action learning programs; allow them to share and spread what they have learned and exert their influence!

Project sharing: ONE PIECE, NBA A Young Talent Program

Reserve the Future LITEON talent pool ;Cultivate the Future Seeds of LITEON

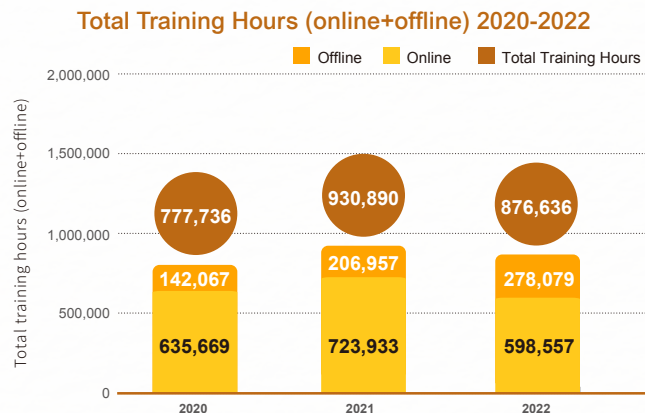
Project sharing – NBA A Young Talent Program

Following the launch of the LITEON NBA(New Brave Adventure) Camp New Hires Training Program, in order to further cultivate high-potential elite talents. Talent suitable for course NBA A are selected based on observations during the three-day training course and the results report on each participant, and they begin to participate in this training project! Unlike course NBA Camp, which introduces and learns concepts, knowledge, and corporate culture, course NBA A focuses more on work skills and workplace applications. After internal evaluation and discussion, we set seven training topics "horizontal analysis and logical analysis ability, the influence of stories, cross-departmental communication ability, accountability and execution ability, teamwork, collaboration, and altruistic activities." We hope that after the improve their abilities through NBA A Young Talent Program, they will achieve A+ performance at work and become complete self-learners with the right attitude towards growth; bravely pursue goals for managerial positions, actively seek career development opportunities, do not fear setbacks and fully show ambition, utilize interpersonal communication skills, and fully utilize team influence.

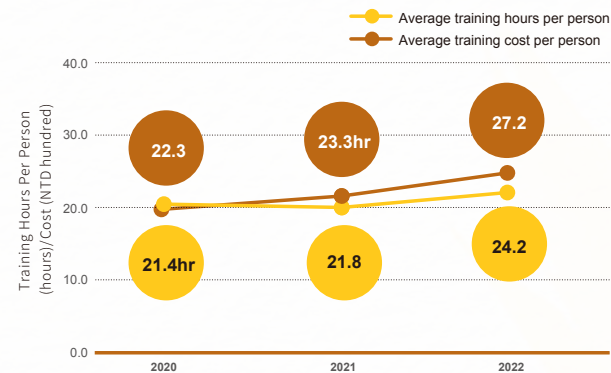


4.4.3 Annual Training Achievements

In 2022, LITEON employees completed 32,230 training sessions and a total of 876,636 training hours. On average each person completed 27.2 training hours. (including 1.0 hours of general compliance training and anti-corruption training)



LITEON Training Hours/Cost(NTD hundred) Per Person 2020-2022



Average training cost per person: Total training cost (including training expenses and the hourly wage cost of employees invested in training)/total number of people

Category	Taiwan			Mainland China			Thailand			Vietnam			India			Other Foreign Countries			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Male	29.1	19.5	26.3	22.7	26.3	30.5	3.5	2.4	6.8	4.6	3.8	12.9	7.9	1.8	0.5	25.2	48.9	73.8	22.4	24.5	30.0
Female	23.8	17.2	14.2	18.4	22	24.7	4.7	3.7	4.8	6.9	3.3	10.6	6.4	2.3	1.7	107.6	112.4	80.5	18.7	21.1	22.7
Indirect labor	Executive Management	20.5	22.3	77.1	0	2	5.6	-	-	-	-	-	-	-	-	17.7	-	-	19.2	20	68.1
	Senior Manager	28.2	28.4	54.1	2.8	8.4	7.3	-	-	13.0	-	-	-	-	-	3.7	4.5	7.5	23.2	24.3	44.4
	Mid-Level Manager	27.6	15.1	27.7	20.0	19.9	13.8	14.4	9.0	14.9	-	-	-	-	-	9.6	6.8	17.7	24.5	15.7	22.5
	General indirect Labor	30.5	26.6	26.4	32.5	29.6	17.8	5.3	1.8	7.7	5.7	2.5	8.4	12.2	1.4	0.5	15.3	33.6	63.2	29.4	26.7
Direct labor	5.1	5.6	2.1	17.3	23.2	33.4	4	3.8	4.2	5.9	3.7	12.8	3.4	2.0	0.7	140.7	129.6	89.2	17.1	22.2	30.2
External Online and Live Course Hours ^{note}	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.3	0.5
Average training hours	27.3	18.6	20.8	20.9	24.6	28.0	4.5	3.4	5.3	5.8	3.6	11.6	7.8	1.8	0.6	57.9	78.8	77.2	21.4	23.3	27.2

Note: External online courses are currently not differentiated by region and gender

RBA Code of Conduct Courses in 2022

Location	Total Number of Participants	Percentage of the Total	Total Training Hours
Taiwan	4,675	89%	20,066
Mainland China	22,065	97%	221,093
Thailand	1,806	74%	11,876
Vietnam	462	94%	5,516
India	47	14%	111
Others	799	64%	75,922
Total	29,854	93%	334,584

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

Compliance Courses, InfoSec Courses and Annual Re-training Courses (average 1.0 hr/person) in 2022

Location	Total number of participants	percentage of the total	Total training hours
Taiwan	3,909	74.7%	17,987
Mainland China	22,065	97%	221,093
Thailand	119	5%	833
Vietnam	462	94%	5,516
India	7	4%	7
Others	193	15%	776
Total	26,575	82%	238,298

Note:1. PRC training rate>90% | In order to strengthen awareness, starting from 2020, in addition to the Taiwan region, RBA and anti-corruption related courses have been extended to China and are listed as mandatory courses, and employees and units who have not completed the courses are reminded to complete them

Note:2. In 2022, course for executive officers with a completion rate reaching 100%. In order to strengthen awareness, "Trends in Anti-Corruption and Anti-Bribery Practices" courses have been made part of the mandatory training for manager-level supervisors, providing information on anti-corruption and anti-bribery trends in international and Taiwan.

Note:3. Total training hours includes training hours of InfoSec courses, compliance courses, and annual re-training courses including material insider information, human rights policy and management InfoSec and privacy protection Anti-Trust and compliance courses, etc.

Overall Training Performance

We try to establish the link between training programs and company operation goals through the Kirkpatrick Model and 5 levels of Return Rate (ROI) in order to understand the relationship between the overall effectiveness of training and company operations using systematic information, and thereby evaluate learning outcomes as a whole.

Level	Items	2022	2021	2020	2019	
L5 ROI	Return on training (Net profit /Training cost)	182.3	159.5	122.1	75.0	
	Average contribution per person (NTD million of revenue/Total headcount)	5.3	4.1	4.3	4.6	
L4 Result	Average contribution per person(NTD million of net profit/Total headcount)	0.44	0.35	0.28	0.24	
	DL Key person retention rate	93.3%	93.6%	91.2%	87.3%	
L3 Behavior	IDL Annual monthly average turnover rate ^{Note1}	Male	2.2%	2.5%	2.0%	2.8%
		Female	1.9%	2.3%	1.8%	2.5%
	e-Learning The number of participants	179,055	144,552	147,068	90,811	
L2 Learning	Test score	89.4	91.1	89.9	92.2	
L1 Reaction ^{Note2}	Overall satisfaction	89.4%	91.6%	90.8%	90.8%	
	Administration satisfaction	89%	91.4%	91.6%	91.4%	

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 (98,937 questionnaires returned for 2022)

Innovation and Development

Drive Strategic Direction

LITEON aims to create an "Internet of Energy" vision with energy as its primary strategy. We focus on applications such as energy conversion, energy efficiency, energy control, and energy storage. Additionally, we continue to strengthen R&D and incubate new energy products, increase R&D investment in new businesses, and accelerate the introduction of new products. There are three specific development directions: Clean Mobility, Green Data Center, and Efficient Infrastructure. We encourage employees to discover issues, apply creativity and ingenuity through creative proposals and competitions, and achieve Bottom-up Innovation. In the future, we will continue to deepen the culture and platform of innovation and connect it to the company's mid-to long-term development strategy, injecting greater growth momentum into LITEON's transformation and future.

4.4.4 Innovation Contest

LITEON encourages employees to actively discover problems, utilize their creativity and ingenuity, and propose bottom-up innovation through creative proposal and contests. Creative proposals are creative ideas relating to product optimization, digital processes, sustainable development, and dreams in routine work proposed on the "Creative Proposal Platform." The creativity contest encourages employees to put their creativity into practice and not only generate real benefits for the organization, but also provides a stage for everyone to try to win glory and rewards.



Cross-Department Synergies From Employee Involvement

Project members consist of employees from different business units, who come together to carry out the creative proposal and innovation contest. In addition to weekly project progress meetings, members are also on the panel of judges for creative proposals and the innovation contest, and are responsible for the preliminary review of proposals and judging the first round. The members combine their experience and expertise in different departments of the Company to provide recommendations and instructions, so that the project can be successfully implemented.

In 2022, 356 employees participated in proposals. A total of 757 proposals passed the first round, in which 155 proposals were for product optimization, followed by 84 proposals for digital processes, and 17 proposals have already been put into practice.

In addition to employees who voluntarily sign up for the competition, the finals of the innovation contest were an offline event open to all employees, and was also streamed online to break through spatial limitations, so that all employees in Taiwan who were unable to attend in person could also view the intense nerve-racking contest in real-time.

Committee composition and establishment

Promotion and implementation of creative proposal platform
Launching of innovation contest

Establishment and promotion of implementation processes
The finale of the innovation contest

Turning innovative ideas into incentives

A total of 12 teams entered the finals in 2022. On the day of the event, judges used the strictest standards to select winners of the gold, silver, and bronze medal and honorable mentions. Employees also voted for their favorite team, and the team that received the most votes won the popularity award. Award winning teams received high prizes. Total prize at NTD 1,000,000.

The project was a cross-departmental collaboration that brought people together to use agile thinking, setting clear milestones and goals and engaging in dynamic management to achieve the goals. We also moved traditional proposals and contest onto a digital platform based on the concept of digital transformation, and extended it to other projects and events, such as seminars on key trends, individual learning dashboard, experiment process, and collecting data from internal and external contests and this project to establish the ONE LITEON database. Besides having a specific platform for employees to put their ideas into practice, we also hope that LITEON employees will get into the habit of making proposals, and deeply embed innovative thinking into every employee, subvert tradition, and move towards a new digital era. This project is the first time LITEON organized a large scale creative proposal and innovation contest in the organization for bottom-up innovation with the ultimate goal of digital transformation. In the first year, we used encouragement to attract all managers and employees to take the contest seriously and participate enthusiastically, and gradually create a new culture and ecosystem. As we enter the second year, we will form a team of experts from across responsible departments on the basis of results in the first year. Besides deepening the culture and platform for innovation, we will also link the contest to the Company's mid-term and long-term development strategy, so that bottom-up innovation can further generate real benefits, and generate even greater momentum for LITEON's transition and future growth.

4.4.5 Performance Feedback and Development

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.

LITEON's Performance Appraisal Cycle for Indirect Labor (excluding new hired employee)



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.

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.

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:

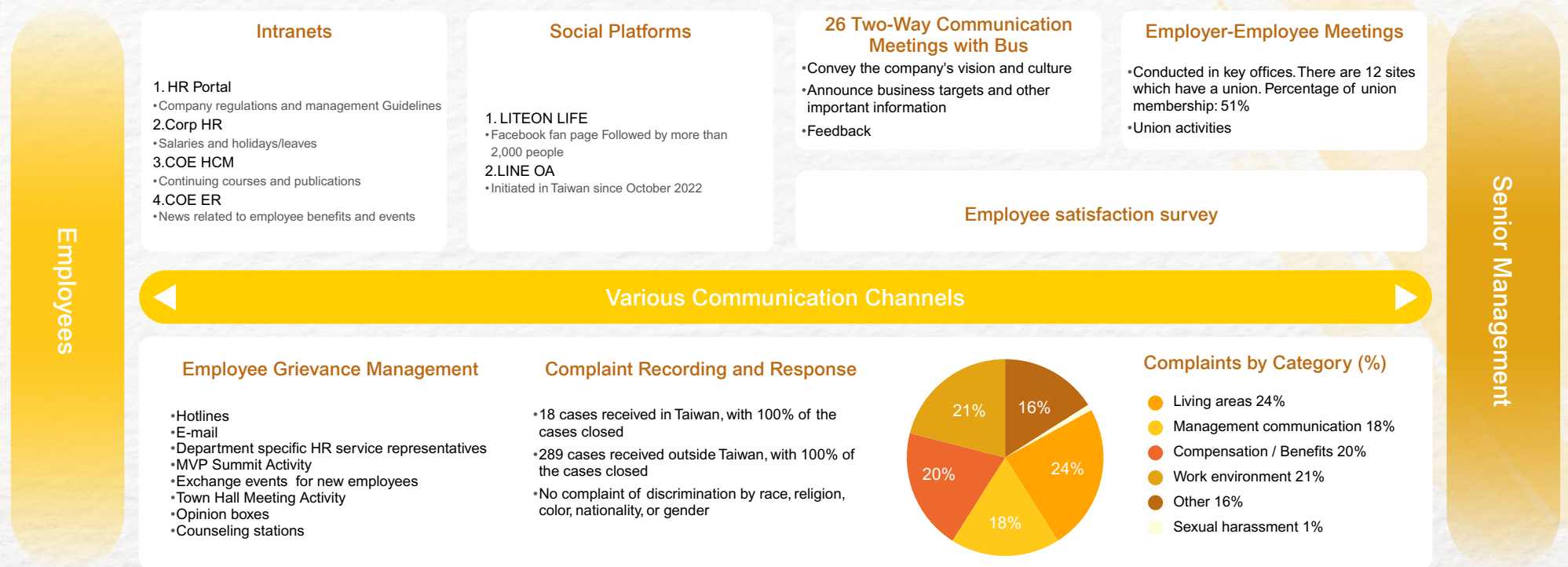
Indicator		Description
Performance Indicator (90%)		Follow the company's business policies and sales targets and develop performance indicators to reflect the responsibilities of the position
	Financial (80%)	Contribution to net profit before tax/Annual growth/Budget execution/Annual revenue growth, net operating profit budget execution, etc.
	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%)	The scope covers execution, honesty and integrity, customer service, and innovation and improvement	
	Performance of core competencies is assessed by quantity and persistence of expected behavior indicators displayed by the person being assessed during the period.	

