

Lite-On Technology Corporation

Rules for Evaluating Board of Directors and Functional Committee Performance

The third amendment was made on July 30, 2020.

Article 1 (Purpose and Basis)

These Rules have been established pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Article 37 of Lite-On Technology Corporation Corporate Governance Best Practice Principles for the purpose of implementing effective corporate governance and enhancing the role of Lite-On Technology Corporation's board of directors.

Article 2 (Cycle and Period of Evaluation)

Lite-On Technology Corporation's board of directors shall conduct an internal board performance evaluation every year according to the evaluation procedures and the evaluation indexes in Articles 5 and 7.

The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year.

Article 3 (Scope and Method of Evaluation)

The Company's board evaluation scope may cover the evaluation of the board as a whole, individual directors and functional committees. Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Article 4 (Unit Conducting Evaluations)

Evaluation of the performance of Lite-On Technology Corporation's board of directors and functional committees are administered by responsible procedural units.

By resolutions passed by the board of directors, Lite-On Technology Corporation hires an independent external agency or a team of experts/scholars to perform evaluations. The chairperson of the company is authorized to approve matters related to these external evaluation units, schedules, and methods. Internal performance evaluation may be waived where an external party has been hired to conduct performance evaluation for the current year.

Article 5 (Procedure of Evaluation)

Evaluation of the performance of Lite-On Technology Corporation's board of directors and functional committees are administered according to the following procedures.

A. The units to be evaluated and the scope and the period of evaluation will be confirmed in

the fourth quarter of the evaluation year. The methods will also be confirmed accordingly.

- B. When conducting internal performance evaluation, the unit conducting evaluations shall collect information on the board of directors, individual directors, and functional committee activities, and distribute the "Board Performance Evaluation Self-evaluation Questionnaire" (Form 1), "Director Performance Evaluation Self-evaluation Questionnaire" (Form 2), "Audit Committee Performance Evaluation Self-evaluation Questionnaire" (Form 3), "Remuneration Committee Performance Evaluation Self-evaluation Questionnaire" (Form 4), "Growth Strategy Committee Performance Evaluation Self-evaluation Questionnaire" (Form 5) and "Corporate Sustainability Committee Performance Evaluation Self-evaluation Questionnaire" (Form 6). The self-evaluation questionnaires, when completed, will be collected and summarized by the unit conducting evaluations and scored in accordance with the evaluation indexes in Article 7. The evaluation results will be recorded in a report and then presented to the first quarter board meeting for discussion and improvement in the following year.
- C. Regarding functional committee performance evaluation, the results shall be presented as described above to respective functional committees.

Article 6 (External Professional Agencies and Experts)

Where Lite-On Technology Corporation arranges for an external evaluation agency or a team of experts/scholars to conduct board and functional committee performance evaluation, the process shall be consistent with the following guidelines:

- A. The external evaluation institution or panel of external experts and scholars shall be professional and independent.
- B. The external evaluation institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises.
- C. The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

Article 7 (Indexes and Scoring Criteria)

The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors and functional committees, which should cover, at a minimum, the following five aspects:

- A. Participation in the operation of the company.
- B. Improvement of the quality of the board of directors' decision making.
- C. Composition and structure of the board of directors.
- D. Election and continuing education of the directors.
- E. Internal control.

The criteria for evaluating the performance of board members should cover, at a minimum, the following six aspects:

- A. Familiarity with the goals and missions of the company.
- B. Awareness of the duties of a director.
- C. Participation in the operation of the company.
- D. Management of internal relationship and communication.
- E. The director's professionalism and continuing education.
- F. Internal control.

The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects:

- A. Participation in the operation of the company;
- B. Awareness of the duties of the functional committee;
- C. Improvement of quality of decisions made by the functional committee;
- D. Makeup of the functional committee and election of its members and
- E. Internal control.

The indexes of board performance evaluation shall be determined based on the operation and needs of the Company and suitable and appropriate for evaluations by the company, subject to regular reviews and constructive comments of the compensation committee.

Scoring criteria may be modified and adjusted based on the company's needs. The weighted scoring method may be adopted based on the aspects of evaluation.

Article 8 (Use of assessment results)

When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance.

Article 9 (Information Disclosure)

The Company disclose in its annual report about how the board performance evaluation has been conducted each year, with the content includes at least the evaluation cycle, evaluation period, evaluation scope, evaluation method and content.

In cases where an external institution or experts are appointed to conduct evaluations of board performance, the Company, in the annual report, discloses the external evaluation institution, the expert and its team members and professional descriptions, as well as the independence statement of an external evaluation agency or expert and describes the evaluation methods, standards and future improvement recommendations.

The performance evaluation rules established by the Company shall be fully disclosed on the Market Observation Post System (MOPS) and the Company's website at all times, to be made available for consultation.

Article 10 (Implementation)

These Rules shall come into effect by resolution of the board of directors. The same applies to all subsequent amendments.

The Rules were established on July 14, 2017.

The first amendment was made on February 26, 2019

The second amendment was made on November 04, 2019

The third amendment was made on July 30, 2020.