

Wistron NeWeb Corporation Procedures Governing Endorsements and Guarantees

All endorsements and guarantees made by Wistron NeWeb Corporation (“WNC”) shall comply with these Procedures.

Article 1 Scope of Endorsement and/or Guarantee

The term “endorsement and/or guarantee” used in the Procedures is defined as follows:

- I. Financial endorsement and/or guarantee, including:
 - (1) Discounted bill financing;
 - (2) An endorsement or guarantee made for the financing needs of other companies; and
 - (3) Issuing negotiable instruments for the purpose of providing a guarantee to obtain finance for its own businesses to an entity other than financial institutions.
- II. Custom duty endorsement and/or guarantee, which shall mean endorsement or a guarantee for WNC itself or other companies with respect to the particular custom duty matter.
- III. Other endorsement and/or guarantee, which shall mean another endorsement or guarantee which cannot be included in the above two categories.
- IV. When WNC creates a pledge or mortgage on its chattel or real estate as collateral for the loans of another company, the collateral shall also be the subject of these Procedures.

Article 2 Applicability

- I. WNC may provide endorsement and/or guarantee for the following companies and, if it is necessary, the securities shall be obtained:
 - (1) The companies with which it has business relations.
 - (2) Subsidiaries in which WNC directly and indirectly holds more than 50% of its total outstanding common shares.
 - (3) The companies that directly and indirectly hold more than 50% of WNC’s total outstanding common shares.
 - (4) For companies that are jointly invested by WNC or through its subsidiaries, all shareholders of such companies should make endorsements and/or guarantees in proportion to their respective shareholdings. “Jointly invested” is defined to mean WNC holds shares directly or through a company in which it holds 100% of its total outstanding common shares.
- II. Each of the companies in which WNC holds more than 90% of the company’s shares directly or indirectly may make endorsements and guarantees for each other. The amount shall not exceed 10% of the net worth of WNC. The limits to the companies in which WNC holds 100% of the voting shares directly or indirectly do not follow the same rule.
- III. The “subsidiaries” referred herein should be determined based on the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”. The financial reports will be in accordance with the International Financial Reporting Standards. The net worth mentioned in these procedures is the balance sheet equity attributable to the owners of WNC under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3 Standard for Endorsement and/or Guarantee Assessment

In the event WNC provides endorsements and/or guarantees by reason of business relations, the aggregate amount of the endorsements and/or guarantees shall not exceed the total trade amount between the two companies in the most recent year. The total trading amount between two companies hereby means the total amount of purchases or sales, whichever is higher.

Article 4 Limits on Endorsements and/or Guarantees

- I. The aggregate amount of endorsements and/or guarantees of WNC shall not exceed the net worth of the latest financial report.
- II. The limits to any single enterprise shall not exceed 30% of the net worth of the latest financial report of WNC.
- III. The limits of WNC's and its subsidiaries' endorsements/guarantees shall not exceed WNC's net worth as stated in its latest financial statement.
- IV. The limits of WNC's and its subsidiaries' endorsements/guarantees to any single enterprise shall not exceed 30% of the net worth of the latest financial report of WNC.

Article 5 Procedures for Processing Endorsements and/or Guarantees

- I. The enterprise requesting for an endorsement and/or guarantee or a cancellation shall file an endorsement and/or guarantee application form or a cancellation form, whereby the name of WNC, the type of endorsement and/or guarantee, risks evaluation, the amount, content, and the condition and date for discharging the obligations of the endorser and/or guarantor shall be included in the form. After WNC's finance unit reviews the form, the Chairman of the board shall then ratify it for implementation, provided it is within the specified amount and the Board of Directors shall be informed of the fact afterwards. If the requested endorsement and/or guarantee is above the specified amount, it must be filed with the Board of Director for approval before it can be processed.
- II. Upon the expiration date of the endorsement and/or guarantee, the endorsement and/or guarantee shall be terminated automatically. Before the expiration date, the endorsed and/or guaranteed enterprise shall file an endorsement and/or guarantee application form or a cancellation form in order to terminate the endorsement and/or guarantee earlier.