4.5 Friendly Workplace

LITEON treats every employee as family, puts employee welfare first and creates a friendly workplace suitable for long-term development.

The real thoughts and recommendations of employees are important nutrients for the organization to continue to grow. Hence, employees can directly engage in equal and transparent dialogue with senior managers through open platforms and channels for communication and interaction, fully expressing their opinion to improve the organization's health from different perspectives. Furthermore, we also create a gender-friendly workplace through system design, to provide employees with a better working environment.

Communication Channels



4.5.1 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, the company also holds communication meetings, establishes employee complaint channels, and conducts satisfaction surveys to build a comprehensive communication platform, ensuring transparent and timely communication between the company and employees. At the same time, the company takes employee suggestions and opinions as a basis for improving and enhancing the company, safeguarding the legitimate rights and interests of every employee.

Freedom of Association and Group Agreements

LITEON's policy regarding independent organizations and group negotiations follows and complies with the guidelines set forth in RBA version 7.0 (2021) regarding independent organizations: in accordance with local laws, we respect the right of all employees to form and participate in the unions, collective bargaining, and peaceful assembly of their choice, while also respecting the right of employees to abstain from such activities. Employees and their representatives are able to openly communicate with management about working conditions and management methods, as well as share their thoughts and concerns without fear of discrimination, retaliation, threats, or harassment.

LITEON respects the freedom of assembly and association of trade unions and allows employees to establish trade union organizations. Trade union representatives are elected by employees and represent them in communication with the company management. They also collect information, hold regular meetings, discuss response plans, and lead various trade union activities, such as group outings, employee care, etc. At the same time, they protect the rights and interests of employees and maintain a stable and positive labor-management relationship.

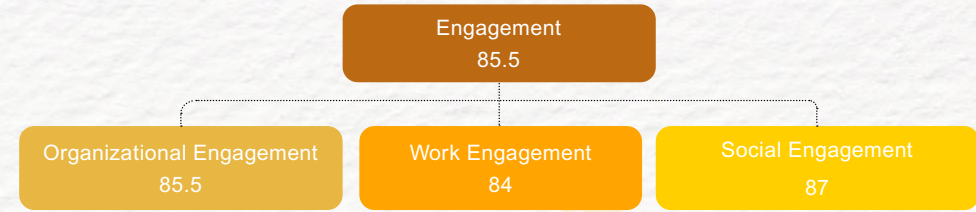
LITEON guarantees the freedom of association and collective bargaining rights of employees and has established trade unions in multiple operational locations around the world, including Taiwan, China (Changan, Guangzhou, Changzhou, Beihai, Huizhou, Tianjin, Shijie, Shanghai), Thailand, Vietnam, and Mexico. For operational locations where trade unions have not been established, all employees are equally protected by local laws and labor contracts, which provide full and adequate protection of employee rights.

LITEON provides various complete and smooth communication platforms for employees, as mentioned above, to ensure and maintain the full expression of employee opinions. To date, the trade union has not expressed any demand for collective bargaining with the company for a group agreement, and therefore, no collective agreement has been signed.

Employee Satisfaction Survey

Digital transformation is an important process that determines whether a company can continue to grow, and the understanding, trust, and compatibility between the organization and employees is extremely important in the transformation process. To better understand what employees really think and make LITEON a good organization that helps employees grow and achieves a win-win situation, the Company conducted a global employee engagement and organizational health diagnostic survey through an external consultant team. A total of 5,537 people were randomly sampled worldwide, the effective response rate was 69%, the questionnaire covered three aspects: organization, work, and society, and we further discussed and continued to optimize 37 management measures in the health diagnostic survey.

Results of the employee engagement survey are as follows, we formulated the direction for improving organizational health in the organization and work engagement survey, including direct communication channels across regional borders, middle management leadership training "Pirates" that accept self-recommendations for the first time, and internal innovation contests that encourage ideas to be proposed and put into practice. LITEON plans to optimize different aspects through vision sharing, clear and transparent talent development channels, and bottom-up innovation. We plan to conduct a second survey in 2023 and track results, in order to make LITEON a healthier and more vibrant organization with a work environment that is more appealing to employees.



* The survey was conducted in 2021, but analysis results were not disclosed until 2022, and optimization measures are also starting to be implemented. Hence, this survey is listed as an implementation item in 2022.

Various Communication Channels

Exchange Events for New Employees (limited to Taiwan)

Exchange events are organized for new employees in the same work area to facilitate communication between new employees and establish a good relationship, building horizontal relationships in a relaxed atmosphere through self-introduction, interactive games, delicious refreshments. Allows new employees to more naturally fit into the Company.



MVP Summit (limited to Taiwan)

(Magical Victorious Principles) Summit values that took time to explore and foster to understand in the past, such as what makes someone a member of LITEON, what is the DNA for becoming a member of LITEON, and what is the Company's vision, are directly communicated by the leader for new employees to clearly understand, so that they form a closer connection with the Company.



Town Hall Meeting (Communication face to face with the chairman)

LITEON added online/physical company-wide two-way communication meetings. Meetings are presided over by the chairman and president, and all employees from all over the world attend the meetings. By arranging simultaneous interpretation, language barriers were overcome and employees from different sites participated in the meeting. Employees gain first-hand information on the Company, understand the company's operating status and strategic direction as well as interact with each other and also develop a sense of belonging!



4.5.2 Gender-Friendly Work Environment

LITEON actively creates a gender-friendly workplace environment and achieves gender equality in the workplace. Employees are paid and promoted based on their education, experience, specialized knowledge, skills, seniority, and individual performance. In no way does gender play a part in these decisions.

In addition, LITEON offers a variety of assistance to pregnant employees, including full-pay maternity check-up leave, nursing rooms, and Child-Care Long-Term Leave. We will also offer childcare subsidies after childbirth to create a more reassuring working environment for our female colleagues.

Breastfeeding Facilities

LITEON provides breastfeeding rooms for breastfeeding mothers in plants around Taiwan, in order to enable employees who need to breastfeeding to balance work and family life, while protecting the health of mother and baby and increase the breastfeeding rate, improve the health of children and infants, and provide a safe, private, hygienic, and comfortable breastfeeding environment.

The breastfeeding rooms comply with establishment regulations, and the nurses at each plant carry out necessary safety management. Meanwhile, we use the experience questionnaire to understand the thoughts and opinions of employees, and adjust service quality according to their feedback.

Child-Care Long-Term Leave

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 33 employees applied the childcare long-term leave, and 61% of those who did come back to job in 2022. It shows that LITEON provides a good employee care mechanism, so that employees with childcare needs can balance family and work.

2022 Child-Care Long-Term Leave Status in Taiwan

Items	Male	Female	Total
Number of employees eligible for childcare leave in 2022 (A)	282	173	455
Actual number of applicants in 2022 (B)	6	27	33
Expected number of reinstatements in 2022 (C)	7	29	36
Actual number of reinstatements in 2022 (D)	5	17	22
Actual number of reinstatements in 2021 (E)	3	10	13
Number of people who continued to work for one year or more after reinstated from childcare leave in 2021 (F)	2	9	11
Retention rate after parental leave (F/E)	67%	90%	85%
Reinstatement rate after parental leave (D/C)	71%	59%	61%

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, 2019 and December 31, 2022
2. The calculation of the number of people includes those who change the period of leave
3. There is no statutory parental leave requirement in regions outside of Taiwan

Sexual Harassment Prevention in Workplace

LITEON prohibits all forms 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. 3 sexual harassment complaints were received in Taiwan in 2022, and all 3 cases were concluded. 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.





4.5.3 Violation of Labor Standards Act



Note:

[Article 24, Paragraph 1 and Paragraph 32 of the Labor Standards Act]

The Company's Attendance Management Measures comply with the law and specify rules for overtime and attendance. Employees can apply for leave and overtime online through the system. With regard to the fine due to working hours, we have examined operating procedures and manpower allocation management, so that the matter that was found in violation will meet regulatory requirements.

[Article 30, Paragraph 6 of the Labor Standards Act]

LITEON was fined for not having a record of commuting to and from work. In this regard, LITEON has explained to the Department of Labor that the office staff adopts the self-management model between supervisors and employees and respects each other.

LITEON has always strictly followed the laws and regulations. Considering that the company's business bases in Taiwan are divided into North, Central and South, personnel exchanges are frequent; overseas bases are also all over the world. In order to facilitate the development of global business, the company agrees that supervisors and employees can adjust the appropriate attendance time according to business needs. Therefore, it is still unable to meet the legal requirements at this stage, but the company is looking for feasible ways to meet the legal requirements in the future.

The above information is published on the company website:

<https://www.liteon.com/zh-tw/joinus/661>

4.6 LOHAS LITEON

LITEON attaches importance to employees' physical and mental balance, creates a high quality, harmonious, and balanced work environment, and has a wide variety of clubs. We uphold the spirit of putting people first when organizing and developing a wide variety of localized activities worldwide, helping employees find a balance between professional achievement and life and taking care of all LITEON employees.



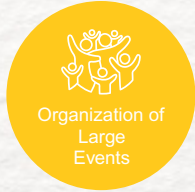
A Wide Range of Clubs and Activities

- **Clubs** : 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. 53 clubs were formed in Taiwan in 2022.
- **Brown Bag Lunch(BBL)** : Through two-way interactive interview-style online audio-visual programs, we present a wide range of workplace and daily life topics of one of LITEON's.
- **Other Regional Activities in Taiwan and Abroad** : such as various hiking and walking, outings to the suburbs, sports competitions, singing competitions, festival activities (Songkran, Mid-Autumn Festival, Dragon Boat Festival, Diwali, Christmas, etc.)



Fostering a Sports Culture

- From 2016 – 2022, it continued to be recognized by the iSports Taiwan certification of the Sports Administration
- 21-day online sports meet: Under the influence of the epidemic, we held the online sports meeting. Employees teamed up to challenge 21 consecutive days of exercise to help them develop healthy habits of continuous exercise.



Organization of Large Events

- **Company party**: Due to the epidemic, it has been three years since we last organized a company party on December 30,2022. This time the theme was "Us" and employees showed each other appreciation, gave each other blessings, created memories together, and jointly challenge the future in the company party that belongs to "Us"!

Club Activities:

Employees get to know each other and build friendships through exchanges during club activities, and builds a stronger team. In addition, attending club activities also become an important channel for employees to relax and improve their health after work. LITEON provides a great resource platform to encourage colleagues to establish and participate in club activities in various factory areas. The nature of these clubs spans across sports, music, art and culture, as well as public welfare.



Introduction to the clubs:
The internal website provide information on club and activities



Carnival of clubs: LITEON's summer festival for clubs in 2022



【Brown Bag Lunch】 Special Project:
The Story of the Zhonghe Plant Continues



【Brown Bag Lunch】
Disclosure of LITEON Pirate Gathering

Brown Bag Lunch (BBL):

BBL is a two-way interactive interview programs that introduces topics of concern in the workplace and life. LITEON helps employees understand the diverse cultures and workplace atmosphere. Employees are not only the audience, but can also become the protagonist, making the communication platform more vivid and real.

Other Regional Activities in Taiwan and Abroad:

LITEON carried out activities in Taiwan and abroad to promote teamwork, build a stronger team, and improve work morale and satisfaction. Activities such as hiking and walking, outings to the suburbs, sports competitions, singing competitions, festival activities, etc., giving employees a chance to relax and improve their health after work.

Events in Taiwan

- 21-day online sports meet
- Company party in 2023



Overseas Events

Autumn travel event at the Guangzhou Plant



Travel event at the Brazil Plant



India Plant cricket competition



Christmas Party Events at Mexico Plant



Chang'an Plant basketball competition



Vietnam Plant: Participation in Soccer League of Thị trấn Núi Đèo



Seminar Series in Taiwan

For LITEON employees to find a balance between work and life, understand LITEON from different perspectives, the Company organizes seminars on different topics for employees to strengthen their soft power, including key trends in the most popular technologies, stress release, and cultural transmission with an open mind. We hope that the expertise and sharing by speakers will develop employees' ability to find a balance between work and life.



Series	Sessions
1. Key Trend Seminar LITEON provides employees with opportunities to learn new knowledge and understand the latest technology trends, allowing everyone to improve their professional knowledge and skills along with changing times. Give full play to employees' innovation potential.	16
2. Stress management psychological workshop Providing various practical tips to assist employees in better coping with work-related stress and challenges, while maintaining a healthy work-life balance.	3
3. LITEON Open Mind cultural transmission The vivid descriptions and personal stories of speakers conveyed the importance of having an open mind and tolerance, and allowed the audience to fully experience the power of the heart and implications of LITEON's culture.	2

4.7 Occupational Health and Safety

Occupational Health and Safety

Implementation Strategy

LITEON views occupational safety and health management as an area where it can gain a competitive advantage, and has internalized management into the organization operations management system. We pay attention to the needs of stakeholders and create a comfortable working environment through EHS management.

Actions in 2022

- LITEON monitors locations worldwide from a global perspective, promotes ISO 45001 standards in all LITEON offices worldwide, and carries out verification of global locations to achieve group-level certification, while ensuring comprehensive assessment and management of occupational safety and health risks.
- LITEON has set up the Global Operational Performance Management Department, which is responsible for formulating strategic operational goals, supervising implementation and periodically report performance. LITEON also pays attention to the potential impact of operations.
- LITEON provides new hires and active employees services better than required by law and optimizes physical examinations, health consultation services, and health promoting activities when appropriate.

Major Implementation Results

- Production bases which have been verified include those in Taiwan, China, Vietnam, and Thailand. Due to the epidemic and operational adjustments, some plants have not yet been verified in 2022, and are currently being planned in succession.
- All plants are managed according to international standards, such as ISO 45001 or its equivalent, which covers 90% of employees and 90% of contractors.
- In order to enhance awareness of fire safety, LITEON carried out a night-time emergency evacuation drill in 2022, allowing night shift employees to participate as well.
- Conduct a questionnaire survey on the needs of employee health activities, improve the service quality of health activities and increase employees' willingness to participate. LITEON promoted the trial of employee health service activities in 2022 according to the results of the questionnaire, with a positive feedback of 100% employee satisfaction, which is expected to be officially implemented in 2023.
- Enhance the working environment for employees and elevate the quality of cafeterias.

