



AUO Corporation

Handling Procedures for Providing Endorsements and Guarantees for Third Parties (the “Handling Procedures”)

Article 1 Purpose

In order to provide specific operating rules in respect of the endorsements and guarantees to be provided by the Company, the Handling Procedures are enacted in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (the “Regulations”) promulgated by the Financial Supervisory Commission the Executive Yuan of the Republic of China (“FSC”).

Article 2 The Party for Whom the Endorsement/Guarantee to be Provided by the Company

- (1) The Company may only provide endorsement or guarantee for its subsidiaries in which the Company directly or indirectly holds more than 50% of such subsidiaries’ total outstanding voting shares.
- (2) Notwithstanding the above, the Company may provide mutual guarantee for another company which is in the same industry to meet the construction contract needs, or for joint builders for purposes of undertaking a construction project, or provide guarantee for the company which is invested by the Company jointly with others where all capital contributing shareholders are required to provide guarantees for the invested company in proportion to their shareholding percentages. Capital contribution shall mean capital contribution directly made by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 3 Scope of Application

The endorsements and/or guarantees to be provided by the Company in accordance with this Handling Procedures include the following:

- (1) Endorsements/guarantees for financing purpose, including:
 - (i) Discounted bill financing;
 - (ii) Endorsement or guarantee provided to other company for financing purpose; and
 - (iii) Issuing negotiable instruments to the non-financial institution, as collateral, for the Company’s financing purpose.
- (2) Custom Duty Endorsement and/or Guarantee shall mean an endorsement or guarantee provided by the Company for itself or other



companies in respect of the customs duties.

- (3) Other endorsements and/or guarantees shall mean the endorsements or guarantees other than those categorized as item (1) or item (2) above.
- (4) A pledge or mortgage created over the chattel or real property provided by the Company, as collateral for the loans borrowed by other companies.

Article 4 The amount of an Endorsement/Guarantee

The limit on the aggregate amount of endorsements and/or guarantees (“aggregate limit”) and the limit on the amount of endorsements and/or guarantees provided for any individual (“individual limit”) are as follows:

- (1) The aggregate limit that the Company is permitted to provide endorsement/ guarantees and the aggregate limit that the Company and its subsidiaries as a whole are permitted to provide endorsement/guarantees shall not exceed the Company’s net worth as shown in the Company’s latest financial statements; and
- (2) The individual limit that the Company is permitted to provide endorsement/ guarantees for any single entity and the individual limit that the Company and its subsidiaries as a whole are permitted to provide endorsement/ guarantees for any single entity shall not exceed 50% of the Company’s net worth as shown in the Company’s latest financial statements.
- (3) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/ guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the Company’s net worth, provided that this restriction shall not apply to endorsements/ guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 5 Handling Procedures

- (1) To handle application for providing or terminating endorsements and/or guarantees, the finance department shall evaluate such application and fill in the relevant application form with name of the company which will provide such endorsement or guarantee (“issuer”), name of the subsidiary for which the issuer will provide such endorsement or guarantee, type of endorsement or guarantee, reason and amount of the endorsement and/or guarantee and shall handle such application in accordance with Article 6 and Article 8 hereof.

- (2) The finance department shall prepare and keep a book with respect to the endorsements and/or guarantees provided by the Company to record the subject of the endorsement or guarantee, name of the subsidiary for which the Company will provide endorsement/guarantee, amount of the endorsement/ guarantee, result of the risk evaluation, content of the collateral, approval date of the Board of Directors or the Chairman, date of endorsement or guarantee and date and condition for the Company to discharge its obligation from the relevant endorsement or guarantee.
- (3) The finance department shall prepare and submit the relevant reports regarding endorsement/guarantee to the Board of Directors for recordation.

