

# **Acer Incorporated**

## **Procedures Governing Endorsement and Guarantee**

Article 1 The term “endorsement and/or guarantee” used in these Procedures includes the following.

1. Financial endorsement and/or guarantee, including: discounted bill financing; endorsement or guarantee made for the financing needs of other companies, issuing negotiable instruments for the purpose of providing guarantee to obtain finance for its own businesses to an entity other than the financial institutions.
2. Custom duty endorsement and/or guarantee, which shall mean endorsement or guarantee for the Company itself or other companies in respect of the custom duty matters.
3. Other endorsement and/or guarantee, which shall mean other endorsement or guarantee which cannot be included in the above two categories.
4. The Company creates a pledge or mortgage on its chattel or real estate as collateral for the loans of another Company.

Article 2 Applicability

The Company may provide endorsement and/or guarantee for the following companies and if it is necessary, security shall be obtained:

1. The companies with which it has business relations.
2. Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.
3. For companies that are jointly invested by the Company or through its subsidiary, and if all the respective shareholders of such companies make endorsements and/or guarantees in proportion to their respective shareholding. The above referred investment means the investment by the Company directly or indirectly through its subsidiaries in which the Company holds 100% voting share.

The endorsements and/or guarantees may be provided among or between the companies in which the Company directly or indirectly holds 100% voting shares or capital.

“Subsidiary” used in these Procedures means which is provided pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Article 3 The Standard for Endorsement and/or Guarantee Assessment

In the event that the Company provides endorsements and/or guarantees by reason of business relations, the aggregate amount of the endorsements and/or guarantees shall not exceed the net worth of total trading amount between the two companies in the most recent year. The net worth of total trading amount between two companies means the total amount of purchase or re-sale, whichever is higher.

### Article 4 Limits on Endorsements and/or Guarantees

1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the Company's net worth as shown in the latest financial report audited or reviewed by CPA.
2. The amount of endorsements and/or guarantees to any single enterprise shall not exceed the 20% of the Company's net worth as shown in the latest financial report audited or reviewed by CPA.
3. The amount of endorsements and/or guarantees to any subsidiaries in which the Company holds 50% or more of its total outstanding common shares shall also be subject to the limit provided in Article 4.2.
4. The maximum of the whole endorsements and/or guarantees of the Company and its subsidiaries shall be subject to the limits provided in Articles 4.1 and 4.2.
5. "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Article 5 Procedures for Processing Endorsements and/or Guarantees

1. Enterprises which intend to apply for an endorsement and/or guarantee from the Company shall file an endorsement and/or guarantee application form with the Company's finance department for review, in which application type of endorsement and/or guarantee, name of the requesting company, risks evaluation, amount of endorsement/guarantee, content of collateral, terms and conditions and date for discharging endorsement/guarantee liabilities shall be specified. The finance department will submit the application to the Company's Chairman for approval and then report to the Board of Directors for ratification; provided, however, that prior approval of the Board of Directors is required if the amount of

endorsement/guarantee exceeds the amount for which the Company's Chairman is authorized to conduct.

2. Upon the expiration of 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 a cancellation form in order to terminate the endorsement and/or guarantee earlier.

#### Article 6 Review Procedures

1. When an enterprise applies for an endorsement and/or guarantee from the Company, it shall submit concrete description of necessity and reasonableness and the finance department will determine whether to accept the application or not.
2. The finance department will be in charge of credit check and risk evaluation of the endorsed and/or guaranteed enterprise. For those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the endorsement and/or guarantee and file with the Board of Directors for approval.
3. In addition to credit check and risk evaluation of the endorsed and/or guaranteed enterprise, the finance department shall make an assessment of impact on operation risk, financial condition and shareholder's rights that may result from said endorsement/guarantee, and submit its opinion statement together with credit check report to the Board of Directors for approval.
4. The Company may decide whether to request the endorsed or guaranteed enterprise to provide the same amount of Banker's acceptance or secure a collateral equivalent to the endorsement and/or guarantee amount according to their credit check report. The finance department shall evaluate and determine the value of the collateral.

