

LITE-ON Technology Corporation Compensation Committee Organizational Rules

The fourth amendment was made on April 29, 2020

Article 1 Purpose of these Organizational Rules

To establish robust compensation management for the Board of Directors of LITE-ON Technology Corporation ("the Company"), the Company's compensation committee ("the Committee") was established in accordance with Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. The purpose of the establishment of the Committee is as follows:

- I. Review of the Company's compensation policy and plans.
- II. Review of the Company's evaluations and compensation management of Board members (including legal entities, natural person Directors, and independent Directors) and managerial officers.
- III. Evaluate the plans for long-term incentives (including buy-back of company stock for transfer to employees) and compensation of the Company's employees.

Article 2 Applicable Scope

Except as otherwise provided by laws and regulations or by the Articles of Incorporation, matters relating to the official powers of the Committee shall be handled in accordance with these Organizational Rules.

Article 3 Disclosure for Public Reference

The Company shall upload the content of these Organizational Rules onto the Company website and the Market Observation Post System (MOPS) for public reference.

Article 4 Committee Organization

The Committee must at minimum consist of 3 members appointed by the Board of Directors in accordance with the law; the members of the Committee must elect an Independent Director to act as convener and chairperson.

The term of office for members in the Committee are the same as that of the Board of Directors; at the end of the term, the Board of Directors may re-appoint the Committee members for another term.

When a member of the Committee is dismissed for any reason, so that the total number of members becomes less than three, a Board of Directors meeting must be convened within 3 months from the date of occurrence to appoint a replacement.

The Company shall announce any appointment or change of Committee members

within two days by posting relevant information onto the reporting website designated by the competent authorities.

Article 5 Scope of Authority

Committee members must exercise the care of a prudent manager to fulfill the following duties, and offer recommendations to the Board of Directors for discussion:

- I. The Committee shall regularly review the Company's compensation policies and plans in order to attract, encourage, and retain the professional talent required by the Company.
- II. Establish and regularly review the performance evaluation standards, performance targets, and the policies, system, standards, and structure of remuneration for the Company's Directors and managerial officers.
- III. Periodically assess the degree to which performance goals for the Directors and managerial officers of the Company have been achieved, and set the types and amounts of their individual remuneration.
- IV. Periodically review these Organizational Rules and make recommendations for amendments.

Article 6 Performance of Duties

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- I. The performance evaluations and compensation of Directors and managerial officers should comply with related laws and regulations and reference the common standards of industry peers, as well as consider the fairness of links between individual performance, the Company's operational performance, and future risks.
- II. There shall be no incentive for Directors or managerial officers to pursue remuneration by engaging in activities that exceed the risk appetite of the Company.
- III. For Directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable remuneration shall be decided with regard to the characteristics of the industry and nature of the Company's business.
- IV. Discussion of the remuneration of the Committee's members shall be conducted and explained in a meeting; in circumstances that may cause harm to the interests of the Company, the member may not participate and must recuse himself or herself from discussion and voting, and may not represent or exercise the right to vote for other members of the Committee.

The remuneration referred to in these articles, including cash compensations, share options, dividends, retirement benefits, termination benefits, various stipends, and other measures with substantial incentives must be consistent in scope with the items recorded in the Company's annual report.

Where remunerations of the Directors and managerial officers of the Company's subsidiaries are subject to the subsidiary's approval and resolution by the Company's Board of Directors, the subsidiary's remuneration proposals shall first be recommended by the Committee before they are presented to the Board of Directors.

If the Board does not accept or amends the recommendations of the Committee, it shall require a vote at a meeting attended by over two-third of the Directors, and more than half of Directors in attendance must approve. An explanation shall be provided in the resolution based on the aforementioned overall considerations and specifics and whether the remuneration passed in the resolution is superior to the recommendations of the Committee.

If the remuneration passed in the Board of Directors meeting is superior to the recommendations of the Committee, the differences and causes shall be recorded in the meeting minutes of the Board of Directors and published on an information reporting website designated by the competent authority within two days of the meeting.