LITEON establishes the rights and obligations regarding occupational health, safety, and hygiene in employee contracts and health and safety guidelines. For 2022, LITEON also set two goals for health and safety:

Integrating ISO 45001 certification and carrying out verification of global locations to achieve group-level certification, while ensuring comprehensive assessment and management of occupational safety and health risks.

LITEON regards occupational safety and health management as a priority, in order to provide employees, customers, communities and business partners and other stakeholders with safe, comfortable, low environmental impact, and efficient operation services. It regards occupational safety and health management as a differentiated competitive advantage and internalizes it in the organizational operation management system.

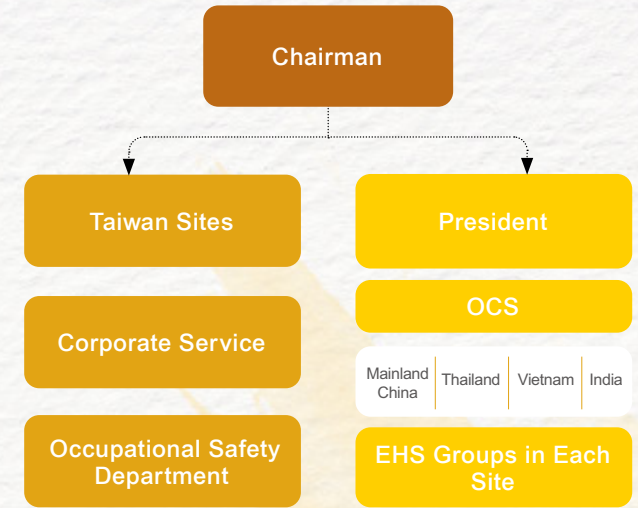
LITEON has set up the Global Operational Performance Management Department, which is responsible for formulating strategic operational goals and preventing negative impacts of operations, including environmental impacts and occupational safety and health risks.

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 health and safety management committees. The company also put occupational safety and health officers in place who manage according to international standards, such as ISO 45001 or its equivalent, which covers 90% of employees, 27,992 out of 30,977 individuals based on 2022 production bases, and 90% of contractors, 28,680 out of 31,748 individuals based on the average number of factory entries per month. Before the annual external audit of production sites, LITEON first conducts an internal audit to examine its EHS implementation results. It is hoped that, by using the management cycle, various work plans can be implemented to achieve continuous improvement and the occurrence of occupational disasters can be reduced.

At present, production bases which have been verified include those in Taiwan (Zhonghe Plant, Longtan Plant, Dayuan Plant, Kaohsiung Operations Center), China (Tianjin, Changzhou, Chang'an, Guangzhou, Huizhou, and other plants), as well as Thailand and Vietnam. Due to the epidemic and operational adjustments, some plants(NH Plant, ZH Plant in Taiwan and the India Plant) have not yet been verified in 2022, and are currently being planned in succession.

Occupational safety and health management have become an important part of LITEON's values, namely "customer satisfaction," "execution," "innovation," and "integrity." The company pays particular attention.



LITEON's Occupational Safety and Health Organization

production bases which have been verified		
Region	Site Location	The number of employees at locations
Taiwan	LT	81
	DY	428
	KH	1,936
Mainland China	GZ	
	SJ	
	QX	22,632
	CZ	
	CA	
Vietnam	VN	489
Thailand	THAI	2,426

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.
3. 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".

In order to ensure the safety and health of other workers and contractors who are not employed workers, LITEON provides necessary safety and health education and training and medical assistance, and all workers can use shared facilities. Professional and high-risk operations are entrusted to professional vendors to undertake the contracted operations, and they are required to comply with the relevant occupational safety and health regulations in each region and the safety and health management measures implemented by LITEON.



The contractors utilize the medical facilities



Health advocacy for contractors





Hazard Identification, Risk Assessment and Incident Investigation

LITEON prioritizes the safety and health of workers at work, 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.

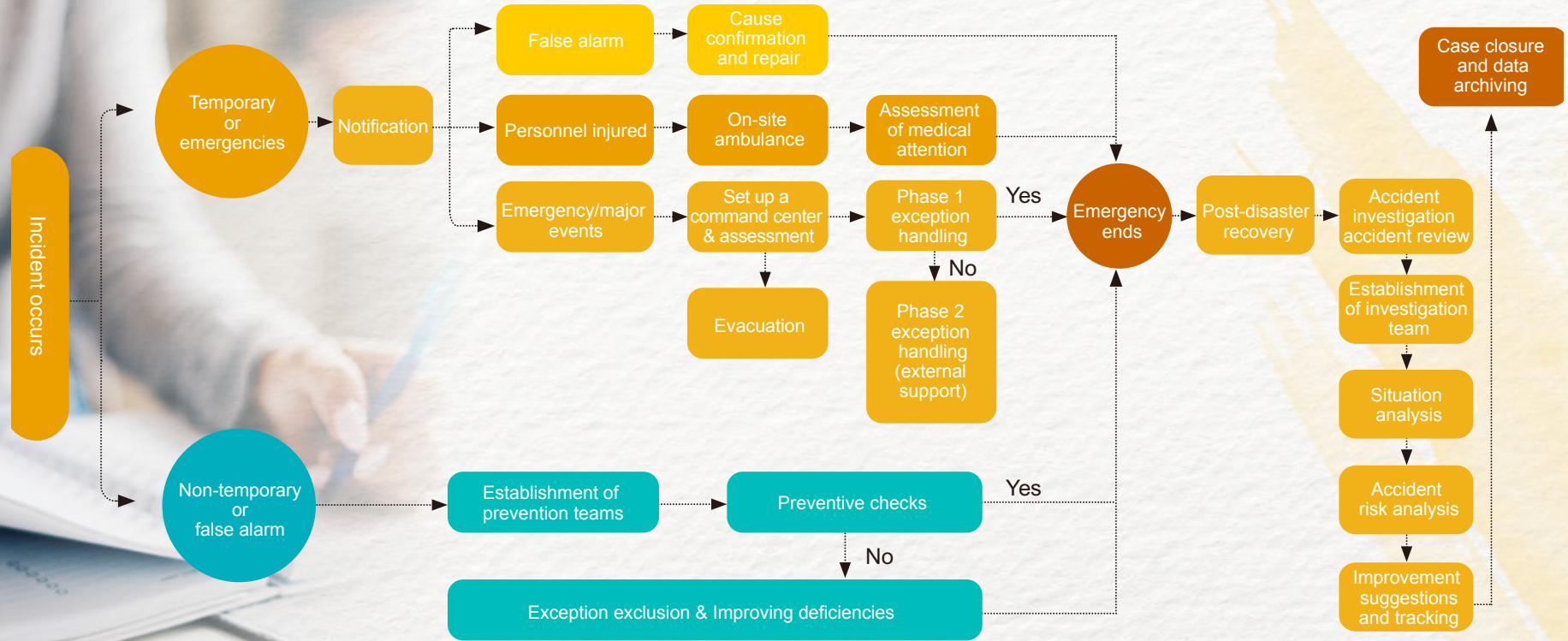
The plants hold regular health and safety meetings. Internal/External audits are conducted to examine the adequacy of hazard identification and risk assessment. The plants discuss and revise the processes as needed. All plants comply with the requirements of local regulations and ISO 45001 standards. 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 were no records of penalties due to safety concerns reported by employees and employees finding shelter due to safety concerns in 2022.

Risk Assessment and Classification Management

Level of Risk	Feasible Management and Mitigation Efforts
 High	<p>The consequences of this risk is unacceptable. Immediate improvement measures are needed :</p> <ul style="list-style-type: none"> A. Eliminate or replace sources of hazards B. Rectification or other engineering control measures C. Spatial enclosure and isolation D. Added local exhaust ventilation or strengthen maintenance inspections
 Moderate	<p>The consequences of this risk is unacceptable. Complete management/control measures need to be put in place :</p> <ul style="list-style-type: none"> A. Installed integrated ventilation equipment B. Set up signage/warning signs to reduce exposure or working hours C. Add safety devices to maintain a safe distance (e.g. Safety shutter)
 Low	<p>The consequences of this risk is acceptable. Relevant management measures are required.</p> <ul style="list-style-type: none"> A. Wearing safety protective equipment.(e.g. Earplugs and respiratory protective equipment) B. Enhancing educational training or promotion to enhance people's awareness and capabilities C. Regular health checks and strengthening patrols
 Negligible	<p>Acceptable risk. Maintain existing operations management.</p>

Emergency Response and Accident Investigation Flow Chart



Create Precise Health Promotion Plans

LITEON provides pre-employment checkups for new hires as well as regular physical examinations for active employees. LITEON has installed dedicated staff in each plant to ensure necessary measures are taken in case of emergency:

1. Taiwan Plants: Designated nurses or contracted nurses, and designated emergency personnel according to the number of employees of each plant. 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.
2. China Plants: First-aid personnel approved by the Red Cross Society are stationed according to laws and regulations, and doctors and nurses are assigned according to the requirements of customers. A plant where there are no doctors and nurses must be close to a 3-A hospital. If necessary, the hospital will assist in emergency operations.
3. India Plants: Doctors, nurses, and first aid staff are stationed in the premises.
4. Thailand Plants: 24-hour rotating nurses are stationed, doctors serve at the plant two times each week.
5. Vietnam Plant: Nurses and first aid staff are stationed in the premises.

2022 Taiwan Plant Health Consultation

79 times

570 people participated

13,442 times of Health Consultation

Employee Health Examinations

- Regular employee health examinations in foreign locations are held according to local laws and regulations. The Taiwan Plant health examination is superior to that required by the regulations and is implemented once a year. The health examination fee for new recruits is fully covered by LITEON.
- 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. In addition to follow-up by telephone, the nurses in each plant also provide employee consultation and assistance in conjunction with the resident doctor.
- For employees in special positions (such as work with high levels of noise or ionizing radiation), additional examination items are added according to the possible hazards characteristic of their work, including ear canal and hearing examinations, cognitive and psychiatric examinations, thyroid function examinations, and urinary system, joint, and muscular system, examinations.

Health Centers in Taiwan Plants

- Equipped with first aid kits and equipment
- Breastfeeding facilities
- On-site nurses
- Monthly health advisory services provided by trained doctors
- Online consultation services for doctors were also provided during the Nationwide Level 3 epidemic alert



Health Promoting Activities

Taiwan plants

- Weight training equipment and other exercise equipment
- Instructions from professional trainers and regular exercise courses (e.g. aero-boxing and pilates)
- "LITEON calisthenics" is played every morning and afternoon to let employees get up and move their bodies

China plants

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

Other overseas plants

- There are facilities for employees to have adequate rest and entertainment.

Health promotion measures, such as those for COVID-19 epidemic awareness and prevention, diseases (such as cardiovascular diseases and diabetes) prevention and awareness and other health precautions, etc. In addition, Taiwan and overseas plants have dedicated units of professional staff who may be consulted if employees have health concerns.

In 2022, the plant in Taiwan conducted health promoting activities such as "Run Up. Losing weight is so easy" and "Massage services for stress relief".

Health E-Newsletter

Registered professional nurses at each factory will analyze employees' health examination data, regularly receive updates on current affairs and guidelines from the Ministry of Health and Welfare, and discuss the health issues raised by employees during consultation services. A monthly "Health e-newsletter" will be issued to remind employees to take care of their bodies amidst their busy lives.

Survey on Health Activities Demand

We regularly conduct employee health questionnaire surveys to collect employees' suggestions on health management, health promotion and other health activities. We also modify various health activities appropriately to improve the service quality of health activities and increase employees' willingness to participate.

During the survey, it was discovered that employees had a high willingness to participate in massage therapy for stress relief and weight loss activities. Therefore, a trial implementation of these two health initiatives was conducted at the Kaohsiung plant, and it yielded positive results.

Massage Services for Stress Relief

LITEON contacted Kaohsiung City Government Labor Affairs Bureau and worked with 1 visually impaired masseuse.

The service satisfaction rate received a positive feedback of 100%.

Due to the good trial status of the event in Kaohsiung plant, it is expected to be rolled out to the whole of Taiwan in 2023.



Run Up. Losing Weight Is So Easy

Date : 2022/12/01-2022/12/31

Number of applicants

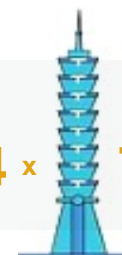
276 people
a group of three

Proportion of people losing weight up to

50%

The total number of steps

3,425,098 steps = 1674 x **Taipei101**



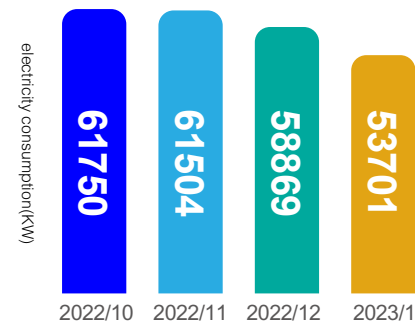
A total energy savings of

2635kw

It is estimated that carbon emissions were reduced by

1341 kg-CO₂e

Electricity consumption of passenger elevators in Kaohsiung Plant



Worker Participation, Counseling and Communication in Occupational Health and Safety

Most of LITEON's production sites are located in Taiwan, 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 2022.

In accordance with the provisions of the "Occupational Safety and Health Management Measures" of Taiwan laws and regulations, the Taiwan factory has set up the "Occupational Safety and Health Committee", with the highest supervisor of EHS as the management representative, and holds 1 meeting quarterly. Members shall make suggestions on the safety and health policy formulated by the company, and deliberate, coordinate and recommend safety and health related matters, and make necessary operational process improvements in EHS.

Though no such requirement exists overseas plants, the EHS enforcement unit still holds regular meetings to discuss and decide the direction of occupational safety and health implementation of each factory and the content that needs to be improved.

Region	Taiwan	Mainland China	Thailand	India	Vietnam
Key Issues Discussed	<ol style="list-style-type: none"> 1.COVID-19 Prevention 2.Health care and health promotion 3.ISO and RBA standard 	<ol style="list-style-type: none"> 1.COVID-19 prevention 2.Motor vehicle safety regulations in plant areas 3.Standardized chemicals management facilities 	<ol style="list-style-type: none"> 1.COVID-19 prevention 2.Occupational health and safety training 3.New construction occupational safety management 	<ol style="list-style-type: none"> 1.COVID-19 prevention 2.Motor vehicle safety regulations in plant areas 3.Standardized chemicals management facilities 	<ol style="list-style-type: none"> 1.COVID-19 prevention 2.New construction occupational safety management 3.Hazard prevention for high-risk operations

Health and Safety Training

LITEON follows local rules and requirements and provides required safety and health 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.

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.



In order to enhance awareness of fire safety, LITEON carried out a nighttime emergency evacuation drill in 2022 (Dayuan Plant in Taiwan).

