



## **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 and anonymous submission by the Company employees regarding questionable accounting or auditing matters.

The Committee shall review the complaints received from preceding procedures regarding accounting, internal accounting controls or auditing matters.

Article 8 The Committee shall convene at least once quarterly, and may call a meeting at its discretion whenever necessary.

In calling a meeting of the Committee, a notice of the reasons for convening the meeting shall be given to each independent director member at least 7 days in advance. In emergency circumstances, however, the meeting may be called on shorter notice.

An audit committee meeting shall be held at the location and during the business hours of the company, or at a place and time convenient to attendance by all audit committee members and suitable for holding an audit committee meeting.

A member of the Committee shall be elected as the convener and meeting chair by and from the entire membership of the Committee.

However, if the audit committee members are unable to elect a convener, the independent director who received votes representing the largest share of the voting rights shall serve as the convener.

When the convener is on leave or unable to convene a meeting for any reason, the convener shall appoint another independent director member on the Committee as acting convener; if the convener does not make such an appointment, one independent director member of the Committee shall be elected by and from the other independent director members of the Committee to serve as convener.

Independent directors constituting one-half or more of the entire membership of the audit committee may, by filing a written proposal setting forth the subjects for



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,





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