Article 6 The Procedures for Reviewing and Approving Endorsements or Guarantees
Prior to providing endorsement or guarantee, the Company shall request the subsidiary ("applicant") which applies for endorsement or guarantee to provide the Company with the certificate of company registrations, ID certificate of its responsible person, and necessary financial information for the Company to conduct evaluation of the following:

- (1) Evaluate the financial and business conditions of the applicant and the necessity and reasonableness of providing such endorsement and/or guarantee;
- (2) Conduct credit checking based on the information and material provided by the applicant and evaluate the risks of providing such endorsement and/or guarantee;
- (3) Check whether the aggregate amount of endorsements and/or guarantees exceed the aggregate limit or not and evaluate the impact on the Company's operation risk, financial conditions and the shareholders equity caused by such endorsement or guarantee; and
- (4) Considering to what extent the Company will be able to accept the risk associated with such endorsement or guarantee and evaluate whether it is necessary for the Company to require collateral or not.
- (5) If the applicant is the Company's subsidiary with net worth less than half of its paid in capital, the Company shall periodically review such endorsement or guarantee in accordance with this article and report the review results to the Audit Committee. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the sum of the share capital plus paid-in capital in excess of par shall be substituted for the paid-in capital in the calculation.



Article 7 The Procedures for Supervising Endorsement or Guarantee Provided by Subsidiaries

- (1) If the Company's subsidiary intends to provide endorsement or guarantee for other companies, the subsidiary shall adopt its own handling procedures for endorsements and guarantees" in accordance with the "Regulations" after consultation with the Company. Subsidiary's Handling Procedures shall be approved by the subsidiary's Audit Committee and/or Board of Directors and/or the shareholders' meeting. The same shall apply to amendments to such Handling Procedures.
- (2) The Company shall supervise its subsidiaries to check whether the subsidiary's own handling procedures for endorsements and guarantees" are in compliance with the relevant law and regulations or not and whether the subsidiary acquires and disposes the assets in accordance with such subsidiary's own handling procedures for endorsements and guarantees for third parties.
- (3) The Company's internal auditing personnel shall review and check the examination reports produced by each subsidiary.

Article 8 The Procedures for the Using and Safekeeping of Corporate Chop

The Company shall use the corporate chop (the "Chop") registered with the Ministry of Economic Affairs ("MOEA") as the chop to be used for providing endorsement and/or guarantee. The Chop shall be kept in custody by the person authorized by the Board of Directors and may only be affixed or used on the relevant documents or to issue negotiable instruments in accordance with the Company's Rules Governing Use of the Corporate Chop. If the Company wishes to provide guarantees for a foreign company, the subject letter of guaranty shall be signed by the person authorized by the Board of Directors.

Article 9 The Management Level Responsible for Decision-Making and Authorization

- (1) Providing endorsements and/or guarantees by the Company shall be subject to the resolution adopted by the Board of Directors, except that the endorsement or guarantee the amount of which is less than NT\$100,000,000 may be decided by the Chairman of the Board of Directors but such shall be submitted to the next meeting of the Board of Directors for ratification.
- (2) Before the subsidiaries in which more than 90% outstanding voting shares are directly or indirectly held by the Company provide endorsement or guarantee among others in accordance with Article 2,



it shall be reported and approved by the Board of Directors of the Company ("Requirement"). The endorsements/guarantees provided by and among subsidiaries, 100% outstanding voting shares directly or indirectly held by the Company, is free of the preceding restriction of the Requirement.

- (3) If the company for which the Company provides endorsement/guarantee is no longer the permitted subsidiary or the Company's outstanding amount of endorsement or guarantee exceeds the limits provided for in the Handling Procedures due to change of the circumstances, the Company shall submit the improvement plan to the Audit Committee and execute the plan on schedule.
- (4) If the relevant endorsement/guarantee transaction is required to be submitted to the board of directors for discussion, such transaction shall be approved by a majority of all members of the Audit Committee and further submitted to the board of directors for resolution. If such transaction is not approved by a majority of all members of the Audit Committee, alternatively, such may be approved by two-thirds of all directors, provided that in such case, the resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting of the board of directors.
- (5) "All members of the Audit Committee" and "All Directors" referred to in the preceding paragraph shall mean the actual number of the committee members/directors.