Monitoring of Working Environment in Taiwan

Monitor the working environment according to the Workplace Inspection Guidelines and other applicable regulations (such as: noise, CO₂, organic solvents, and specific chemical substances, etc.)





Disposal Measures and Management of Hazardous Chemicals

Hazardous chemicals used in the processes of each plant are stored in specific places, and necessary control measures are implemented. In storage sites and storage containers, necessary management of labeling is carried out in accordance with the "Regulations for the Labeling and Hazard Communication of Hazardous Chemicals" and the "Globally Harmonized System of Classification and Labeling of Chemicals" (GHS). The SDS (Safety Data Sheet) should be placed in a visible place for on-site operators to immediately read and implement emergency response measures in the event of an emergency.

At the same time, if new employees are handling hazardous chemicals in the course of their duties, the necessary general education and training on hazardous chemicals shall be provided at the time such new employees come on board; employees who have been employed for three years are also provided with the necessary safety and health education and training, and the necessary emergency response education and training are implemented every year.

If the work is particularly hazardous to health, necessary special physical examinations and special health examinations will be carried out in accordance with the "Labor Health Protection Regulations". If a worker is diagnosed with abnormal health, an assessment of work suitability will be conducted immediately, and when necessary, the worker's exposure time should be reduced or the worker should be transferred to another job. At all times, the health of LITEON employees should be given due attention.



Hazardous chemicals general training(Taiwan)



Hazardous chemicals general training(China)



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.



Safety and health promotion and emergency response drills for contractor



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:

1. In 2022, The global disabling injury frequency rate(FR) was 0.64.
2. In 2022, the global disabling injury severity rate (SR) was 8.
3. Recordable number of occupational injuries was 40.

LITEON will continue to implement necessary measures such as engineering improvement, administrative management, education and training to reduce the probability of occupational disasters.

According to internal statistics, the common occupational disasters in the factory are mechanical injuries and personnel falls, and LITEON will be committed to engineering improvement, administrative management and the use of personal safety and health protection equipment to reduce the recurrence of subsequent identical or related occupational disasters.



Number of Workers, Working Hours and Occupational Injuries in 2022

Year	Region	Subject	Total work hours	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Occupational disease rate	Severe occupational injuries	Occupational deaths
2022	Taiwan	Employees (male)	5,644,480	0.53	4	0	0	0
		Employees (female)	4,708,032	0.63	7	0	0	0
		Miscellaneous workers (male)	17,856	0	0	0	0	0
		Miscellaneous workers (female)	5,952	0	0	0	0	0
		contractor	449,100	0	0	0	0	0
	Mainland China	Employees (male)	24,772,512	0.96	9	0	0	0
		Employees (female)	18,722,808	0.26	12	0	0	0
		Miscellaneous workers (male)	1,087,632	0	0	0	0	0
		Miscellaneous workers (female)	499,992	0	0	0	0	0
		contractor	912,336	0	0	0	0	0
	Thailand	Employees (male)	1,159,912	0	0	0	0	0
		Employees (female)	3,633,864	0	0	0	0	0
		Miscellaneous workers (male)	0	0	0	0	0	0
		Miscellaneous workers (female)	0	0	0	0	0	0
		contractor	7,904	0	0	0	0	0
	India	Employees (male)	449,696	0	0	0	0	0
		Employees (female)	28,704	0	0	0	0	0
		Miscellaneous workers (male)	0	0	0	0	0	0
		Miscellaneous workers (female)	0	0	0	0	0	0
		contractor	69,368	0	0	0	0	0
	Vietnam	Employees (male)	496,384	8.05	2	0	0	0
		Employees (female)	587,240	1.7	0	0	0	0
		Miscellaneous workers (male)	0	0	0	0	0	0
		Miscellaneous workers (female)	0	0	0	0	0	0
contractor		84,208	0	0	0	0	0	
Total 2022 (excluding contractor)			61,815,064	0.64	8	0	0	0
Total 2022			63,337,980	0.63	8	0	0	0

Note :

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 × Number of working days in the year × Number of working hours in a day
- Calculation of lost working hours : Including internal and external medical loss work, calculated to the hour

Occupational disease:

Recognized by professional occupational health physicians (OHP) or by relevant departments of the competent authorities.

Severe occupational injuries :

- The injury causes permanent incapacitation.
- The injury causes that the person can't return to work for six months.

5. LITEON AND SOCIETY



"LEOTEK Ecological Conservation Smart Lighting" products won the Bronze Edison Award, known as the "Academy Awards of Innovation," demonstrating LITEON's commitment to ecological conservation and creating a friendly lighting environment that protects biodiversity.



On International Coastal Cleanup Day, six partner companies from across the value chain were invited to participate in a joint beach cleanup event on the northern coast to protect the oceans.



The Xinyi Community College, organized by the LITEON Cultural Foundation, received a top rating of "excellent" in the 2022 community college evaluation.

5.1 Social Inclusion Policy

LITEON communicates the core value of "mutual benefit" corresponding to its brand spirit, and uses "empowerment through opto-electronics, embrace hope" as the principle for its community involvement, combining internal and external capabilities to implement the four development themes "Enlighten, Empower, Embrace, Educate" (4E). Innovation, technology, organization, and learning are the core driving forces for LITEON to achieve the vision of driving progress in the world.

5.1.1 Strategies and actions of LITEON Social Involvement

For years LITEON has been committed to talent sustainability and community development. Recognizing issues such as the insufficient talent for technological innovation and design, insufficient resilient infrastructure for sustainable urban and rural areas, uneven distribution of educational resources, and growingly severe environmental deterioration, we have outlined the 4E social engagement framework as a crucial mission to drive social progress.

LITEON actively collaborates with various stakeholders, including communities, nonprofit organizations, government, and academia. By leveraging the innovative application of core competencies and technical skills in our primary business, we aim to establish long-term mutually beneficial partnerships to enhance the efficiency of resource utilization.

The above strategies were executed in 2022 mainly through the following actions:

Enlighten • Expanding mutual benefits and influence by strategically leveraging innovative technologies

Friendly Lighting Environment Project: Utilize "Ecological Conservation Smart Lighting" developed using patented optical technology to customize modularized lighting equipment based on biological characteristics of the target species, and apply it in environmental and ecological balance and wildlife conservation, in order to create a lighting environment where people and nature co-exist in harmony.

Empower • Empower disadvantaged and rural communities with basic knowledge and skills for using green energy

Micro-grid Project for Charity: LITEON developed an energy-saving micro-grid energy storage system for application in charity, and worked with social enterprises in assisting disadvantaged groups in rural areas, strengthening their resilience to disasters caused by the risk of energy islanding.

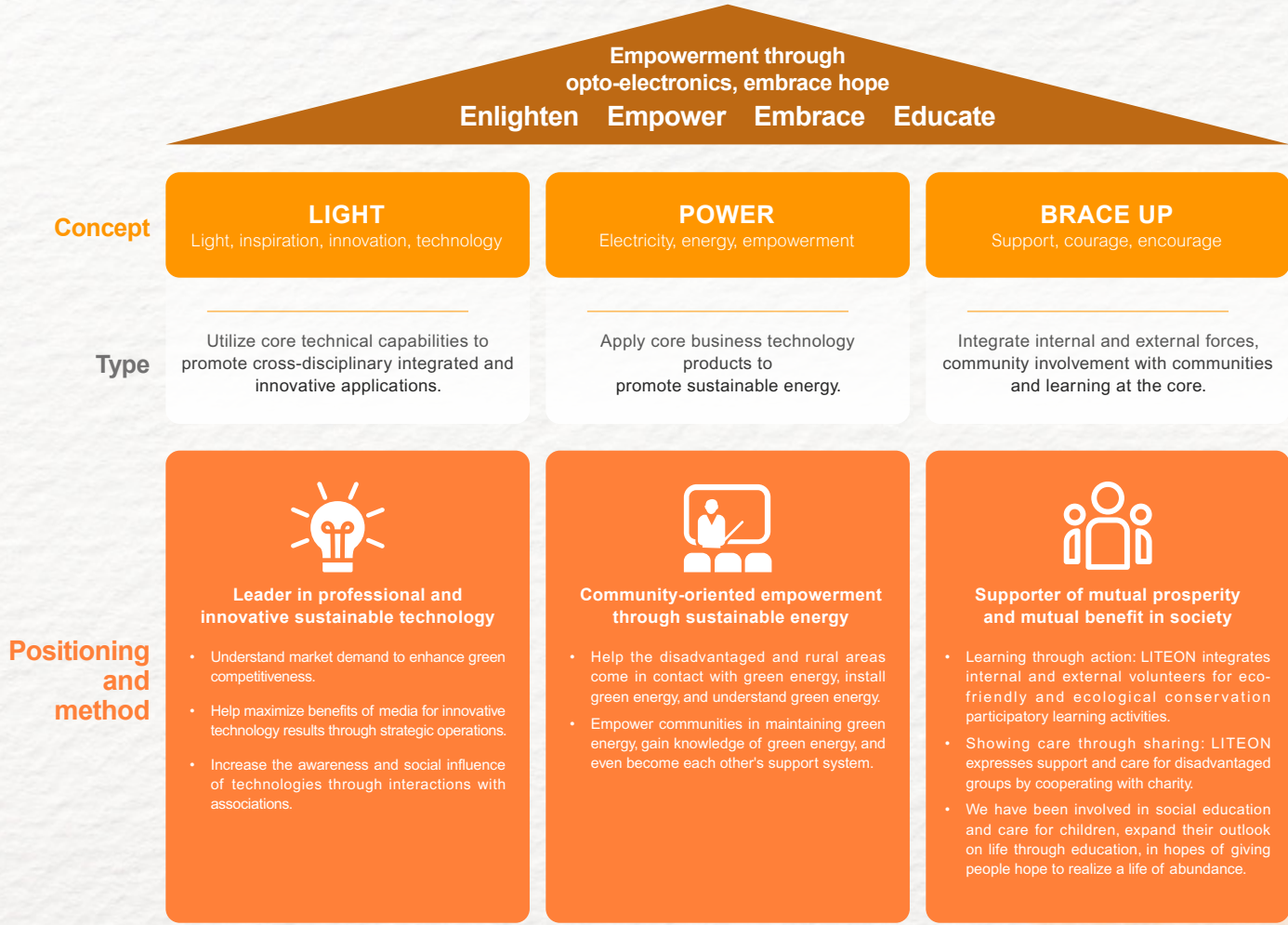
Embrace • Express support and care for disadvantaged groups by cooperating with charity • Support social enterprises and promote sustainable living through responsible consumption • Integrate internal and external volunteers for eco-friendly and ecological conservation volunteer service learning activities

- Ocean Seminar: LITEON co-organized a seminar with ocean advocates on World Ocean Day to promote the concept of plastic free ocean to protect the environment.
- Six Major Companies Gather Together to Clean Up: LITEON integrated internal and external resources and event design with innovative features to expand the promotion of the plastic free ocean initiative with value chain partners.
- Shining A Light of Hope For Pomelo Farmers: LITEON organized a pomelo group buying activity with social enterprises to help disadvantaged pomelo farmers during Mid-Autumn Festival.
- Action for Loving and Saving Lives with Used Shoes: LITEON carried out second-hand shoe collection and donation campaign for 3 consecutive years and invited many communities, businesses, and partnering enterprises to jointly support the initiative.

Educate • Cultivate professional talents in technology innovation and design • Care for youth education and adult life-long learning

- Community Education Volunteer Empowerment Classes: Promoting digital learning online empowerment courses due to the severe COVID-19 pandemic, LITEON guided volunteers to provide volunteer services on campus/in households to help parents accompany children in learning at home.
- Food agriculture education of Lovely Taiwan Foundation Shennong Farming Project: LITEON supported schools that are not located in the mountains or urban areas to build their own farm, helping students identify with their hometown and introducing them to local crops.
- Published Picture Book on Marine Education: We sponsored the publication of the picture book "SOS Expedition: The Great Coral Mission" and provided it as a physical teaching resource for the National Museum of Marine Science & Technology's coral conservation initiatives.
- Ocean Reading Campus Touring Exhibition: To promote marine education, we promoted the sponsored publication "Ocean Philosophy Class at 23.97" Ocean Reading Campus Touring Exhibition and held the online training for teachers and face-to-face discussions with writers.
- Scholarship assistance program: Providing scholarships to support children and youth education.
- Supporting the Good Skills Filming Project: LITEON supported students in a skills class of a junior high school in Nantou County in filming a documentary of their learning process.
- Manage "Xinyi Community College": We offered adult education (including courses for the disabled and disadvantaged), life-long learning, and green courses.
- Industry-academia collaboration with universities: LITEON is involved in the cultivation of high level technology talent in Taiwan, and cultivates technological innovation and design talent that understand both theory and practice through industry-academia collaboration.

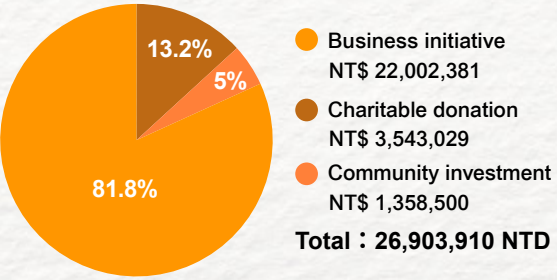
LITEON Social Involvement Policy: MESSAGE HOUSE



To effectively evaluate a company's contributions and investments in the social and environmental aspects, LITEON continued to utilize the LBG(London Benchmarking Group) analysis methodology in 2022. Based on the financial statements and other data on inputs in community involvement, resources are divided into three categories: donations to charity, investment in communities, and business initiatives. LITEON approved the use of LBG to analyze resources input into society to better understand its contribution to society and the environment, and carries out comparison, analysis, and evaluation to formulate even more effective community involvement strategies.

LITEON has invested NT\$ 26.9 million in social participation in 2022. We dedicated our efforts to business initiatives accounted for the largest share with 81.8% that are closely related to the development of its core business, in order to support the core spirit of altruism and mutually prospering with society.

The total expenditure and classification ratio for participation in community involvement in 2022



The total expenditure and classification ratio for participation in community involvement in 2022. The main categories of expenses are as follows.

- Business Initiatives including "Industry-academia Collaboration with Universities", and "Marine Waste Initiative".
- Donations to Charity including "Scholarship assistance program", "Action for Loving and Saving Lives with Used Shoes", and "Charity and Care Activities of LITEON Volunteers Overseas".
- Investment in communities including "Community Education Volunteer Empowerment Classes", "Campus Volunteer Services", "Ocean Reading Campus Touring Exhibition", and "Lovely Taiwan Foundation Shennong Farming Project Lovely Taiwan Foundation Shennong Farming Project".

