



91%
Customer satisfaction of 91%



Established the “Nomination Committee” directly reporting to the Board of Directors



Set up succession plans for board members and important management



ISO 27001
Information Security Management Systems Certification



From traditional QCDS supply chain management to QCDS-MIT with ESG sustainable supply chain management

Corporate Governance

2

Innovation, Integrity, Customer Satisfaction, Excellence in Execution

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.



Actions and Results

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) to all stakeholders.

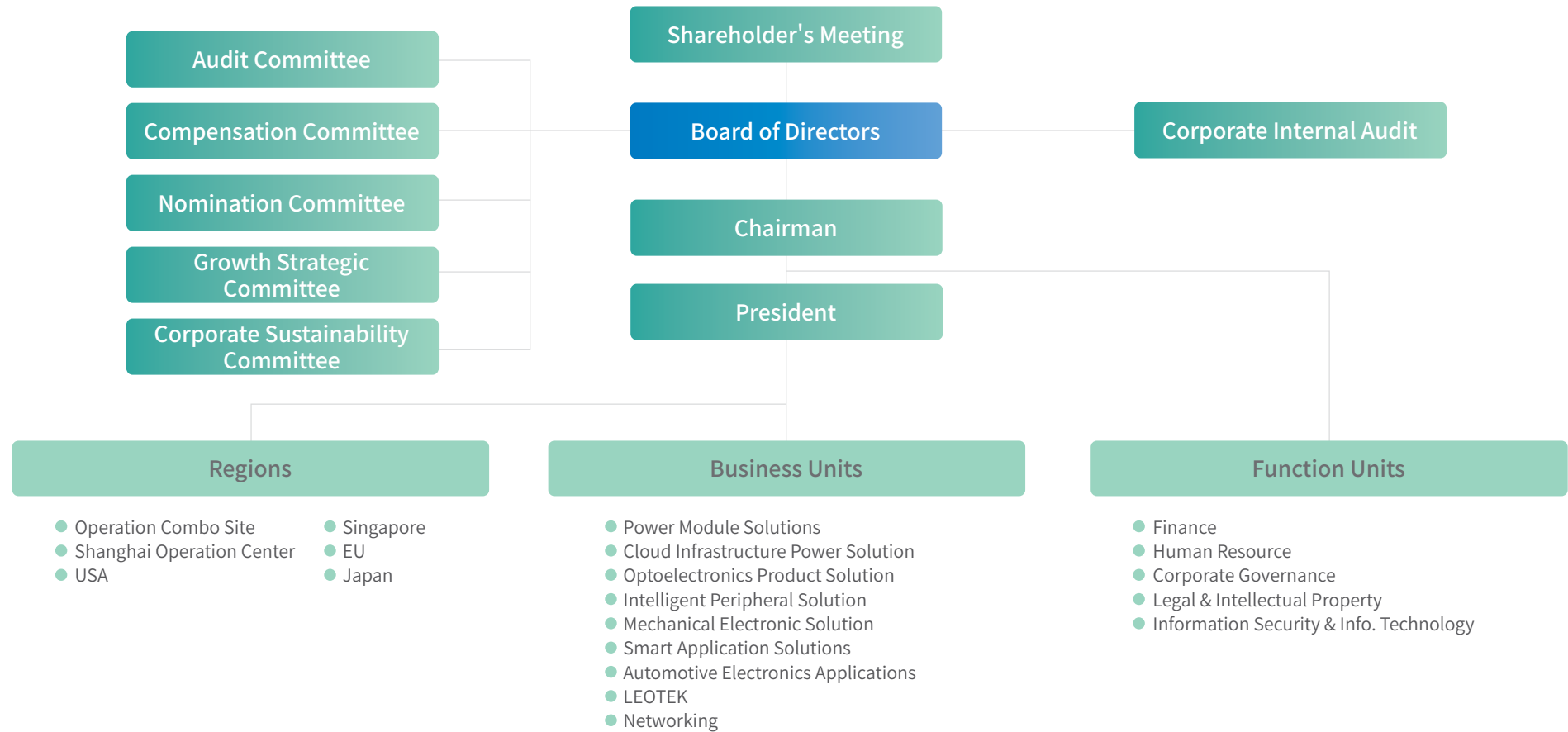
2020 Targets	Actions	Results
Maintain top performance in Corporate Governance Evaluation (Top 5% TWSE-listed companies)	<ol style="list-style-type: none"> 1. Establish the Risk Management Policy and Procedures to install mechanisms that ensure early identification, precise measurement, effective monitoring, and strict control in risk management to protect the interests of employees, shareholders, partners, and customers. Optimize resource allocation at the same time to create more value for the company. 2. Set up succession plans for board members and important management, and disclose the progress (including training for directors, managers, and employees in detail) of the plans on the company website. 3. 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 independent assessment of independent directors. The Nomination Committee establishes and reviews regularly continuing training programs for director and succession plans of directors and executive officers. 4. A report on the ethical corporate management and risk management plans and performance was arranged to be presented to the board of directors on October 30, 2020, as part of the effective implementation of the Ethical Management Policy. 5. The chairperson of the Audit Committee delivered an annual risk management plan and report to the board of directors on December 16, 2020. 	TWSE Corporate Governance Evaluation <ul style="list-style-type: none"> · Top 5% in the fourth year · Top 5% in the fifth year · Top 5% in the sixth year · Top 6%-20% for the seventh year
All factories received Product Liability Insurance AAA Certification	Nil LITEON did not obtain any new factory certification in 2020 due to COVID-19.	A total of 20 factories received Product Liability Insurance AAA Certification
95% of indirect employees in LITEON Taiwan complete the corporate governance (refresher) courses	<ol style="list-style-type: none"> 1. Awareness campaigns: LITEON continues to advertise these courses during the campaigns, and tries to raise the participation rate by prompting employees and departments that have not completed the courses. 2. Multiple channels: To make it easier for employees to take online courses, LITEON offers courses through the mobile app. Courses are available via multiple channels (offline, online, and mobile app). 	96.6%

Note: 4 compliance courses: Material Insider Information Procedures, Anti-trust and Compliance Guidelines (basic and advanced), and Human Rights Policy and Ethical Corporate Management Best Practice Principles.
2 InfoSec courses: InfoSec awareness campaigns and information asset gathering.