Article 7 Convening of Meetings

The Committee must at minimum convene two meetings annually. When convening a meeting, the members of the Committee must receive a notice seven days in advance detailing the purpose of the meeting. In emergency circumstances, however, the meeting may be called on shorter notice. The Committee's meeting agenda shall be drafted by the convener. Other members may also put forward proposals for discussion by the Committee. The meeting agenda shall be provided to members of the Committee in advance. If the convener is unable to host a meeting due to a leave of absence or other reasons, another Independent Director within the Committee may be appointed to act on his or her behalf. If no other Independent Director is available within the Committee, the convener shall appoint another committee member to act on his or her behalf. If the convener does not make such an appointment, a member of the Committee shall be elected by and from among the other members on the Committee to serve as convener. The Committee may request the Directors, managers of relevant departments, internal audit officers, certified public accountants, attorneys, or other personnel of the Company to attend the meeting as non-voting participants and provide pertinent and necessary information. However, they shall leave the meeting when deliberation or voting takes place.

Article 8 Rules of Procedure

When the Committee convenes meetings, the Company shall make available an attendance book for attending members to sign and also for reference.

Members of the Committee shall attend meetings in person; if attendance is not possible, they may appoint another member as a proxy. However, each proxy may serve as proxy to one other member only. A Committee member appointing another member to attend a meeting as its proxy shall issue a letter of authorization for each such appointment setting out the authorization in regard to matters for which the meeting is convened. Attendance by videoconference will be deemed attendance in person.

Resolutions at meetings of the Committee shall be adopted with the consent of one half or more of the entire membership. An agenda is considered passed if the chairperson receives no objections from any attendants. The matter will be deemed approved with the same effect as approval by vote. The result of a vote shall be announced immediately and recorded in writing.

Article 9 Meeting Minutes

Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:

- I. The session, time, and place of the meeting.
- II. The name of the chairperson.
- III. Attendance record of members at the meeting, including the names and number of members present, on leave, and absent.
- IV. The names and titles of those attending the meeting as non-voting participants.
- V. The name of the minute taker.
- VI. The matters reported at the meeting.
- VII. Agenda items: The resolution methods and results of all cases, the names and details based on matters involving the personal compensation of members as per Article 6, instances of recusal, and the opposition or reserved judgment of members.
- VIII. Special Motions: The name of the person submitting the motion, the resolution method and result of the motion, a summary of statements by members, experts, and other individuals, the names and details based on matters involving the personal compensation of members as per Article 6, instances of recusal, and the opposition or reserved judgment of members.
- IX. Other details required to be recorded in the meeting minutes.

Any objections or qualified opinions expressed by members of the Committee against resolutions, whether on record or in writing, must be detailed in meeting minutes and published onto the website specified by the competent authority within two days after the occurrence.

The attendance book of the Committee shall be regarded as part of the meeting minutes. Minutes of the proceedings must be signed or sealed by the chairperson and the minute taker of the meeting, and copies thereof shall be distributed to all Committee members within 20 days after the meeting. The minutes shall also be submitted to the Board and be deemed important files of the Company to be retained for five years.

If any litigation arises with respect to a specific Committee resolution before expiration of the above-mentioned period, all relevant records must be retained until the litigation is concluded. The meeting minutes of Paragraph 1 may be produced and distributed in electronic form. The video and audio data of members in attendance via videoconference will be deemed as part of the meeting minutes.

Article 10 The Committee may, according to its resolutions, engage attorneys, accountants, or other professionals to provide audit or consulting services on relevant matters regarding the exercise of power. All related costs shall be borne by the Company.

Article 11 The Committee may authorize the convener or other members of the Committee to execute its resolutions. The executor shall provide written reports to the Committee over the course of execution and provide briefing on the current progress and when necessary, seek ratification for the decisions made in the subsequent Committee meeting.

Article 12 The Committee conducts performance evaluations for members once a year. The process and procedures shall be conducted in accordance with the Rules for Evaluating Board of Directors and Functional Committee Performance.

Article 13 These Organizational Rules are established based on laws and regulations, and shall come into effect by resolution of the Board of Directors. The same applies to all subsequent amendments.

Article 14 These Organizational Rules were established on April 28, 2009.

The first amendment was on October 26, 2010.

The second amendment was on August 26, 2011.

The third amendment was on July 14, 2017.

The fourth amendment was on April 29, 2020.