5.2 Friendly Lighting Environment Project

The core technology of the project is "Ecological Conservation Smart Lighting," an innovative lamp that won the Bronze Edison Awards in 2022, which is known as the Oscars in innovation and is one of the highest honors for R&D and innovation in the global tech industry.

5.2.1 Support Biodiversity Through Lighting

LITEON is a global leader in opto-electronics products and solutions, and strives to use its core technology products to develop sustainable cities. LITEON thus implemented the "Friendly Lighting Environment Project": The project gives consideration to the development of mankind and maintaining the ecological environment and biodiversity, in hopes of creating healthier and softer lighting environments in urban and rural areas for people to live in harmony with nature. We hope to establish clearer indicators and goals to oversee the positive and negative impacts of products on the natural environment, jointly promoting sustainable city value chains that make positive contribution to biodiversity together with stakeholders, including local communities, government, and academic institutions, which corresponds to the positive impact of SDG 11(Sustainable Cities and Communities), SDG13 (Climate Action), SDG14 (Life Below Water) and SDG15(Life on Land).

To protect biodiversity, LITEON examined the AR³T framework of step four in the SBTn methodology:

We exert every effort to avoid the negative impact of products. If product characteristics create the possibility of light pollution, we reduce the negative impact through innovative product design, facilitate the regeneration of local communities and biodiversity, and improve the habitat of sea turtles to maintain the population of species. We exert every effort to restore the ecology in impacted areas, such as assisting the balance of species populations in areas impacted by erratic ants, and installing products in ecological areas through communication with local governments, in order to transform the value chain.



5.2.2 Ecological Conservation Smart Lighting – Lighting for a Balanced Ecological Environment

Preparations to prevent new forms of environmental hazards

The United Nations Environment Programme approved the Light Pollution Guidelines for Wildlife drafted by Australia's government in February 2020. The guidelines noted the hazard of light pollution as a form of pollution to wildlife (including insects and marine life) and provided solutions. LITEON already began paying attention in 2019 and utilized its core competencies in optical research to apply its patented technology "Ecological Conservation Smart Lighting" to improve the light pollution in the habitat of protect sea turtle species, so as to maintain the population of sea turtles.

Application of optical technology products to resolve the issue of erratic ants in urban areas

Light pollution may affect the migration, breeding, foraging, and growth of animals. LITEON also noticed the indirect effect of light pollution in urban areas on the living environment in rural areas. For example, insects that have positive phototaxis - erratic ants will be attracted by the streetlight system in urban areas, and large numbers will invade cities during the breeding season, flying under streetlights to mate and breeding in large numbers. This causes an ecological imbalance between urban and rural areas, and very annoying to local residents in their homes.

Professor Chung-Chi Lin and the research team from National Changhua Normal University found that climate change and high levels of urbanization has disrupted the ecological habits of erratic ants in the mountain areas in Central and Southern Taiwan. Large numbers of erratic ants are attracted by the blue light of LED streetlights and gather under the light. Surveillance showed that erratic ants not only annoy farmers and residents, but also form a symbiotic relationship with aphids, scale insects, and whiteflies, which are pests to fruit trees, causing an issue with plant disease and pests that impacts ecology. Based on the main forces disturbing ecosystems described above, LITEON and Professor Lin jointly conducted research and found that reducing blue light not only resolved the issue of erratic ants gathering under the lights, but also did not have any other negative impact on the local ecology. After comprehensively considering cost and benefit, LITEON communicated with Kaohsiung City Government and communities disturbed by erratic ants and explained research results, solutions, and potential impact. We assisted Liuguei District in installing the "LEOTEK Ecological Conservation Smart Lighting" wave filter with our proprietary technology to filter 460 nm and under blue light waves of LED streetlights, significantly reducing the appeal of streetlights to erratic ants while maintaining the same brightness. We were thus able to resolve the ecological crisis brought by erratic ants without affecting the quality of street lighting.



▲ Ecological Conservation Smart Lighting wave filter installed on streetlights in Kaohsiung Liuguei and spectrum of streetlights tested on site.

5.2.3 Friendly Lighting Shines on Taiwan

Lighting gives mankind a better life, and is a stable force that will be used to help maintain ecosystems. Unlike conventional streetlights that simply light up the night, our strategic goal is to promote smart transportation, road safety, and ecological sustainability. This project not only improves the habitat for a protected species, helps prevent biological hazard, and maintains ecological balance in urban and rural areas, but also plans to engage in species protection actions in ecological hotspots in national conservation areas. In the future, the project will combine IoT and AI technologies to develop smart lighting with multiple functions, in order to achieve multidimensional ecological and environmental conservation, and also protect biodiversity.

5.3 Altruism in Action

5.3.1 Together on 917! Six Major Companies Gather Together to Clean Up the North Coast

International Coastal Cleanup Day, the third Saturday of September each year, is a major international environmental protection event each year, and was on September 17 in 2022. LITEON has been involved in ocean protection and environmental sustainability for years, and utilizes the capabilities it has accumulated to expand the scale of operations, calling on sustainability partners to participate in a joint coastal cleanup action for the first time. Six major companies gathered together 520 volunteers under "Together on 917!" and cleaned up Xialiao Beach in the North Coast to protect the Earth.

In addition, in order to raise awareness of the ocean from the bottom up and make the ocean more relevant to daily life, the coastal cleanup event this year included "Marine Life Parent-Child Classroom," which allowed volunteers and their children to jointly learn about the coastal ecological environment. LITEON further planned and designed the "Sustainable Seafood Lunch" to have environmental education meaning. The dishes served follow the "Taiwan Seafood Selection Guidelines" prepared by Academia Sinica Biodiversity Research Center, and were designed to be friendlier to marine ecological resources. It also gave volunteers a learning opportunity that protecting the ocean can start from the dining table.

We hope that these actions which echoes the elements of SDG14(Life Below Water) and SDG17(Partnerships for the Goals) will have a ripple effect on society and bring ocean sustainability closer.



▲ LITEON called on other companies to participate in a joint coastal cleanup action on International Coastal Cleanup Day.

5.3.2 Liteon Shines A Light of Hope for Pomelo Farmers During Mid-Autumn Festival

The export of many agricultural and fisheries products in Taiwan is being blocked in specific channels, and pomelo is also on the list. Several thousand tons of pomelo that were reserved and originally to be released before Mid-Autumn Festival had nowhere to go and could have devastated local farmers. Hence, LITEON organized a pomelo group buying activity with pomelo farmers in Hegang Village, Hualien, an important place in Taiwan that exports pomelo, and called on LITEON employees to support Taiwan's high quality agricultural products during the Mid-Autumn Festival, helping disadvantaged pomelo farmers. LITEON employees ordered nearly 3,000 kg of pomelo!

Sustainability is not merely a variety of indicators, but also the meaning of LITEON's actions. We take action to create mutual benefits and implement sustainable initiatives. LITEON worked together with social enterprises and fruit farmers to encourage employees and their family members to directly buy fruit from farmers, helping farmers get through the difficult situation.



▲ LITEON organized a pomelo group buying activity and called on LITEON employees to helping disadvantaged pomelo farmers.



5.3.3 Action for Loving and Saving Lives with Used Shoes

Accumulated achievements | over **10,000** pairs of shoes, **4** collaborating companies, **80** surrounding stores and **countless love**

In 2020 An advertisement on old shoes saving lives raised concern about Africa. Employees took the initiative to raise funds, and it grew into a force that eventually expanded to the Company making overall arrangements to collect shoes. The Company also donated the shipping fee for a container for the love to successfully cross the ocean to Africa.

In 2021 We continued the passion and expanded the old shoe collection event, inviting neighbors and friends and people from all around to show care.

In 2022 We invited even more friends to join us, including workers, residents, stores in nearby areas, and four nearby companies and also arranged a small bus to drive from the start to end of Ruiguang Rd., collecting shoes from people's homes, combining forces to show love and care.

Jointly collecting shoes with nearby companies through a small bus



LITEON volunteers actively participate in charity services and help collect and organize old shoes



Stores in nearby areas support the promotion



5.3.4 Activities of LITEON Volunteers Overseas



▲ Orphanage Caring Activities by the Mexico Plant



▲ Lunar New Year care-giving activities for Dushugen Community by the Beihai Plant



▲ Changzhou Plant's tree planting event



▲ Mountain cleanup activity by the Changan Plant



▲ Beihai Plant's Cabbage group buying activity



▲ Guangzhou Plant's blood donations

5.4 LITEON Cultural Foundation



Highlights of 2022

over **1,950** hours

Community volunteers who provided over 1,950 service hours

over **3,500** people

Promoting "Oceans at 23.97" Ocean Reading Campus Touring Exhibition in 10 schools with over 3,500 participants

over **NT2.7** million

Scholarship assistance Program to which totaled over NT\$2.7 million

5.4.1 Background and Vision

The LITEON Cultural Foundation was founded in 1993 and initially funded by private donations from three founders of affiliated companies. The foundation has been actively involved in promoting care for children and youth, as well as adult education. It is hoped that by injecting corporate resources, it will contribute to social stability and overall advancement.

On 2020 ,Mr. Tom Soong has been elected as the Chairman of LITEON Cultural Foundation. LITEON expanded sustainable operations to social welfare; mutually prospering with the environment and society is the way to sustainable operation. LITEON fulfills its corporate social responsibility and has consistently shown care for people over the past three decades since the foundation was established. This is implemented in four aspects: "lifelong education, ecology and greener living, island hydrology, and care for social welfare" as we focus on holistic education. From caring for the youth to Taipei Xinyi Community College, LITEON has built a lifelong learning platform. We use the power of education in hopes that people will be able to see their resilience and intrinsic power in each stage of their life, and encourage them to have courage to move up in life, in hopes of giving them hope to live a life of abundance.



life-long Education

Community Education Volunteer Empowerment Classes



Ecology and Greener Living

Support Lovely Taiwan Foundation Shennong Farming Project



Island Hydrology

- Sponsored the publication of the picture book "SOS Expedition: The Great Coral Rescue Mission"
- Promoted "Ocean Philosophy Class at 23.97" Ocean Reading Campus Touring Exhibition



Social Welfare Care

- Breeding Scholarship assistance program
- Industry-Academia Cooperative Video Documentary Shooting Project

5.4.2 Actions in 2022

We believe that education has the power to inspire and make changes. In 2022, we continuously promoted volunteer training classes and provided online courses during the pandemic, so that campus volunteers could learn remotely at home. We continued to increase our capabilities to maintain the quality of teaching for online courses. Overall course satisfaction received an average score of 4.8 points(out of 5). Volunteers who devote themselves to campus volunteer service provided over 1,950 service hours.

The curriculum of 12-year basic education emphasizes the combination of learning with daily life for core literacies, in order to face challenges in life and the future. Environmental changes is an important topic today, and we need to constantly learn how to co-exist with the environment. Education will make the next generation pay more attention to the environment and support the Shennong Farming Project of the Lovely Taiwan Foundation, which builds farms on campus for children to bond with the environment and land through their five senses. Furthermore, the foundation supported LITEON's long-term efforts to protect the ocean, responded to the Ministry of Education's goal to strengthen basic education on the ocean, and supported the National Museum of Marine Science & Technology in publishing the SOS Expedition: Operation Save the Corals, which uses a colorful illustrated book telling a great story to attract people or parents and children to learn about the ocean through reading. We further went into 10 junior high schools in Taipei City to promote reading about the ocean through the "Ocean Philosophy Class at 23.97" Ocean Reading Campus Touring Exhibition, which lets junior high school students reflect on the connection between the environment and their personal life through literature and observations in daily life.

Care for the youth is a key point of the foundation, which continued to provide scholarships under the Breeding Scholarship Assistance Program in 2022, allowing students from impoverished households to study without any worries; a total of NT\$2.7 million was provided in scholarships. We collaborated with Kao Family Foundation to draw public attention to education, and supported the filming of a documentary of students in the skills class of a junior high school in Nantou County from training to obtaining Chinese Cuisine Cookery Class C certification, encouraging and attaching importance to vocational education.



LITEON Cultural Foundation Website



LITEON Cultural Foundation Facebook

5.4.3 Social Support Based on Education

5.4.3.1 Community Education Volunteer Empowerment Classes

Mutually beneficial to individuals, families, and society

The LITEON Cultural Foundation has long committed to promoting Community Education Volunteer Empowerment Classes since 1998. We saw many high concern students on campus who needed company, and trained parents of the school students into campus volunteers, starting from counseling and keeping students company, helping students who have trouble adapting in life or need more care to become a stable force in campus life.

We continuously cooperated with 15 schools to train 170 community volunteers. The curriculum focuses on exploring the physiological and psychological development during the school-age period from a neuroscience perspective. It aims to familiarize volunteers with emotional and behavioral cognition, enabling them to understand the necessity of adapting parenting practices to children's physiological and psychological development. This curriculum establishes a theoretical foundation for volunteers engaged in campus services.

We switched to online courses due to the pandemic, bypassing the constraint of not being able to enter campuses, allowing volunteers to receive continuing education during the pandemic and learn together or share with their children or grandchildren at home. We digitalized the courses and offered them to volunteers and the general public on a multimedia platform, realizing resource sharing and mutual benefit.



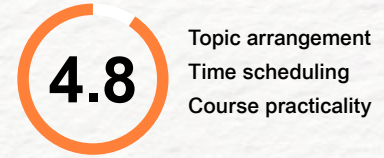
Volunteers carried out hands-on practices during online courses, allowing participants to understand theoretical content through practical experience



Creating course videos to provide volunteers with the opportunity to review the content.

Average course satisfaction reaches 4.8 points (5 points in total)

We collected the course satisfaction of volunteers through an online questionnaire, which covers course topics, activity design, time planning, practicality, and instructor performance. Overall course satisfaction received an average score of 4.8 points, in which students gave activity design and instructor performance an average score of 4.9 points, and gave topic arrangement, time scheduling, and course practicality an average score of 4.8 points.



In the course satisfaction questionnaire survey, many volunteers provided positive feedback to "How the course helped them the most," which are briefly described below:

Mrs. Chen, Dongyuan
Elementary School volunteer

After learning about the brain, the way I educated and communicated with children changed, I had deeper understanding and acceptance of children being rebellious or talking back, and understood how to patiently communicate and resolve conflicts.

Mrs. Liao, Liyuan
Elementary School volunteer

Even though online courses lack the direct interactions and warmth of classroom courses, the online course had great contents and many interactive games, which allowed me to learn a lot.

