



## **AUO Corporation**

### **Audit Committee Charter**

Article 1     This Charter is adopted pursuant to Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

Article 2     Except as otherwise provided by law or regulation or by the articles of incorporation, matters concerning the number, term of office, powers, rules of procedure for meetings, and resources to be provided by the Company when the Audit Committee ("the Committee") exercises its powers shall be handled in accordance with this Charter.

Article 3     The Committee shall be composed of the entire number of independent directors. The number of the Committee is regulated by the articles of incorporation, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. The convener of the Committee shall represent the Committee to the public.  
The independent director members of the Committee shall serve a 3-year term, and may be re-elected to further terms. When the number of the independent director members on the Committee falls below that prescribed in the articles of incorporation due to an independent director's dismissal for any reason, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of the occurrence to hold a by-election to fill the vacancies.

Article 4     The provisions of the Securities Exchange Act (hereinafter referred to as the "Act"), the Company Act, and any other applicable laws regarding supervisors shall apply mutatis mutandis to the audit committee.  
The provisions of Article 14-4, paragraph 4, of the Securities Exchange Act concerning the Company Act's provisions related to the powers of supervisors shall apply mutatis mutandis to the independent directors serving on the audit committee.  
Persons to represent the company in matters under Articles 213, 214, and 223 of the Company Act shall be selected by the audit committee by the procedure set out in the preceding paragraph. The audit committee may resolve for members to individually represent or jointly represent the company in such matters. If representatives are not selected by the procedure in the preceding paragraph, the entire membership shall jointly represent the company.

**Article 5**

Matters shall be approved by the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation, or pre-approval of their services.
9. Financial reports.
10. The appointment or discharge of a financial, accounting, or internal audit officer.
11. Other material matters as may be required by the Company or by the competent authority.

Services provided by the certified public accountant may be performed with the resolutions adopted by the Committee. Other matters under the preceding paragraph shall be subject to the approval of one half or more of the entire membership of the Committee and shall be submitted to the board of directors for a resolution.

Any matter in the paragraph 1, with the exception of subparagraph 8 and subparagraph 9, that has not been approved by one half or more of the entire membership of the Committee may be adopted with the approval of two thirds or more of the entire board of directors.

The Committee may report to the board of directors whenever it deems appropriate and necessary.

The responsibilities of planning or performing of audit, or the integrity, presentation and regulation confirmation of financial statements shall be delegated to management and the certified public accountant instead of the Committee.

**Article 6**

The Committee may, regarding review of financial statements under Article 5, paragraph 1, subparagraph 8, verify matters as follows:

Significant accounting policies and practices of the Company.



Accounting processes that meet Generally Accepted Accounting Principles and are applied to the financial statements of the Company, either from suggestions of the certified public accountant or from sufficient discussion of management.

Other material written communication between the certified public accountant and management, and/or significant financial reporting issues or judgments made in connection with auditing or reviewing of .

The Committee shall provide advice or other assistance to the board of directors for any disagreements on the financial reporting between the certified public accountant and management.

Article 7 The Committee shall establish procedures to facilitate as follows:

1. The receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.
2. The confidential



discussions and the reasons, request the convener to convene a meeting of the audit committee. If the convener fails to convene an audit committee meeting within 15 days from the filing of the request under the preceding paragraph, independent directors constituting one-half or more of the entire membership of the audit committee may convene a meeting on their own.

The Committee may request the managers of relevant departments, internal audit officers, certified public accountants, attorneys, or other personnel of the Company to attend the meeting as non-voting participants and provide pertinent and necessary information, provided that they shall leave the meeting when voting takes place.

**Article 9** When a meeting of the Committee is held, an attendance book shall be made available for signing-in by the independent director members in attendance, and thereafter made available for reference.

Independent director members shall attend meetings of the Committee in person; if an independent director member is unable to attend in person, the independent director member may appoint another independent director member as proxy to attend the meeting. Attendance via telecommunications is deemed as attendance in person.

A member of the Committee that appoints another independent director member as proxy to attend a meeting of the Committee shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the meeting agenda.