Future goals

Target	Target year
Maintain top performance in Corporate Governance Evaluation (Top 5% TWSE-listed companies)	Continued
Increase the completion rate of refresher training on corporate governance course for indirect workers in Taiwan	96% in 2021

2.2 Organization Structure of Corporate Governance



Change in organizational structure in 2020

- Establishment of the operation combo site
 There is a need to continuously increase production capacity and strengthen supply chain management in order to be able to respond to drastic changes in the global economic and trade environment and achieve customer satisfaction. LITEON combines internal and external 4M1E (man, material, machine, method, and environment), and constructs an integrated coordination system and smart operations center.
- Restructuring of business units
 - The business units were restructured in order to achieve the company's strategic goals, meet the demands of the organization's mission, ensure teams are coordinated and cooperating to generate synergy out of the organization's resources:
 - "Power Conversion " was divided into "Power Module Solutions" and "Cloud Infrastructure Power Solution".
 - "Mechanical Competence" was divided into "Intelligent Peripheral Solution" and "Mechanical Electronic Solution".
 - "Smart Life and Applications" was merged with "Storage" and then divided into "Smart Application Solutions", "LEOTEK", and "Networking".
- 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.

2.2.1 Board of Directors and Functional Committees

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

2.2.1.1 Board of Directors

1. The company's directors (including independent directors) are elected according to the "Director Election Policy", 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](#) or can also be accessed by scanning this QR code.



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 0 director serving as the company's manager). 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. 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. The current board of directors consists of nine members. All directors are elected by the shareholders. Board composition and their core competencies, education and experience, professional fields and related backgrounds are sufficiently diverse as follows:

Director	Diversification		Composition						Diversity status							Core competency									
	Nationality	Gender	Age			Year(s) as independent director			Business judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision making	Risk management	Finance	Business	Investment	Information	Communication	Operation management	Sustainability management	
			40 to 50	61 to 70	71 to 80	Under 3 years	3 to 9 years	Over 9 years																	
Director	Tom Soong ^{Note}	R.O.C.	Male	V					V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	
	Raymond Soong ^{Note}	R.O.C.	Male			V			V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	
	Warren Chen ^{Note}	R.O.C.	Male			V			V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	
	Keh-Shew Lu, Representative of Ta-Sung Investment Co., Ltd.	R.O.C.	Male			V			V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V
	C.H. Chen, Representative of Ta-Sung Investment Co., Ltd.	R.O.C.	Male			V			V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V
Independent Director	Harvey Chang	R.O.C.	Male	V				V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	
	Edward Yang	U.S.A.	Male			V			V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	
	Albert Hsueh	R.O.C.	Male	V				V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	
	Mike Yang	R.O.C.	Male	V			V		V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	

Note: Raymond Soong and Warren Chen resigned as chairman and vice chairman on July 30, 2020. The board of directors subsequently elected Tom Soong to chairman.

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 (<https://www.liteon.com/en-us/investor/financialreports/9>).

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 (2020 annual report, p.63).



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

1. 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 met 6 times in 2020. 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 12 major key events were reported to the board of directors in 2020. Details can be found in the company's annual report (2020 annual report p.61). Important board resolutions can be found on the company's website (<https://www.liteon.com/en-us/investor/640>).



2. 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 (2020 annual report, p.28).

2.2.1.2 Committee Composition and Operation

Audit Committee	Compensation Committee	Nomination Committee	Growth Strategic Committee	Corporate Sustainability Committee
<p>Chairperson: Albert Hsueh, independent director</p> <p>Member: Harvey Chang, independent director Edward Yang, independent director Mike Yang, independent director</p>	<p>Chairperson: Harvey Chang, independent director</p> <p>Member: Edward Yang, independent director Albert Hsueh, independent director Mike Yang, independent director</p>	<p>Chairperson: Mike Yang, independent director</p> <p>Member: Albert Hsueh, independent director Harvey Chang, independent director Edward Yang, independent director</p>	<p>Chairperson: Edward Yang, independent director</p> <p>Member: Tom Soong, chairman Warren Chen, director Keh-Shew Lu, director Harvey Chang, independent director Albert Hsueh, independent director Mike Yang, independent director</p>	<p>Chairperson: Tom Soong, chairman</p> <p>Member: Edward Yang, independent director Harvey Chang, independent director Albert Hsueh, independent director Mike Yang, independent director</p>

Committee ^(Note)	Number of meetings held		
	Number according to the charter	Actual number in 2020	Attendance (in person and by proxy)
Audit Committee	4	5	100%
Growth Strategy Committee	2	2	100%
Compensation Committee	2	6	100%
Corporate Sustainability Committee	2	2	91%

Note: The Nomination Committee was established in February 2021.

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>

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 2020. The results were presented to the board of directors in Q1 2021 and published on the company's website (<https://www.liteon.com/en-us/investor/677>).

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