

# **Lite-On Technology Corporation**

## **Rules Governing the Election of Directors**

### **Article 1**

Elections of Lite-On Technology Corporation's independent and non-independent directors shall be conducted in accordance with these Rules.

### **Article 2**

The cumulative voting method shall be used for election of Lite-On Technology Corporation's directors. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Shareholder numbers or attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on Lite-On Technology Corporation's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- A. Basic requirements and values: Gender, age, nationality, race or ethnicity and culture.
- B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties. The abilities that must be present in the board as a whole are as follows:

- A. Ability to make sound business judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to manage a business.
- D. Ability to handle crisis management.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Leadership ability.
- H. Decision-making ability.

### **Article 3**

The Company's independent directors must possess one of the following qualifications and have five years or more of work experience:

- A. An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university.
- B. A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.
- C. Have work experience in the area of commerce, law, finance, or accounting, or otherwise

necessary for the business of the company.

At least one of the Company's independent directors is required to have accounting or financial expertise. At least one of the independent directors must be domiciled in the Republic of China to be able to promptly fulfill supervisory functions.

A person to whom any of the following circumstances applies may not serve as an independent director, or if already serving in such capacity, shall ipso facto be dismissed:

- A. Any circumstance set out in a subparagraph of Article 30 of the Company Act.
- B. The director is a government agency, juristic person, or representative thereof, and was elected in accordance with Article 27 of the Company Act.
- C. Any violation of the independent director qualification requirements set out in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

#### **Article 4**

Within the scope of execution of business, an independent director of the company shall maintain independence, and may not have any direct or indirect interest relationship with the company. During the two years before being elected or during the term of office, independent directors of Lite-On Technology Corporation may not have been or be any of the following:

- A. An employee of Lite-On Technology Corporation or any of its affiliates.
- B. A director or supervisor of Lite-On Technology Corporation or any of its affiliates.
- C. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of Lite-On Technology Corporation, or ranks among the ten largest natural-person shareholders.
- D. A spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship of the managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- E. A director, supervisor, or employee that directly holds five percent or more of the total number of issued shares of Lite-On Technology Corporation or of a corporate shareholder that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
- F. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
- G. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- H. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with Lite-On Technology Corporation.
- I. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services for the Company or to any affiliate of the company, or an owner, partner, director, supervisor, or

officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting or related services to the company or to any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, this excludes members of the Remuneration Committee who exercise power in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Subparagraph 2 and subparagraphs 5 to 7 of the preceding paragraph and subparagraph 1 of paragraph 4 do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

The requirement of paragraph 1 in relation to "during the two years before being elected" does not apply where an independent director of Lite-On Technology Corporation has served as an independent director of Lite-On Technology Corporation or any of its affiliates, or of a specified company or institution that has a financial or business relationship with Lite-On Technology Corporation, as stated in subparagraph 2 or 8 of paragraph 1, but is currently no longer in that position.

- A. The term "specified company or institution" as used in paragraph 1, subparagraph 8, means a company or institution that has one of the following relationships with the Company: It holds 20 percent or more and no more than 50 percent of the total number of issued shares of Lite-On Technology Corporation.
- B. It holds shares, together with those held by any of its directors, supervisors, and shareholders holding more than 10 percent of the total number of shares, in an aggregate total of 30 percent or more of the total number of issued shares of the Company, and there is a record of financial or business transactions between it and the Company. The shareholdings of any of the aforesaid persons include the shares held by the spouse or any minor child of the person or by the person under others' names.
- C. It and its group companies are the source of 30 percent or more of the operating revenue of the Company.
- D. It and its group companies are the source of 50 percent or more of the total volume or total purchase amount of principal raw materials (those that account for 30 percent or more of total procurement costs, and are indispensable and key raw materials in product manufacturing) or principal products (those accounting for 30 percent or more of total operating revenue) of the Company.

For the purposes of paragraph 1 and 2, the terms "subsidiary" and "group" shall have the meanings as determined under International Financial Reporting Standards 10.

The term "affiliate" in paragraphs 1 and 3 means an affiliated enterprise under Chapter VI-1 of the Company Act, or a company for which consolidated financial reports are required to be prepared under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises or under International Financial Reporting Standard 10.

No independent director may concurrently serve as an independent director of more than three other public companies.

## **Article 5**

The election of directors (including independent directors) of Lite-On Technology Corporation is

subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted, that such system shall be expressly stated in the Articles of Incorporation of the Lite-On Technology Corporation, and that shareholders shall elect directors (including independent directors) from among the those listed in the slate of director candidates.

Where the number of independent directors falls below the minimum specified in the proviso under Article 14-2, Paragraph 1 of the Securities and Exchange Act and fails to satisfy the provisions in the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, a by-election shall be held at the next shareholders' meeting. When the number of independent directors violates the provisions of Article 4 (2) of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, it shall be corrected within three months from the date of the fact. In the event that all the independent directors have been discharged, an extraordinary shareholders' meeting shall be convened to hold a by-election within sixty days from the date of such occurrence.