Article 6 Procedures for Ratification

- I. When an enterprise applies to WNC for an endorsement and/or guarantee, it shall submit concrete descriptions of its necessity and reasonableness; WNC's finance unit will then determine whether to accept the application or not.
- II. In addition, WNC's finance unit shall make an impact assessment based on the possibility of operational risk, financial condition, and shareholders' rights and interests after WNC provides an endorsement and/or guarantee and submit the assessment to the Board of Directors for approval.
- III. Based on the applicant's credit report, WNC will decide whether to request the applicant to provide an asset-backed note or collateral equivalent to the endorsement and/or guarantee amount. WNC's finance unit shall evaluate and mark the value of the collateral.
- IV. If the endorsement and/or guarantee is provided to WNC's subsidiary whose net worth is less than one-half of its paid-in capital, the subsidiary shall also provide a plan including a detailed schedule to improve its net worth upon applying for the endorsement/guarantee. If the net worth is still less than one-half of the paid-in capital when the plan ends, the endorsement and/or guarantee shall be immediately terminated. The above termination shall be reported to the Audit Committee and to the Board of Directors.
- V. If the value of the subsidiaries' stock does not have a nominal or par value of NT\$10 pursuant to the paid-in capital in the preceding paragraph, it shall be calculated by adding the share capital plus the capital surplus minus the sum of the issue premium.

Article 7 Internal Control Procedure of WNC's Subsidiaries

- I. When any subsidiaries in which WNC holds more than 50% of its total outstanding common shares provide endorsements and/or guarantees to other companies, the proposal shall be submitted to the Chairman of the Board of WNC for approval and then filed with the Board of Directors for recordation. WNC shall comply with the Procedure and make a public announcement.
- II. When any subsidiaries in which WNC holds more than 90% of the voting shares directly or indirectly plan to provide endorsements and/or guarantees in accordance of Article 2-2, the proposal shall be submitted to the Board of Directors for approval. The endorsements and/or guarantees provided to the companies in which WNC holds 100% of the voting shares directly or indirectly do not follow the same rule.
- III. When any subsidiaries in which WNC holds more than 50% of its total outstanding common shares plan to provide endorsements and/or guarantees to other parties, WNC shall order it to enact Procedures Governing Endorsements and Guarantees in accordance with the Procedure, file it with the Board of Directors of WNC for recordation, and handle the matters under its ratified Procedures.

Article 8 Safekeeping of the Corporate Chop and Procedures

- I. WNC shall use the Corporate Chop registered with the Ministry of Economic Affairs for the use of endorsements and/or guarantees (herein referred to as the "Chop"). The Chop shall be under the safekeeping of special personnel appointed by the Chairman of the board and submitted to the Board of Directors for approval. Re-appointment of the special personnel shall follow the same procedure. The Chop may be used to issue negotiable instruments only following proper internal procedures.
- II. When WNC provides guarantees in favor of a foreign company, the personnel who are authorized by the Board of Directors shall sign the guarantee agreement.

Article 9 Decision Making and Authorization

The Board of Directors of WNC shall approve the making of endorsements and/or guarantees according to the rules described in Article 5, however, the Board of Directors may authorize the Chairman of the Board to decide such matters when the transaction is within a specified amount and then submit such matters to the Board of Directors for ratification.

Article 10 Announcement and Filing Procedure

- I. WNC shall make a public announcement on the amount of its endorsements and/or guarantees on or before the 10th of each month.
- II. In the event that the balance meets one of the following standards, WNC shall make a public announcement within two days from the date of occurrence:
 - (1) The balance of WNC's and its subsidiaries' endorsements/guarantees reaches 50% or more of WNC's net worth as stated in its latest financial statement.
 - (2) The balance of WNC's and its subsidiaries' endorsements/guarantees for a single enterprise reaches 20% or more of WNC's net worth as stated in its latest financial statement.
 - (3) The balance of WNC's and its subsidiaries' endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees, the carrying value of investments accounted for using the equity method, and the balance of loans to the enterprise reaches 30% or more of WNC's net worth as stated in its latest financial statement.
 - (4) The balance of WNC and its subsidiaries' new endorsements/guarantees reaches NT\$30 million or more and reaches 5% or more of WNC's net worth as stated in its latest financial statement.
- III. WNC shall announce and report on behalf of all subsidiaries thereof that are not public companies of the Republic of China any matters that such subsidiaries are required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

- IV. The term “the date of occurrence” as used in these procedures is defined as the date of contract signing, the date of payment, the date of resolution of the Board of Directors, or any other date which can confirm the endorsement/guarantee counterparty and the endorsement/guarantee amount (whichever is earlier).