#### Article 7 Control Procedures for the Company's Subsidiaries

1. When the net worth of the subsidiaries for which the Company provides endorsements/guarantees is less than one-half of its paid-in capital, the relevant finance department shall re-estimate the risk of the principal debt at least every six months. In case there is the real risk that the principal debt will default, the finance department shall submit an improvement plan to the Company's Chairman for approval and implement the same.

2. When any subsidiaries in which the Company holds 50% or more of its total outstanding common shares provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the “Procedures Governing Endorsement and Guarantee” in accordance with these Procedures and the proposal shall be submitted to the Company’s Chairman for approval and filed with the Board of Directors of the Company for recordation. The Company shall make a public announcement in accordance with these Procedures.
3. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital in the calculation under paragraph 1 of this Article shall be calculated based on the sum of the share capital plus paid-in capital in excess of par.

**Article 8 Procedures for Safekeeping and Use of the Corporate Chop**

1. The Company shall use the Corporate Chop registered with the Ministry of Economic Affairs for the use of endorsements and/or guarantees (hereinafter, the “Chop”). The Chop shall be under the safekeeping of special personnel appointed by the Company’s Chairman and submit to the Board of Director for approval. The re-appointment of the special personnel shall follow the same procedure. The Chop may be used or to issue negotiable instruments only in accordance with internal procedures.
2. When the Company provides guarantees to a foreign company, the guarantee agreement shall be signed by the personnel authorized by the Board of Directors.

**Article 9 Decision Making and Authorization**

The approval of endorsements and/or guarantees shall be made by the Board of Directors after evaluating the risk in accordance with Article 5; provided, however, that the Board of Directors may authorize the Company’s Chairman to decide such matters within a specified amount and then submit the same to the Board of Directors for ratification.

**Article 10 The Standards for Public Announcement**

1. The Company shall make a public announcement on the amount of the Company and its subsidiaries endorsements and/or guarantees on or before the 10<sup>th</sup> date of each month. In addition, in the event that the amount reaches any of the following thresholds, the Company shall make a separate public announcement:

- (1) The total amount of endorsements and/or guarantees reaches fifty percent (50%) or more of the Company's net worth as shown in its latest financial report.
- (2) The amount of endorsement and/or guarantee to any single enterprise reaches twenty percent (20%) or more of the Company's net worth as shown in its latest financial report.
- (3) The amount of endorsement and/or guarantee for any single enterprise reaches NT\$10 million, and the aggregate amount of the endorsements and/or guarantees, long-term investment, and loans to that enterprise reaches thirty percent (30%) or more of the Company's net worth as shown in its latest financial report.
- (4) The aggregate amount of new endorsement and/or guarantee made reaches NT\$30 million and five percent (5%) or more of the Company's net worth as shown in its latest financial report.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of in Taiwan any matters that such subsidiary is required to announce and report pursuant to this Paragraph.

## 2. Time Limits for and Contents of the Public Announcement

In the event that the amount of endorsements and/or guarantees reaches the thresholds provided in the preceding Paragraph 1, the Company shall make a public announcement within two days commencing immediately from the date of occurrence of said endorsements and/or guarantees.

- (1) In the event that the aggregate amount of endorsements and/or guarantees reaches the thresholds set forth in Item (1) of Paragraph 1 of Article 10, the Company shall make a public announcement specifying the following:
  - (a) The names of the enterprises for which the endorsement and/or guarantee was made and the amount of the endorsements and/or guarantees reaches NT\$100 million or five percent (5%) or more of the Company's net worth as shown in the Company's latest financial report; its relationship with the Company; the maximum amount the Company is permitted to make endorsements and/or guarantees; the amount of and the reason for endorsement and/or guarantee as of the date of occurrence of the event.
  - (b) As of the date of occurrence of the event, the ratio of the

amount of endorsements and/or guarantees to the Company's net worth as shown in its latest financial report.