Mrs. Zhang, Shuanglian
Elementary School volunteer

I am grateful to the teacher and LITEON for allowing us to continue taking courses and growing during the pandemic, and am grateful to the efforts made by LITEON.

Mr. Zhang, Rongfu
Elementary School volunteer

The teacher was excellent and provided great assistance. Besides learning in class, every class was recorded for review and to help find data. For that I am grateful.

5.4.3.2 Campus Volunteer Services

Transforming learning into volunteer services to benefit others

We encourage volunteers to apply what they learned in the courses to their individual awareness or family life, and we encourage volunteers to apply what they learned to campus services.

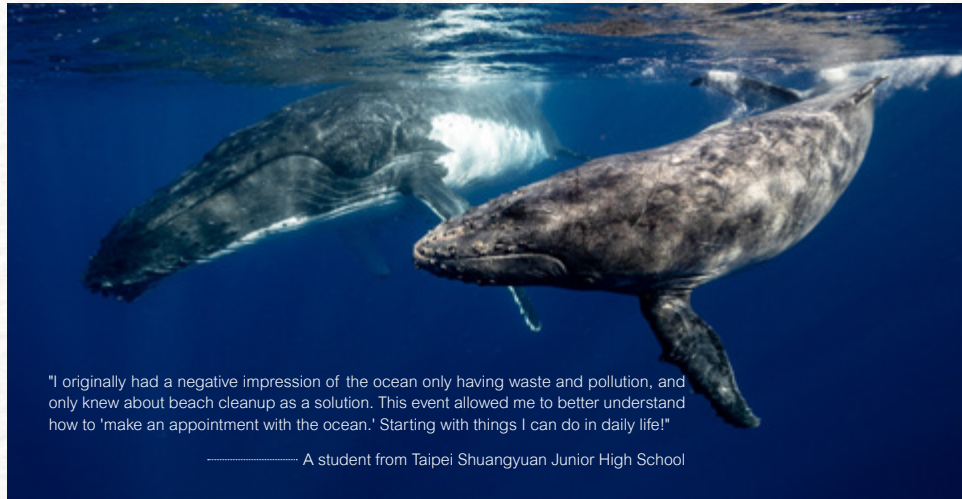
Elementary school is an important stage for developing children's diligence. Children become more confident when they gain a sense of achievement from learning, and may become frustrated or feel inferior when they do not. We hope that the company and care of volunteers will become a stabilizing force. When children are emotionally stable, their class becomes stable, and campus life becomes relatively stable. Volunteers provided over 1,950 service hours in 2022.



Community volunteers who devote themselves to campus volunteer service

5.4.3.3 "Ocean Philosophy Class at 23.97" Ocean Reading Campus Touring Exhibition

Listening to waves, reading waves, and understanding the ocean at 23.97 latitude



Facing the growingly severe climate change, LITEON has monitored environmental issues for years, and LITEON Cultural Foundation has responded to the development of environmental and ecological sustainability, while supporting the Executive Yuan's "pay respect to the ocean" policy to encourage citizens to learn about the ocean. We collaborated with schools in hopes of letting ocean literacy strike root. Starting in 2021, we made certain chapters of books into displays in events, and shared related ocean teaching plans, encouraging teachers to incorporate ocean issues into courses through the concept of resource sharing.

We organized online teacher training and invited the author Liao Hung-Chi to speak at the school, so that marine knowledge will strike root. This allows teachers and students to understand the environmental and ecological issues faced by Taiwan from the perspective of local literature. We hope to let students explore ocean literature and arouse their curiosity in the ocean through different interaction methods. From listening to waves, reading waves, learning about fish species along Taiwan's coasts, principles for selecting fish, waste decomposition time, to discussing the 7R actions of sustainable lifestyles, these activities draw attention to ocean issues and the climate from the perspective of local life, guiding children to plan actions that they can do by themselves. The event received more than 3,500 people.



We promoted Ocean Reading Campus Touring Exhibition in 10 schools in Taipei City. The exhibition and discussion with the author draw attention to marine ecology and develop literacy in marine literature.

Teachers and students who participated in the tour exhibition indicated that they learned a lot from the exhibition and provided a lot of positive feedback, some examples are given below:

A student from Zhongshan Junior High School

"Living in Taiwan, we are surrounded by an endless ocean, and it has been an indispensable part of life. Surrounded by the ocean and biodiversity are two major traits of Taiwan, and also an absolute advantage we have, but we might not be able to fully enjoy these two gifts from nature. Hence, ecological conservation has become a topic that Taiwanese people must take seriously in the next few years. If we can protect our inherent gifts, we will be able to protect our future."

A teacher from ZhongXiao Junior High School

"The decorations aroused the interest of teachers and students, and an abundance of multimedia data was also provided. Seeing students read the contents of the displays, or picking up and reading the guide book on marine life, let me know the inspiration and meaning of the exhibition to students. Even though most students in the school live in the city, the exhibition allowed them to understand the importance of marine culture, and allowed us to cherish everything about the ocean, letting the ocean become sustainable, and have a sense of mission and responsibility towards ocean culture."

A student from Zhongshan Junior High School

"I found that people have produced many ocean waste, such as plastic products, glass, and aluminum cans, and they take a long time to break down. Everyone must protect the ocean and marine life for the environment to become sustainable."

A teacher from Zhishan Junior High School

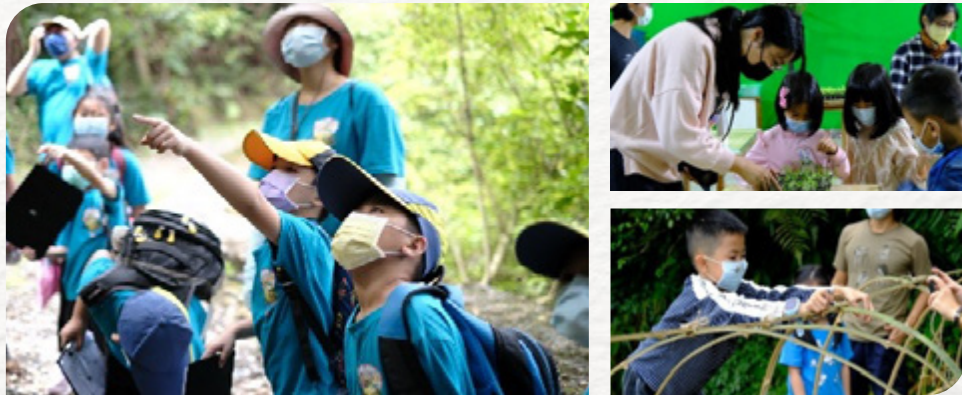
"We were able to invite Liao Hung-Chi to share his personal experiences and interact with students, so that ocean issues resounded with students. The impact on students far exceeds the knowledge they can obtain in books, and is a rare experience for both teachers and students."

5.4.3.4 Support Lovely Taiwan Foundation Shennong Farming Project

Food and agricultural education taught in the natural environment and no longer confined to textbooks

The LITEON Cultural Foundation promotes environmental sustainability issues from the perspective of marine life, and also pays attention to issues with diet, health, and land that are close to daily life, increasing the relevance of ecological and environmental issues to students through food and agricultural education. The LITEON Cultural Foundation thus began collaborating with the Lovely Taiwan Foundation in 2021, and focused on schools not in mountain areas and urban areas, which are the most easily overlooked when distributing resources. The foundation supported Yunhai Elementary School and Yongding Elementary School in Shiding District, New Taipei City, helping bring in different educational resources from planning a school farm to introducing food and agricultural education courses with a systematic framework. The foundation also networks with local communities and invites local farmers and the educational startups "the Collectors CoSpace" and "Mangia Food & Agriculture Studio" to serve as agriculture teachers, utilizing strategic connections to combine the capabilities of campuses and communities in promoting food and agriculture education.

Courses of the Shennong Farming Project lead children to find their connection to nature, explore the campus farm and fields, so that they are no longer limited to textbooks and are able to learn from all things in nature. By participating in field management and learning about animals and plants on campus, students see that every species plays an important role in the natural environment and ecology, that their influence is closely linked together, and that maintaining ecological sustainability means protecting every species. On the basis of the natural environment, we build the cultural attainment of children and enrich their lives through food education, which teaches them to respect the natural order of ecology, and strengthens their identification with local culture through their connection with the land, while drawing their attention to environmental and ecological sustainability.



▲ Courses of the Shennong Project let children observe the campus farm and learn about animal and plant ecology, the practical experience from field management lets them understand factors that affect crop growth, and draws their attention to the natural environment and ecology.



Yunhai Elementary School ,the highest-altitude school in New Taipei City

Food education not only allows children to observe and understand the growth process of crops, but also upholds the philosophy to mutually prosper with ecology. Teachers and students jointly participate in field management and learn about insect species and ecology in the campus farm, observing and drawing the appearance of insects, and further observing the color of soil, feeling its texture, and smelling the soil. Children learn about the land as they explore nature with their senses, and then make fruit skin enzymes and *podospaerafusca* for pest control, instilling them with respect for nature from a young age.



Crops from the campus farm are made into dishes for children or used as materials for DIY. Taro harvested after waiting for 8 months was made into taro sago as a desert for lunch. Shell flower harvested on campus were used to make the traditional indigenous food abai and cinavu with children, and the leaf sheathes were woven into deer, introducing children to different applications of shell flower through a hands-on experience, which strengthens the connection to daily life applications.



Yongding Elementary School, the school in the valley

The campus farm of Yongding Elementary School grows domestic herbs, Southeast Asian spices, nectar plants, buckwheat, and sunflower. Herbs grown in the campus farm are cut during class to make tea.



In addition to the herbs farm, Anding Elementary School built a lotus farm on campus this year. The agriculture teacher led students in cleaning the pond, wearing a frog suit when planting the three-color perfume lotus, taro, and rice. Field management is periodically carried out to help the crops grow and understand pests. The students observe insect species on campus and learn about the ecology of animals and plants on campus.

After harvesting the lotus, children carefully observe the appearance of lotus, smell the different scent of different color lotus, make lotus tea, and increase their knowledge of aquatic plants. The school's family event utilizes the campus farm to make lotus fried rice.

5.4.3.5 Breeding Scholarship Assistance Program

Supporting students from low-income families to let them focus on their studies

The LITEON Cultural Foundation has dedicated its efforts to care for the youth and talent cultivation, and supports junior high school and elementary school students from low-income families, as well as high (vocational) school and college students from low-income families with excellent grades, in hopes of lifting their burden so that they can focus on their studies. 140 students benefited from this program which totaled over NT\$2.7 million in 2022.



5.5 Taipei Xinyi Community College

Highlights of 2022

Rated as **"Excellent"**
by the Education Department of Taipei
City Government over the years

A total of
353 courses
were offered.

Attended by a total of
5,887
participants

A headcount of
10,026 people
The event Connection with
local communities

5.5.1 LITEON Cultural Foundation's Community Involvement : Building a Lifelong Learning Platform

The LITEON Cultural Foundation has long committed to education and public charity works. Learning is a course that lasts throughout our lives. We saw Taiwan's population gradually aging in the early 2000s and learning resources for adult education scattered. We expanded subjects from campus education to community education, in hopes that the foundation will become the best partner in lifelong learning for community residents. Therefore, we have managed "Xinyi Community College" since 2001. "Xinyi Community College" takes "Building a sustainable city on biodiversity", "Blending art, culture and creativity to transform the community", and "Constructing a friendly learning platform for the disadvantaged, and creating a fun and interactive environment accessible to seniors" as three themes. Meanwhile, Taipei Xinyi Community College's curriculum combines local features with sustainability, and provides residents with channels and a platform for community involvement and lifelong learning. In 2022, the college offered a total of 353 academic and lifestyle courses, which provided 5,887 participants with lifelong learning channels to increase their self-worth.



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.

Three Themes

Main Theme	Strategy	Key Points
 Environmental Sustainability and Green Revitalization	Building a sustainable city on biodiversity	Strengthen the green base and conduct experience based environmental learning to establish links with green learning
 Cultural Collaboration and Art for Inclusion	Blending art, culture and creativity to transform the community	Develop a local knowledge database and put art into everyday life and step up marketing of the city and extend the reach of art into the general population
 Caring for the Disadvantaged and Learning for Life	Constructing a friendly learning platform for the disadvantaged, and creating a fun and interactive environment accessible to seniors	Combine local resources and apply community learning methods to build an inclusive learning environment for the disadvantaged and the elderly



Taipei Xinyi Community
College website



Taipei Xinyi Community
College Facebook

5.5.2 Social Practices of Taipei Xinyi Community College

LITEON stepped up the development of a community service collaboration network for social welfare work, and planned learning activities based on the aging index of each village, as well as the physical and mental condition of elderly people. We implemented education that involves communities through the empowerment process, in hopes of strengthening the connection between community resources and establishing a support network.

Actions in 2022

- Applied for "Senior Academy" courses for the elderly population (aged 60 years and above)
- Continuously provided recreational camp courses provide students that have mental disabilities with sensory stimulation
- Organized care and LOHAS courses with the restaurant "88614food" caring for individuals with dementia and elderly individuals
- Organizing an empowerment workshop for new immigrants in Lian Village: Invited a new immigrant from Cambodia to teach the course on making steamed buns in different shapes
- Host 8 classes at Xinzhong Kindergarten including friendly farming, ecological conservation, local schools in Xinyi District, diet and lifestyle



▲ Fabric Crafts Courses



▲ Mandala Art Therapy Courses

Xinyi Community College joined the Xinyi District Service Network in 2020 and became the resource integration hub, so that residents can access resources and information on dementia in their community. The college collaborated with the restaurant "88614food" on Wuxing St. in Xinyi District in offering courses to people with dementia and elderly people.

LITEON worked with the Ministry of Health and Welfare's Dementia Care Service Project with the goal of early prevention, assisted therapy, and thoughtful care for elderly people with dementia, and organized care and LOHAS courses at "88614food". Art painting therapy and crafts courses were planned in the restaurant, preventing dementia through exercise, community involvement, and brain activity. Nutrition and health management are also part of the care provided to elderly people with dementia. The courses allowed residents to better understand the area they live in. LITEON is slowly letting public health return and improve community-based preventive care for physical and mental health, in order to fully utilize medical resources.

Caring for the Disadvantaged and Learning for Life



Connection with local communities

The event reached:
A headcount of **10,026** people
Other actions:
176 participants in patrols,
updated the field survey
(190 articles, 76 articles on natural ecology, 8 routes)

Cultural Collaboration and Art for Inclusion



The study on the culture and natural ecology in Xinyi District establishes local knowledge, and uses talent cultivation as the core concept in community empowerment. We have engaged in the activation and reuse of cultural heritage and reconstruction/new settlement. We hope to promote public art and build cultural landscapes by participating in public affairs, allowing community residents to rediscover urban features, and improving the living environment in communities. Our goal is to regain the recognition of residents and drive community development through community empowerment and efforts in grass-roots culture.