Lite-On Technology Corporation shall prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of director (including independent director) candidates, the number of directors (including independent directors) to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall be not less than 10 days.

Lite-On Technology Corporation may present a slate of director (including independent director) candidates nominated by the methods set out below, and, upon evaluation by the board of directors that all candidates so nominated are qualified director (including independent director) candidates, submit it to the shareholders' meeting for elections:

- A. A shareholder holding one percent or more of the total number of issued shares may present a slate of director (including independent director) candidates in writing to the Company; the number of nominees may not exceed the number of directors (including independent directors) to be elected.
- B. The board of directors presents a slate of director (including independent director) candidates; the number of nominees may not exceed the number of directors (including independent directors) to be elected.
- C. Otherwise as designated by the competent authority.

When providing a recommended slate of independent director candidates under the preceding paragraph, a shareholder or the board of directors shall specify each nominee's name, educational background, work experience, and submit therewith documentation that the nominees meet the requirements of Article 2, Paragraph 1 and the preceding two articles and other documentary proof.

If independent directors are nominated, the board of directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each director (including independent director) nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director (including independent director) candidates:

- A. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations.
- B. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act.
- C. Where the number of nominees exceeds the number of directors (including independent directors) to be elected.
- D. Where the relevant documentary proof required under the preceding paragraph is not attached.

If an independent director candidate included by the Company under the provisions of the preceding paragraph has already served as an independent director of the Company for three consecutive terms or more, Lite-On Technology Corporation shall publicly disclose, together with the slate of candidates under the preceding paragraph, the reasons why the candidate is nominated again for the independent directorship, and present the aforementioned reasons to the shareholders at the time of the election at the shareholders' meeting.

The Company shall announce the slate of director (including independent director) candidates and their education and experience as well as the number of shares held by each candidate at least 40 days prior to the upcoming shareholders' meeting or 25 days prior to the upcoming extraordinary shareholders' meeting.

A spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors on the board.

#### **Article 6**

Independent and non-independent directors shall be elected at the same time, but the numbers of independent or non-independent directors to be elected shall be calculated separately. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed an independent or non-independent director elect. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

If the outcome shows that none of the independent directors candidates with the highest numbers of votes has accounting or financial expertise, those candidates with accounting or financial expertise shall have their votes counted separately and one seat shall be awarded to the candidate with the highest number of votes. The remaining positions shall be filled as described in the preceding paragraph.

If an independent director elected at a shareholders' meeting is required to be dismissed ipso facto during the term of office for reason of a violation of Article 3 or 4 herein, it is prohibited to change the status of the person from independent director to non-independent director. A non-independent director elected at a shareholders' meeting likewise may not be arbitrarily changed from a non-independent director to an independent director during the term of office.

#### **Article 7**

All shareholders listed in Lite-On Technology Corporation's shareholder register have the right to vote.

#### **Article 8**

The ballots will be prepared by the board of directors and numbered by shareholder account number. The number of votes will also be printed on the ballot of each shareholder.

## **Article 9**

When an election begins, the chair of the shareholders' meeting shall announce the election and assign several ballot monitors and tellers to perform respective tasks.

## **Article 10**

Voters shall write a candidate's name in the space marked "Candidate" on their ballots, and specify their shareholder account number, ID number, or unified business number. If a candidate is an institutional shareholder, the name of the institution and that of its representative shall be provided as well as institutional shareholder account number or unified business number.

## **Article 11**

A ballot is invalid under any of the following circumstances:

- A. The ballot was not prepared by the Company.
- B. A blank ballot is placed in the ballot box.
- C. The writing is unclear and indecipherable or has been altered.
- D. The candidate's account name (title or name) or shareholder account number (ID number/UBN) is not provided.
- E. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or ID number/UBN is provided in the ballot to identify such individual.
- F. Two or more candidates are named on the same ballot.
- G. Other words or marks are entered in addition to the candidate's account name (title or name) or shareholder account number (ID number/UBN) and the number of voting rights allotted.
- H. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and ID number/UBN do not match.
- I. Any other violation of laws and regulations, the Articles of Incorporation, and related rules.

## **Article 12**

The ballot box shall be prepared by the board of directors and inspected by the monitors before ballots are cast.

## **Article 13**

Voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors (including independent directors) and the

numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitors and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Article 14**

The board of directors shall issue notifications to the persons elected as directors, and have the director elects sign their consent to appointment.

#### **Article 15**

Matters not provided herein shall be subject to the provisions of the Company Act and other applicable laws and regulations.

#### **Article 16**

These Rules shall come into effect upon approval of the shareholders' meeting. The same applies to all subsequent amendments.

#### **Article 17**

The rules were established on March 13, 1989.

The first amendment was made on May 19, 1998.

The second amendment was made on May 21, 2002.

The third amendment was made on June 21, 2007.

The fourth amendment was made on June 19, 2012.

The fifth amendment was made on June 19, 2013.

The sixth amendment was made on June 24, 2015.

The seventh amendment was made on June 24, 2016.

The eighth amendment was made on June 22, 2018.

The 9th amendment was on June 21, 2019.

The 10th amendment was on June 15, 2020.