



AUO Corporation

Methods to Evaluate Performance of the Board of Directors

Article 1 (Purpose and Basis of Establishment)

These Methods are established in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in order to put corporate governance into practice, upgrade the functions of the board of directors of the Company and establish performance targets to reinforce operating efficiency of the board of directors.

Article 2 (Compliance Regulations)

The main assessment cycle, assessment period, assessment scope and manner, assessment execution unit, assessment procedure and other matters of compliance in relation to the performance assessment of the board of directors of the Company shall be governed by these Methods.

The procedures for each functional committee may be included in the scope of internal committee performance assessment to be conducted at least once a year.

Article 3 (Assessment Cycle and Period)

The board of directors of the Company shall conduct internal board of directors performance assessment in accordance with the assessment procedure and assessment benchmarks provided in these Methods every year.

The performance of the board of directors of the Company shall be assessed by an external professional and independent institution or a team of external experts and scholars at least once every 3 years.

The results of internal and external board of directors performance assessments shall be completed before the end of the first quarter of the following year.

Article 4 (Assessment Scope and Manner)

The scope of assessment of the board of directors of the Company includes performance assessment of the overall board of directors, individual board members and functional committees.

The manner of assessment may include internal self-assessment by the board of directors, self-assessment by members of the board of directors, peer assessment, assessment by external professional institutions and experts and other proper manners.

Article 5 (Assessment Execution Unit)

The execution unit for internal assessment of the performance of the board of directors of the Company shall have a clear understanding of the operating status of the assessed unit and shall play a fair, objective and independent role.

The execution unit for the assessment of functional committees may be adjusted based

on the department organization of the Company and the assessment may be performed by different execution units, due to the difference in the operating situation of each functional committee. Such execution unit shall be fair, objective and shall be a person or unit without any direct interest in the operation of the assessed unit. If the Company has a corporate governance committee or nomination committee composed of independent directors, it is advisable for such committee to be the execution unit of such assessment.

Article 6 (Assessment Procedure)

The assessment procedure for the performance of the board of directors of the Company is as follows:

1. Confirm the assessed unit, assessment period and scope for the current year (such as overall board of directors, individual board members, each functional committee, etc.)
2. Confirm the assessment manner (such as internal self-assessment by the board of directors, self-assessment (own assessment or peer assessment) by board members, peer assessment, assessment by external professional institution or expert, etc.)
3. Selection of proper assessment execution unit.
4. Each assessment unit will collect information related to the activities of the board of directors and issue relevant self-assessment questionnaires to be completed. After all information is collected by the consolidating execution unit or the secretariat of the board of directors, a report shall be prepared showing assessment results based on the scoring standards from assessment benchmarks under these Methods and submitted to the board of directors for review and improvement.

Article 7 (External Professional Institution and Expert)

The external assessment institution or the team of external experts and scholars arranged by the Company to perform board of directors performance assessment shall comply with the following:

1. External assessment institution or team of experts and scholars shall be professional and independent.
2. External assessment institutions shall be mainly institutions or management consulting companies providing relevant services such as educational training programs for board of directors and corporate governance improvement services.
3. A team of external experts and scholars shall hire at least 3 experts or scholars in the domain of board or corporate governance to assess the execution status of the performance assessment of the board of directors of the Company and to prepare an external assessment analysis report.



Article 8 (Assessment Benchmark and Scoring Standards)

The Company shall establish a board of directors' performance assessment evaluation items in consideration of the Company's situation and needs, which shall include at least the following 5 aspects:

1. Level of participation in the operation of the Company.
2. Improvement of the quality of board decisions.
3. Composition and structure of the board of directors.
4. Selection and continued learning of directors.
5. Internal control.

Evaluation items for (self or peer) performance assessment of the board members shall include at least the following 6 aspects:

1. Understanding of the Company's objectives and missions.
2. Awareness of directors' duties.
3. Level of participation in the operations of the Company.
4. Internal relationship operations and communications.
5. Directors' professionalism and continued learning.
6. Internal control.

Evaluation items for the performance assessment of functional committees shall include at least the following 5 aspects:

1. Level of participation in the operations of the Company.
2. Awareness of the duties of functional committees.
3. Improvement of the quality of decisions by the functional committees.
4. Composition of functional committees and selection of members.
5. Internal control.

Benchmarks of board of directors' performance assessment shall be consistent with the operations and needs of the Company and shall be fit as contents for the Company's execution of performance assessment. Such benchmarks shall be reviewed and suggestions shall be proposed regularly.

Scoring standards shall be adjusted and amended in accordance with the Company's needs. Scoring may also be weighted based on various evaluation aspects.

Article 9 (Utilization of Assessment Results)

The results of the performance assessment on the board of directors of the Company shall be used as reference for selection or nomination of directors. The board performance assessment results will also be used as reference in the determination of salary remuneration.

Article 10 (Annual Report Information Disclosure)

It is advisable for the Company to disclose in its annual report whether it has established board of directors' performance assessment methods and to disclose the

execution status of the annual board of directors' performance assessment, with an explanation about the manner of assessment.

If the Company's board of directors performance assessment is performed by an external institution or expert, the name of the external assessment institution or expert and a statement about the expert's expertise shall be disclosed in the annual report. It shall also be stated as to whether or not such external institution or expert has business dealings with the Company and whether or not they are independent.

Article 11 (Manner of Disclosure)

The performance assessment methods established by the Company shall be fully disclosed in the Market Observation Post System and the website of the Company for consultation.

Article 12 (Implementation)

These Methods are implemented following discussions and approval by the board of directors. The same shall be applicable in case of amendment.

These Methods were established on 25 January 2017. The first amendment was made on 29 October 2019.