Actions in 2022

- Organized Xinyi Art and History Lectures events
- Operated the field research team on an ongoing basis
- Promoted community aesthetics, and participate in community art exhibits
- Implement "Strolling Through South Village" Xinyi Roaming Cultural Festival
- Revived the historic space in Four-Four South Village and organize related exhibits, performance and other events

LITEON monitors the biodiversity and urban ecology in Xinyi District, and laid the foundation for sustainable development through environment resource circulation and symbiosis. We utilized social resources and participated in environmental citizen actions, in hopes of promoting environmental protection and education and contributing to Earth's sustainability.

Actions in 2022

- Promoted Xinyi Green Lifestyle bases and manage 6 community bases
- Continued the Old River Patrol
- Organized the "Xinyi Green Lifestyle Conference"
- Implemented urban beekeeping education including : Organized educational workshops, 1 educational expo, and the establishment of 4 beehives
- Organized small farmers markets and campaigns for urban friendly farming and food agriculture education



Environmental Sustainability and Green Revitalization



◀ Songde Healing Forest and Class Photo

We provided green living space teaching and took action at 6 community locations, in which the Songde Therapy Forest established with Taipei City Hospital Songde Branch in 2017 improved the hospital's relationship with residents from alienated to trusting. It applies an ecological therapy environment to the rehabilitation of mentally ill patients, practicing green care.

To encourage participation from residents of nearby villages, LITEON worked with Songyuo Community Development Association and used the small farm to build connection between Songde Branch to local residents, helping destigmatize psychiatric hospitals.

The theme of Xinyi Cultural Festival this year is "Strolling Through South Village" linked by "local identity," and sees daily life through food, clothing, housing, and transportation. The study tour and exhibition aim to change the impression of Xinyi District as only being a glamorous place, and introduces local features while sorting through the cultural and historical context.

The event this year continued the military community culture and used figurines and miniature building models to let people relive the good old days, and memories of life in Four-Four South Village were displayed in Xinyi Assembly Hall for the "Four-Four South Village Living Museum Special Exhibition."



▲ Artifacts of a miniature museum

APPENDIX



General Disclosures		
GRI Standards	Disclosure	Related Report Sections
The organization and its reporting practices	2-1	Organizational details Company Overview / Locations of LITEON's Major Operations Worldwide 2022
	2-2	Entities included in the organization's sustainability reporting About This Report / Company Overview
	2-3	Entities included in the organization's sustainability reporting About This Report
	2-4	Restatements of information About This Report
	2-5	External assurance About This Report / Third-party Assurance Statement
Activities and workers	2-6	Activities, value chain and other business relationships Company Overview / 2.6 Sustainable Supply Chain
	2-7	Employees 4.2.1 Employee Structure and Distribution
	2-8	Workers who are not employees 4.2.1 Employee Structure and Distribution
	2-9	Governance structure and composition 2.2 Organization Structure of Corporate Governance / 2.2.1.1 Board of Directors
	2-10	Nomination and selection of the highest governance body 2.2.1 Board of Directors and Functional Committees
Governance	2-11	Chair of the highest governance body 2.2.1.1 Board of Directors
	2-12	Role of the highest governance body in overseeing the management of impacts 1.2 Strategic Planning for Sustainability / 1.3 LITEON Corporate Sustainability Committee / 2.2 Corporate Governance Organization / 2.3 Corporate Risk Management
	2-13	Delegation of responsibility for managing impacts 1.3 LITEON Corporate Sustainability Committee / 2.2 Organization Structure of Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting About This Report
	2-15	Conflicts of interest 2.2.1 Board of Directors and Functional Committees
	2-16	Communication of critical concerns 1.3 LITEON Corporate Sustainability Committee / 2.2 Organization Structure of Corporate Governance
	2-17	Collective knowledge of the highest governance body 2.2.1.1 Board of Directors
	2-18	Evaluation of the performance of the highest governance body 2.2.1.3 Evaluation of Performance of the Board of Directors and Functional Committees
	2-19	Remuneration policies 2.2.1 Board of Directors and Functional Committees / 4.3.1 Competitive Salaries / 4.4.5 Performance feedback and development
	2-20	Process to determine remuneration 2.2.1.3 Evaluation of Performance of the Board of Directors and Functional Committees / 4.3.1 Competitive Salaries
	2-21	Annual total compensation ratio 4.3.1 Competitive Salaries



GRI 2 : General Disclosures 2021

General Disclosures		
GRI Standards	Disclosure	Related Report Sections
Strategy, policies and practice	2-22	Statement on sustainable development strategy Message from the Chairman and the Chief / Message from the President / 1.1 Corporate Sustainability Perspective and Commitment / 1.2 Strategic Planning for Sustainability / 3.1 Environmental Sustainability Commitment and Policy
	2-23	Policy commitments 1.1 Corporate Sustainability Perspective and Commitment / 3.1 Environmental Sustainability Commitment and Policy
	2-24	Embedding policy commitments 1.1 Corporate Sustainability Perspective and Commitment
	2-25	Processes to remediate negative impacts 2.4 Compliance, Ethics and Anti-Corruption
	2-26	Mechanisms for seeking advice and raising concerns 2.4 Compliance, Ethics and Anti-Corruption
	2-27	Compliance with laws and regulations 2.4 Compliance, Ethics and Anti-Corruption / 4.5.3 Violation of Labor Standards Act
	2-28	Membership associations Membership in Groups and Associations
Stakeholder engagement	2-29	Approach to stakeholder engagement 1.4.1 Stakeholder Identification and Communication / 1.4.2 Stakeholder Engagement Performance in 2022 / 1.4.3 Identification of Material Topics
	2-30	Collective bargaining agreements 4.5.1 Employee Relations

GRI 3 : Material Topics 2021

Material Topics		
GRI Standards	Disclosure	Related Report Sections
Disclosures on material topics	3-1	Process to determine material topics
	3-2	List of material topics 1.4.1 Stakeholder Identification and Communication / 1.4.3 Identification of Material Topics
	3-3	Management of material topics
GRI 201 Economic Performance	3-1.3-2	The management approach & its components Evaluation of the management approach Message from the Chairman and the Chief / Message from the President / 2.1 LITEON Values and Governance
	201-1	Direct economic value generated and distributed 4.3.1 Competitive Salaries

GRI 3 : Material Topics 2021

Material Topics		
GRI Standards	Disclosure	Related Report Sections
GRI 201 Economic Performance	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change Message from the Chairman and the Chief Sustainability Officer / 3.2 Climate Change and Energy Management
	201-3	Defined benefit plan obligations and other retirement plans 4.3.3 Pension Scheme
	201-4	Financial assistance received from government Note: LITEON has received a total of NT\$ 420,000 in subsidies for R&D projects from the ROC government in 2022
GRI 202 Market Presence 2016	3-1.3-2	he management approach & its components Evaluation of the management approach 4.1 People-Centered Talent Strategy
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage 4.3.1 Competitive Salaries
	202-2	Proportion of senior management hired from the local community 4.2 Diversity and Inclusion: Our Global Employee Profile
GRI 204 Procurement Practices 2016	3-1.3-2	he management approach & its components Evaluation of the management approach 2.6.1 Sustainable Supply Chain Management Policy and Targets
	204-1	Proportion of spending on local suppliers 2.6.1.3 Supply Chain and Localized Purchasing
GRI 205 Anti-Corruption 2016	3-1.3-2	The management approach & its components Evaluation of the management approach 2.1 LITEON Corporate Values and Governance / 2.4 Compliance, Ethics and Anti-Corruption
	205-1	Operations assessed for risks related to corruption 2.4 Compliance, Ethics and Anti-Corruption
	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 Guideline / 4.4.3 Annual training achievements
	205-3	Confirmed incidents of corruption and actions taken 2.4 Compliance, Ethics and Anti-Corruption
GRI 206 Anti-Competitive Behavior 2016	3-1.3-2	The management approach & its components Evaluation of the management approach 2.4 Compliance, Ethics and Anti-Corruption
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices Note: Nil
GRI 302 Energy 2016	3-1.3-2	The management approach & its components Evaluation of the management approach 3.1 Environmental Sustainability Commitment and Policy / 3.2 Climate Change and Energy Management
	302-1	Energy consumption within the organization 3.2.4.3 Direct and Indirect Energy Consumption
	302-2	Energy consumption outside of the organization There is no statistical data disclosing the energy consumption outside the organization yet.
	302-3	Energy intensity 3.2.4.3 Direct and Indirect Energy Consumption
	302-4	Reduction of energy consumption 3.2.4 Targets and Goals of LITEON Climate change management
	302-5	Reductions in energy requirements of products and services 3.5 Green Product Design & Management



GRI 3 : Material Topics 2021

Material Topics			
GRI Standards		Disclosure	Related Report Sections
GRI 303_ Water and Effluents 2018 ^{Note}	303-1	Interactions with water as a shared resource	3.3 Water Resource Management
GRI 305 Emissions 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	3.1 Environmental Sustainability Commitment and Policy / 3.2 Climate Change and Energy Management
	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	3.2.4.1 GHG Emission Inventory (GHG Scope 1 and 2)
	305-2	Energy indirect (Scope 2) greenhouse gas (GHG) emissions	3.2.4.1 GHG Emission Inventory (GHG Scope 1 and 2)
	305-3	Other indirect (Scope 3) greenhouse gas (GHG) emissions	3.2.4.2 Greenhouse Gas Value Chain Inventory (GHG Scope 3)
	305-4	Greenhouse gas (GHG) emissions intensity	3.2.4.1 GHG Emission Inventory (GHG Scope 1 and 2)
	305-5	Reduction of greenhouse gas (GHG) emissions	3.1 Environmental Sustainability Commitment and Policy / 3.2.4.1 GHG Emission Inventory (GHG Scope 1 and 2)
	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	3.2.4.4 Air Pollution Control
GRI 307 Environmental Compliance 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	3.1 Environmental Sustainability Commitment and Policy / 3.2 Climate Change and Energy Management
	307-1	Non-compliance with environmental law and regulations	Note: No Significant non-compliance
GRI 308 Supplier Environment Assessment 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets
	308-1	New suppliers that were screened using environmental criteria	2.6.2.2 Sustainable Supply Chain Management Mechanisms
	308-2	Negative environmental impacts in the supply chain and actions taken	2.6.2.3 Identification of Supply Chain Risk / 2.6.2.2 Sustainable Supply Chain Management Mechanisms / 3.2.2 LITEON Climate strategy
GRI 401 Employment 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	4.1 People-Centered Talent Strategy
	401-1	New employee hires and employee turnover	4.2.3 Integrating Virtual and Real Elements to Create a Talent Magnetism / 4.2.4 Caring Interviews to Enhance Retention Rates
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs
	401-3	Parental leave	4.5.2 Gender-Friendly Work Environment
GRI 402 Labor / Management Relations 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	4.1 People-Centered Talent Strategy
	402-1	Minimum notice periods regarding operational changes	4.4.5 Performance Feedback and Development

Note: This is not a material topic, and it is voluntarily disclosed by LITEON

GRI 3 : Material Topics 2021

Material Topics		
GRI Standards	Disclosure	Related Report Sections
GRI 403 Occupational Health and Safety 2018	3-1.3-2	The management approach & its components Evaluation of the management approach 4.1 People-Centered Talent Strategy / 4.7 Occupational Health and Safety
	403-1	Occupational health and safety management system 4.7 Occupational Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation 4.7 Occupational Health and Safety
	403-3	Occupational health services 4.7 Occupational Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety 4.7 Occupational Health and Safety
	403-5	Worker training on occupational health and safety 4.7 Occupational Health and Safety
	403-6	Promotion of worker health 4.7 Occupational Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 4.7 Occupational Health and Safety
	403-8	Workers covered by an occupational health and safety management system 4.7 Occupational Health and Safety
	403-9	Work-related injuries 4.7 Occupational Health and Safety <small>Note: LITEON has voluntarily disclosed its absentee rates for the years 2019 to 2022, showing variability: 2019: 1.1%, 2020: 0.8%, 2021: 0.9%, and 2022: 1.7%.</small>
GRI 404 Training and Education 2016	3-1.3-2	The management approach & its components Evaluation of the management approach 4.1 People-Centered Talent Strategy
	404-1	Average hours of training per year per employee 4.4.3 Annual Training Achievements
	404-2	Programs for upgrading employee skills and transaction assistance programs 4.4.5 Performance Feedback and Development / 4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey
	404-3	Percentage of employees receiving regular performance and career development reviews 4.4.5 Performance Feedback and Development
GRI 405 Diversity and Equal Opportunity 2016	3-1.3-2	The management approach & its components Evaluation of the management approach 4.1 People-Centered Talent Strategy
	405-1	Diversity of governance bodies and employees 2.2.1.1 Board of Directors / 4.2.1 Employee Structure and Distribution
	405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation 4.3.1 Competitive Salaries
GRI 406 Non-Discrimination 2016	3-1.3-2	The management approach & its components Evaluation of the management approach 4.1 People-Centered Talent Strategy
	406-1	Incidents of discrimination and corrective actions taken 4.3 Put Your Loved Ones First: Employee Benefits and Family Care Programs / 4.5 Friendly Workplace



GRI 3 : Material Topics 2021

Material Topics			
GRI Standards	Disclosure		Related Report Sections
Freedom of Association and Collective Bargaining 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets / 4.1 People-Centered Talent Strategy
	407-1	Operations or suppliers that may face risks to freedom of association and group bargaining	2.6.2.2 Sustainable Supply Chain Management Mechanisms / 4.5 Friendly Workplace / 4.6 LOHAS LITEON
GRI 408 Child Labor 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets / 4.1 People-Centered Talent Strategy
	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 Integrating virtual and real elements to create a talent magnetism / 2.3.6 Human Rights Management
GRI 409 Compulsory Labor 2016	3-1.3-2	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 Blueprint of People-oriented Strategies
	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
GRI 410 Security Practices 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.3.6 Human Rights Management
	410-1	Security personnel trained in human rights policies or procedures	2.3.6 Human Rights Management
GRI 412 Human Rights Assessments 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.3.6 Human Rights Management
	412-1	Operations that have been subject to human rights reviews or impact assessments	2.3.6 Human Rights Management
	412-2	Employee training on human rights policies or procedures	4.4.3 Annual training achievements
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	2.3.6 Human Rights Management <small>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</small>
GRI 414 Supplier Social Assessment 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets
	414-1	New suppliers that were screened using social criteria	2.6.2.1 Sustainable Supply Chain Management Guideline
	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
GRI416 Customer Health and Safety 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability
	416-1	Assessment of the health and safety impacts products and service categories	3.5.3 Product Environmental Marks and Declaration / 3.5.4 Environment-Related Substances Management
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Note: Nil / 3.5.3 Product Environmental Marks and Declaration
GRI 417 Marketing and Labeling 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability
	417-1	Requirement of product and service information and labeling	3.5.3 Product Environmental Marks and Declaration