Resolutions at meetings of the Committee shall be adopted with the approval of one half or more of the entire membership. The result of a vote shall be made known immediately and recorded in writing.

If for a legitimate reason it is impossible to hold a meeting of the Committee, matters on the meeting agenda shall be adopted with the consent of two thirds or more of the entire board of directors. Nevertheless, a written opinion indicating approval shall be obtained from each independent director member regarding the matters under Article 5, paragraph 1, subparagraph 9.

"The entire membership," as used herein, shall be counted as the number of members actually in office at the given time.

The proxy under paragraph 2 may accept a proxy from one person only.

**Article 9-1** When the meeting time arrives and less than half of all members of the Committee are present, the chair may announce that the meeting will be postponed on the same day, with no more than two postponements allowed. If a quorum is still not met after two postponements, the chair may reconvene the meeting in accordance

with the procedures set forth in Article 8, paragraph 2.

**Article 9-2** A committee meeting shall be conducted in accordance with the agenda specified in the meeting notice. However, the order of business may be changed with the approval of a majority of members present at the meeting.

The meeting chair may not declare the meeting adjourned without the approval of a majority of members present.

If at any time during the proceedings of a committee meeting the number of members present is less than half of the total membership, the chair shall declare a suspension of the meeting upon the motion of an independent director present, and the provisions of the preceding article shall apply mutatis mutandis.

During the proceedings of a committee meeting, if the chair is unable to preside over the meeting or fails to adjourn the meeting as provided in paragraph 2, the provisions of Article 8 shall apply mutatis mutandis to the selection of a deputy to take their place.

**Article 10** An independent director member of the Committee shall explain the material aspects of the interest he or she has when he or she is an interested party with respect to a given agenda item. When such a relationship is likely to prejudice the interests of the Company, the director shall not attend the discussion and voting and shall recuse himself or herself therefrom. Also, they shall not exercise the voting right for and on behalf of another independent director member.

If, for the reason stated in paragraph 1, an agenda item cannot be resolved at a meeting of the Committee, it shall be reported to the board of directors, which shall resolve on the item.

**Article 11** Discussions at a meeting of the Committee shall be included in the meeting minutes, which shall faithfully record the following:

1. The session, time, and place of the meeting.
2. The name of the meeting chair.
3. Attendance by the independent director members, including the names and the number of members present, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: For each proposal, the method of resolution and the result; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting; name of the independent director who is an interested party as referred to in paragraph 1 of Article 10, explanation of the material aspects of the interest the director has,

the reason why the director should or should not recuse himself or herself and whether or not the director has rescued; and any objections or reservations expressed.

8. Extraordinary motions: The name of the mover; the method of resolution and the result for each motion; a summary of the comments of the independent director members of the Committee and experts and other persons present at the meeting; name of the independent director who is an interested party as referred to in paragraph 1 of Article 10, explanation of the material aspects of the interest the director has, the reason why the director should or should not recuse himself or herself and whether or not the director has rescued; and any objections or reservations expressed.
9. Other matters required to be recorded.

The attendance book constitutes part of the minutes for each meeting of the Committee and shall be appropriately preserved during the existence of the Company.

The minutes of a Committee meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each independent directors within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

**Article 11-1** Any and all meetings of the Committee shall be audio-recorded or videotaped from beginning to adjournment of the meeting as evidence and the files shall be kept for at least 5 years. The files may be stored in the electronic form.

If any litigation relating to a resolution of the meeting of the Committee commences before the expiry of the period in which the evidence shall be kept in accordance with the preceding paragraph, the relevant data of audio-recorded or videotaped evidence shall continually be kept until the conclusion of the litigation. For a meeting of the Committee convened via videoconferencing, the audio-recorded and videotaped data shall be part of the minutes of the meeting and shall be properly kept during the existence of the Company.

**Article 12** The Committee's meeting agenda shall be drafted by the persons appointed by the convener. The meeting proceeds according to the meeting agenda.

**Article 13** The Committee or the independent directors may represent the Company to retain the service of an attorney, certified public accountant, or other professionals to provide advice. The necessary costs of their services and the ordinary