Article 10 Information Disclosure

- (1) The Company shall make a public announcement and file the necessary report(s), for itself and its subsidiaries, of the outstanding amount of endorsements and/or guarantees as of the end of the previous month prior to the 10th day of each month.
- (2) If the outstanding amount of endorsements and/or guarantees provided by the Company and the subsidiaries reaches any of the following standards, the Company shall make a public announcement and file the necessary report(s) within two days from the date of occurrence of the subject endorsement or guarantee:
 - (i) The aggregate balance of endorsements/guarantees reaches 50% or more of the Company's net worth as stated in its latest financial statement.
 - (ii) The balance of endorsements/guarantees for a single enterprise reaches 20% or more of the Company's net worth as stated in its

latest financial statement.

- (iii) The balance of endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, book value of investments in equity-accounted investees in, and balance of capital lending to, such enterprise reaches 30% or more of the Company's net worth as stated in its latest financial statement.
 - (iv) The amount of new endorsements/guarantees reaches by more than NT\$30 million and by 5% or more of the Company's net worth as stated in its latest financial statement.
- (3) If the Company's subsidiary is not a domestic public company of the Republic of China but is required to make a public announcement and file the necessary report(s) in accordance with Paragraph (2) above, the Company shall make such public announcement and file the necessary report(s), for and on behalf of such subsidiary, of the endorsements and/or guarantees provided by such subsidiary. When determining whether the outstanding amount reaches the net worth threshold prescribed in Paragraph (2) above, the test shall be whether amount of the endorsements and/or guarantees provided by the subsidiary reaches the prescribed percentage of the Company's net worth.
- (4) The Company shall evaluate or recognize the contingent loss associated with the endorsements and/or guarantees and make the proper disclosure of the relevant information in connection therewith in the financial statements and provide the relevant material and information to the CPA for him/her to proceed with the necessary auditing procedure.

Article 11 Internal Auditing

The internal auditing personnel shall examine and audit the Handling Procedures and the implementation thereof at least on the quarterly basis and produce the written record. If internal auditing personnel find any material violation of the Handling Procedures, they shall inform the Audit Committee of such violation in writing immediately.

Article 12 Penalty

If any manager or person in-charge of endorsement and/or guarantee, due to his/her negligence, violates the Handling Procedures and as a result causes serious damages to the Company, such manager or person shall report to his/her direct superior and the most senior decision-making officer

of the finance division immediately. Such manager or person's violation shall be handled in accordance with the relevant internal personnel and administration regulations of the Company. If it is found that such manager or person intentionally violated the Handling Procedures and as a result caused damages to the Company, the Company may, in addition to the punishment made in accordance with its relevant internal regulations, require such manager or person to compensate the Company's loss. The punishment and how to handle the above mentioned violation shall be reported to the next Board of Directors meeting.

Article 13 Miscellaneous

- (1) This term "subsidiary" as used in the Handling Procedures shall have the same meaning as defined in the Statements for Regulations Governing the Preparation of Financial Reports by Securities Issuers published in Republic of China.
- (2) This term "net worth" as used in the Handling Procedures shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers published in Republic of China.
- (3) Matters not provided for in this Handling Procedures shall be governed by relevant laws, regulations, and the Company's other internal regulations.
- (4) This term "the date of occurrence" as used in the Handling Procedures shall mean the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the endorsements/guarantees, whichever date is earlier; this term "make a public announcement" and "file the necessary report(s)" as used in the Handling Procedures, shall mean information disclosure posted in the website designated by the FSC.

Article 14 Effectiveness and Amendment

- (1) Enactment of or amendment to the Handling Procedures shall be approved by a majority of all members of the Audit Committee and further submitted to the board of directors for resolution. If enactment of or amendment to the Handling Procedures is not approved by a majority of all members of the Audit Committee, alternatively, such may be approved by two-thirds of all directors, provided that in such case, the resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting of the board of directors.



- (2) The Handling Procedures shall be approved by the board of directors and further submitted to the shareholders meeting for approval and will become effective afterwards. The same shall apply to amendments to the Handling Procedures.

Article 15 The Handling Procedures were enacted on October 9, 1998; the first amendment was made on May 29, 2003; the second amendment was made on June 15, 2006; the third amendment was made on June 13, 2007; the fourth amendment was made on June 19, 2009; the fifth amendment was made on June 18, 2010; the sixth amendment was made on June 13, 2012, the seventh amendment was made on June 19, 2013, the eighth amendment was made on June 14, 2019, and the ninth amendment was made on August 19, 2021.