GRI 3 : Material Topics 2021

Material Topics			
GRI Standards	Disclosure		Related Report Sections
GRI 417 Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Note: Nil / 3.5.3 Product Environmental Marks and Declaration
	417-3	Incidents of non-compliance concerning marketing communications	Note: Nil / 3.5.3 Product Environmental Marks and Declaration
GRI 418 Customer Privacy 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.5 Information Security and Privacy Management
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Note: Nil / 2.5 Information Security and Privacy Management
GRI 419 Socioeconomic Compliance 2016	3-1.3-2	The management approach & its components Evaluation of the management approach	2.4 Compliance, Ethics and Anti-Corruption
	419-1	Non-compliance with laws and regulations in social economic area	4.5.3 Violation of Labor Standards Act

Specific Standard Disclosures Overview - Others (LITEON's Own Indicators)

Material Topics	Disclosure		Related Report Sections
Conflict Mineral (Metal)-Free Procurement	3-1.3-2	The management approach & its components Evaluation of the management approach	2.6.1 Sustainable Supply Chain Management Policy and Targets
	LOT-EN1	Supplier screening and green procurement	2.6.3 Responsible Mineral Management
Research & Development (Products)	3-1.3-2	The management approach & its components Evaluation of the management approach	3.1 Commitment to Environmental Sustainability
	LOT-EN2	Energy efficiency improvement	3.5.2 Product Life Cycle Assessment
	LOT-EN3	Material resources saving	3.5.2 Product Life Cycle Assessment
	LOT-EN4	Reduction use of hazardous substance	3.5.4 Environment-Related Substances Management
Charity and Care	3-1.3-2	The management approach & its components Evaluation of the management approach	5.1 Social Inclusion Policy
	LOT-SO1	Promotion of multicultural humanities and youth education care	5.4 LITEON Cultural Foundation
	LOT-SO2	Creating learning environments for lifelong learning and disadvantage groups	5.4 LITEON Cultural Foundation / 5.5 Taipei Xinyi Community College
	LOT-SO3	The promotion of environmental education and implementation of environmental protection	5.5 Taipei Xinyi Community College
	LOT-SO4	Talent education by providing the learning environment for students to apply their knowledge	4.4 Thrive Together: LITEON's Approach to a Collaborative Career Journey
	LOT-SO5	Encouraging technological innovation and design talent	4.4.4 Creativity Contest

SASB Index

Topic & Code	Accounting Metrics	Related Information
Product Security		
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	2.5 Information Security and Privacy Management
Employee Diversity & Inclusion		
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1)management, (2) technical staff, and (3) all other employees	4.2.1 Employee Structure and Distribution
Product Life Cycle Management		
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	3.5.4 Environment-related Substances Management
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Most of LITEON products are not end products therefore cannot apply for EPEAT
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® Criteria	Most of LITEON products are not end products therefore cannot apply for ENERGYSTAR®
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Most of LITEON's products are B2B, and it is difficult to collect information in the current situation
Supply Chain Management		
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	2.6.2.2 Sustainable Supply Chain Management Mechanisms
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a)priority non-conformances and (b) other non-conformances	2.6.2.2 Sustainable Supply Chain Management Mechanisms
Material Sourcing		
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	2.6.3 Responsible Mineral Management
TC-HW-000.A	Number of units produced by product category	Please refer to LITEON 2022 annual report, Chapter 5, Operation Overview Production Value Table, page 122
TC-HW-000.B	Area of manufacturing facilities	Please refer to Locations of LITEON's Major Operations Worldwide 2022 The total production area is a business secret therefore not disclosed
TC-HW-000.C	Percentage of production from owned facilities	Business secrets not disclosed



Governance

> Related Report Sections

The board's oversight of climate-related risks and opportunities

- The board chairman serves as the chairman of the Corporate Sustainability Committee. LITEON holds Board of Directors meetings on a regular basis every year. During the meeting, the chairman reports on the performance, impact assessment, and achievement of sustainability goals with respect to ESG and climate change-related issues.

Management's role in assessing and managing climate-related risks and opportunities > Related Report Sections

- The Climate Change Risk Task Force is an interdepartmental unit. The task force is responsible for identifying climate risks, performing assessment within the scope of its responsibilities, and countering the effects of climate change.
- LITEON's top management team on climate issues is the sustainability CEO, who leads the executive management in implementing climate change-related management work and reports directly to the Board of Directors.
- LITEON has established an Environmental Sustainability Sub-committee, which is chaired by the head of manufacturing, and is purposed with promoting green operations to improve environmental management performance and environmental risk controls.
- The president serves as the convener of the risk setting and risk management sub-committees. After identifying major risks, they will discuss relevant countermeasures with various business units of the company.



Strategy

Short-term, medium-term, and long-term climate-related risks and opportunities identified by LITEON > Related Report Sections

LITEON has identified significant climate change risks and opportunities, including:

- Transition Risks:** Increased premiums, electricity management during power outages
- Market Opportunities:** Investor focus on ESG issues, adoption of digital technology in production, supplier resource management, and reduction in water usage
- Transition Risks:** Changes in customer behavior, regulatory requirements for existing products and services, increased raw material costs, production capacity disruption, stakeholder attention and feedback, uncertain supply chain market information, facing litigation risks, low-carbon technology transformation costs, strengthening emissions reporting obligations, market derivatives
- Physical Risks:** Climate change leading to increased operational costs
- Market Opportunities:** Adoption of high-efficiency production processes, development and investment in low-carbon technology, waste reduction, increasing recycling and reuse, supplier carbon management, supplier raw material management, and obtaining preferential investments from banks
- Transition Risk:** Substitution of existing products and services with low-carbon alternatives, pricing of greenhouse gas emissions
- Physical Risk:** Increase in average temperature
- Market Opportunities:** Developing low-carbon products, opportunities in renewable energy, linking public sector incentive measures, adopting efficient transportation methods, reducing greenhouse gas emissions in buildings, and enhancing corporate image

Short-term

Medium-term

Long-term

The impact of climate-related risks and opportunities on LITEON's business, strategies, and financial planning > Related Report Sections

Most significant climate risks for LITEON come from the requirements of clients, investors and other important stakeholders for GHG reduction as a company and compliance with product energy efficiency standards. Opportunities brought about by climate change mainly appear in products and services. LITEON's diversified product lines that respond to sustainable trends are expected to receive supportive policy incentives, and it responds to market demand and develops new markets with energy-saving and waste-reducing products and services.

- Major Transition Risk:** In order to cope with the risk of changes in relevant laws and green standards, LITEON not only actively responds to international norms, but also keeps its expectations higher than international standards to reduce the cost of renewable energy. It actively researches and develop layouts in green design, and help customers reduce costs and improve efficiency with a high energy conversion rate and low-carbon product portfolio. LITEON's green design is based on Life Cycle of Thinking. With the 3Rs (Recycle, Reuse, Reduce) rule added to the product development process, the company engages in green product design, and aims to develop nontoxic, easy to assemble/ disassemble, and environmentally friendly products.
- Major Physical Risk:** In order to reduce the impact of drought events, respective factories have successively made investments in water conservation facilities, enhanced the recycling of water resources, extended insurance coverage to relevant scopes, and formulated emergency response plans to reduce operational losses from disaster risk.
- Major Climate Opportunities:** LITEON has laid a solid foundation for long-term sustainable development, and has maintained a close relationship of trust with customers for many years. It actively uses its core technologies of optics and electronics, and invests in research and development corresponding to market demand. Therefore, when the sustainable wave rises, LITEON will have the opportunity to gain the favor of customers in a wide range of green products and solutions, with resulting increase in revenue.

LITEON's strategic resilience and consideration of different climate-related scenarios > Related Report Sections

LITEON refers to the 2° C scenario announced by the International Energy Agency (IEA); it simulates future effects of climate change based on the IEA 2DS and uses the results to set the GHG reduction SBT and an estimated future carbon reduction amount to serve a reference for adjustment to business strategy.



Risk Management

> Related Report Sections

LITEON's processes for identifying and assessing climate-related risks

The company's Risk Management Sub-Committee follows the "ISO 31000 risk management system and guidelines" to gather information on climate developments and trends in terms of external market, regulatory, technical and physical factors, and to evaluate the probability and severity of impact, and identify major climate risks and opportunities. Then, it converts relevant climate risks into financial figures, and considers projects that may cause an annual financial impact of more than NT\$10 million as impactful risks and opportunities, which are prioritized according to likelihood and severity, and corresponding countermeasures are formulated. For risks with higher assessment results, a climate scenario analysis is additionally performed, and the current operational layout is considered to calculate its potential financial impact.

> Related Report Sections

LITEON's processes for managing climate-related risks

After identifying the main risks, the Risk Management Sub-Committee will discuss countermeasures with each business unit of the Company, and risk assessment will be submitted to the risk management team, the Sustainability Committee, and the Audit Committee for supervision. The chairman of the Audit Committee regularly reports to the Board of Directors based on the risk management and assessment results.

> Related Report Sections

How identification, assessment, and management of climate related risks can be integrated into the company's overall risk management system

LITEON incorporates climate change into material issues and key risks of corporate sustainable development, and implements risk management plans in all plants and plans countermeasures for operations, products, and supply chain management. It follows the "ISO 31000 risk management system and guidelines" to implement the PDCA model to continually improve the integration of climate change risk management on the environmental side, and overall enterprise risk management system on the management side.



Targets and Goals

> Related Report Sections

Scope 1, Scope 2 and Scope 3 (where applicable) GHG emissions and associated risks

Since 2008, LITEON has continuously conducted greenhouse gas inventories for Scope 1 and 2 and obtained ISO 14064 certification. Starting in 2009, the inventory scope was expanded to include Scope 3 items.

Greenhouse gas emissions in 2022:

Scope 1: 7,278 metric tons of CO₂e

Scope 2: 178,010 metric tons of CO₂e

Scope 3: 10,869,212 metric tons of CO₂e.

> Related Report Sections

The targets used by the organization to assess climate related risks and opportunities and performance in achieving that objective

In LITEON's development of low-carbon products and services, it works to improve energy efficiency for the company and its clients, and has set, in addition to carbon reduction SBTs and passing international reviews, has also set waste reduction, water conservation, and environmental impact mitigation targets.

- Link climate indicators to the way managers' KPI performance is set beginning in 2021
- Internal carbon pricing at \$1/ton CO₂e in 2021

Carbon Emission and Energy Management Targets

- Carbon emission (Scope 1+2) per million NT dollars of revenue to decrease by 39.3% by 2025 compared to the base year 2014
- Achieving net-zero emissions by 2050, and annually reviewing carbon intensity reduction performance
- Reducing carbon emissions per million revenue by 5%, based on SBT, starting from 2023
- Reducing the carbon footprint of each generation of products by 5%
- Annual power savings decrease by 6% in 2023 compared to the base year 2020

Product Energy Efficiency Management Improvement Goals

- UV-LED energy efficiency to increase by 60% by 2025 compared to 2018
- Energy conversion efficiency for power supply products to increase by 2% by 2023 compared to 2016

Waste Management Targets

- Waste to decrease by 6% on an absolute basis by 2025 compared to the base year 2022
- Plastics in packaging to decrease by 300 tons by 2025 compared to the base year 2018

Water Resource Management Targets

- Water consumption to decrease by 6% on an absolute basis by 2023 compared to the base year 2020

> Related Report Sections

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

In terms of climate change mitigation, LITEON takes GHG emissions per unit revenue as the main KPI for quantitative evaluation, and also sets indicators such as proportion of renewable energy use, energy consumption per unit revenue, and water consumption per unit revenue.

Third-Party Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE LITE-ON TECHNOLOGY CORPORATION'S SUSTAINABILITY REPORT FOR 2022

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 Sustainability Report for 2022 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 high level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during on-site verification 2022/03/23–2022/04/20 in LITE-ON headquarter. The boundary of this report includes LITE-ON Taiwan and oversea operational and production or service sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. 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 Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and 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 report content 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosures 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

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

Assurance Standard Options and Level of Assurance

A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000AS/v3 Type 2 High (AA1000AP Evaluation plus evaluation of Specified Performance Information)

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:

TWLPF5008 Issu#2305

Reporting Criteria Options

1	GRI Universal Standard (2021) (In Accordance with)
2	AA1000 Accountability Principles (2018)
3	SASB (HARDWARE STANDARD, VERSION 2018-10)

- evaluation of content veracity of the sustainability performance information in relation to the determined material topics at a high level of scrutiny for LITE-ON and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard 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 Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.
- evaluate of the report against the SASB Disclosures and Metrics included in the HARDWARE STANDARD Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at high level of scrutiny.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and report 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 29000, 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.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

LITE-ON has demonstrated its commitment to stakeholder inclusivity through formalised commitment from the highest governing body. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

TWLPF5008 Issu#2305

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 those stakeholders. It's recommended to use appropriate criteria and thresholds to determine the significance, likelihood, and present and expected future impact of identified material sustainability topics.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Communications with stakeholders on an ongoing and timely manner are recommended to be delivered reasonable and viable responses.

Impact

LITE-ON has performed processes to recognize and manage the organisation's impacts that are applied across the organisation under the governance of senior management. It's recommended to defined methodology to present impacts as quantitative or monetised measurement results.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, LITE-ON's Sustainability Report of 2022, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. For future reporting, it is recommended to enhance the disclosure about implementation of due diligence on the identification and the evaluation of its impacts on the economy, environment, people, and human right. Meanwhile it is suggested to get more detailed descriptions about how to communicate and apply the policy commitments of responsible business conduct and human rights to its organization's activities and business relationships.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

LITE-ON has referenced with SASB's Standard, TECHNOLOGY & COMMUNICATIONS SECTOR - HARDWARE STANDARD, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in LITE-ON's audited consolidated financial statements. LITE-ON used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. For future reports, it is recommended to have more description of the process for the risk management associated with the use of critical materials, such as due diligence.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
09 June, 2023
www.sgs.com

TWLPF5008 Issu#2305



LITEON[®]

Produced by Corporate Brand Value Development Center, CBVD
©LITE-ON Technology Corporation. All Rights Reserved.