Article 11 Sanctions for Violation of the Procedures

When employees and personnel of WNC violate the Procedures, they will be sanctioned according to WNC’s “Personnel Administration Regulations” and related statutory regulations.

Article 12 WNC shall evaluate the contingency loss from the endorsements and/or guarantees and appropriately disclose the information in the financial report and provide the same to the CPA for his proceeding with the necessary audit procedure and issuing of the proper audit report.

- Article 13
- I. WNC shall prepare a registry containing the subject of the endorsements/guarantees, the amount of the endorsements/guarantees, the date of enactment by the Board of Directors, the date of ratification by the Chairman of the board, the date of the endorsements/guarantees, and all the evaluation issues according to the Procedures.
 - II. The internal verification personnel of WNC shall verify the Procedures and their implementation and make a report in written form as a record. If there is a significant violation, the personnel shall inform the Audit Committee in written form.

- Article 14
- I. Due to business relations, it is necessary that the aggregate amount of endorsements and/or guarantees of WNC exceeds the limited amount specified in the Procedures while the applicants’ other conditions qualify under the criteria of the Procedure. Under this circumstance, the Board of Directors shall approve the making of an endorsement and/or guarantee and a majority of the directors shall sign as guarantors for the contingency loss. The Procedures shall then be modified and submitted to the shareholder meeting for confirmation thereafter. If the shareholder meeting does not approve the modified Procedures, WNC shall make a plan to eliminate the exceeding amount within a certain period of time.
 - II. When the Board of Directors discusses the above issue, the directors shall fully take each individual director’s opinions into consideration and record each director’s reasons for and against in the minutes.
 - III. When WNC submits the making of endorsements and/or guarantees for the Board of Directors’ approval, the Board shall take each individual director’s opinions fully into consideration and record each Director’s reasons for and against in the minutes.

Article 15 If the endorsement and/or guarantee made by WNC later becomes unqualified under Article 2, WNC shall discharge the endorsement within a designated period pursuant to an internal plan. The above timeframe shall be reported to the Audit Committee and the Board of Directors.

If WNC makes an endorsement and/or guarantee in an amount exceeding the limit under the Procedure due to the change of the calculation basis, WNC shall discharge the guarantee amount in excess within a designated period pursuant to an internal plan. The above timeframe shall be reported to the Audit Committee and the Board of Directors.

Article 16 If WNC plans to provide significant endorsements and/or guarantees for other parties, the plan shall be approved by more than half the members of the Audit Committee and submitted to the Board of Directors for resolution.

If the above plan that has not been approved by the Audit Committee, the plan shall be approved by the Board of Directors with a vote of two-thirds of all directors. The resolution of the Audit Committee shall be recorded in the Board of Directors minutes.

The Audit Committee members mentioned in the first paragraph and the directors in the preceding paragraph shall be only calculated as the number of persons serving in office.

Article 17 The Procedures, as well as any revision thereof, shall be approved by the Audit Committee pursuant to related regulations and be submitted to the Board of Directors for resolution and later be effective after approval at the shareholders' meeting. If a director holds dissenting opinions and there were records for it or a written statement, WNC shall submit materials of the director's dissenting opinions to the Audit Committee and the shareholders' meeting for discussion. The same procedure shall apply to any amendment.

Article 18 The first version of these Procedures was approved on May 30, 2001.
The first amendment was approved on December 13, 2001.
The second amendment was approved on May 22, 2003.
The third amendment was approved on June 10, 2004.
The fourth amendment was approved on June 14, 2006.
The fifth amendment was approved on June 16, 2009.
The sixth amendment was approved on June 14, 2010.
The seventh amendment was approved on June 17, 2011.
The eighth amendment was approved on June 11, 2013.
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