- (2) The Company shall make a public announcement including the following items when its endorsement and/or guarantee amount to a single enterprise reaches the thresholds set forth in Items (1), (2), (3), or (4) of Paragraph 1 of Article 10 (hereinafter "Event"):
  - (a) The names of the enterprises for which the endorsement and/or guarantee was made, its relationship with the Company, the maximum amount the Company is permitted to make endorsements and/or guarantees, the endorsements and/or guarantees amount prior to the Event, and the amount and reason for such new-added endorsement and/or guarantee.
  - (b) The content and value of the collateral provided by the endorsee and or guarantee.
  - (c) The capital and accumulated profit/loss of the party for whom the endorsement and/or guarantee was made as shown in its latest financial report.
  - (d) The terms and conditions or date of discharging the Company liabilities of endorsements and/or guarantees.
  - (e) The ratio of the amount of endorsements and/or guarantees to the Company's net worth as shown in the latest financial report as of the date of occurrence of the event.
  - (f) The ratio of the amount of endorsements and/or guarantees to the business transaction amount between the Company and the endorsee and/or guarantee Company within the most recent year as of the date of occurrence of the event.
  - (g) The ratio of the aggregate amount of the long term investment, endorsements/guarantees amount, and the loans to others to the Company's net worth as shown in its latest financial report.
- (3) "Date of occurrence of the event" in these Procedures means 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 transaction, whichever date is earlier.

#### Article 11 Punishment of Violation of These Procedures

If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".

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

Article 13

1. The Company shall prepare a registry containing the subject of the endorsements/guarantees, the amount of the endorsements/guarantees, the date of approval of the Board of Directors or the Company's Chairman (as the case may be), the date of the endorsements/guarantees and all the evaluation issues according to these Procedures.
2. The internal audit personnel of the Company shall verify these Procedures and its implementation and make a report in writing for record. If there is any significant violation, the personnel shall inform audit committee in writing.

Article 14

1. Due to business relations, where the aggregate amount of endorsements and/or guarantees of the Company will exceed the limited amount specified in these Procedures, and the applicants are qualified for other requirements provided in these Procedures, such endorsements/guarantees shall be approved by the Board of Directors with majority of the board members sign as guarantors for the contingency loss resulting therefrom, and these Procedures shall be modified and then submitted to the shareholder meeting for ratification. If the aforesaid endorsement/guarantee is not approved by the shareholders' meeting, the Company shall make a plan to eliminate such exceeding amount within a specific period of time.
2. The opinion of each independent director shall be fully taken into consideration when the Board of Directors discusses the above issue. Opinions of each independent director for and against the endorsement/guarantee and reasons against said matter shall be clearly recorded in the minutes.
3. When the Company submits the making of endorsements and/or guarantees for the Board of Directors' approval, the board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.

Article 15 If the Company makes the endorsement and/or guarantee later becomes unqualified under Article 2, or the endorsement and/or guarantee amount exceeds the limit under these Procedures due to the change of the calculation basis, the Company shall adopt plans and submit the plans to audit committee to discharge the endorsement and/or guarantee amount or the amount in excess within a designated period pursuant to relevant plan. The above timeframe shall be reported to the Board of Directors.

Article 16 These Procedures, as well as any revision thereto, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to audit committee.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in the preceding two paragraphs and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.

Article 17 Another stricter management principles may be drafted by the Company's Chairman in accordance with these Procedures and put into effect after approved by the Board of Directors with two-thirds vote at a meeting attended by more than two-thirds of the directors. The same procedure shall apply to any amendment thereto.

Article 18 All endorsements and guarantees made by the Company shall comply with these Procedures. Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company.

Article 19 Approved by General Shareholder's Meeting held on January 15, 1993.

The First amendment was made on July 28, 1995.

The Second amendment was made on April 28, 1997.

The Third amendment was made on December 17, 2001.

The Fourth amendment was made on June 11, 2003.

The Fifth amendment was made on June 17, 2004.

The Sixth amendment was made on June 15, 2006.

The Seventh amendment was made on June 19, 2009.

The Eighth amendment was made on June 18, 2010.

The Ninth amendment was made on June 18, 2014.