

E & E Recycling

Regulations Governing Loaning of Funds

Applicable Laws and purpose

1. In order to follow the company shall comply with these Regulations when making loans, in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by the Financial Supervisory Commission, the company handles fund lending to others it shall be implemented in accordance with the provisions of this regulations.

Entities to which the company may loan funds

- 2.1 The company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
 - 2.1.1 Inter-company business transaction calls for a loan arrangement.
 - 2.1.2 Inter-company short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net worth.
- 2.2 When loans of funds due to the need for short-term financing without business dealings, it shall be limited to the following circumstances:
 - 2.2.1 The company's affiliated companies need short-term financing due to business needs.
 - 2.2.2 Companies whose direct and indirect shareholdings are more than 50% (included) by the Company, due to business necessary for short-term financing.
- 2.3 The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle.
- 2.4 The term "financing amount" means the cumulative balance of the public company's short-term financing.
- 2.5 When a responsible person of a company violates paragraph 1, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

Approval authority

- 3.1 The intending to loan funds to others shall formulate its Operational procedures for Loaning Funds to Others in compliance with these Regulations, and, after passage and submitted by the board of directors, and no other person shall be authorized to make a decision.
- 3.2 The loans of funds between the company and its subsidiaries or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the

chairman may authorize , for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

- 3.3 The "certain monetary limit" mentioned in the preceding paragraph shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with this Regulations.
- 3.4 When company submits its Loaning Funds by the board of directors, the board of directors shall take into full consideration each independent director's opinion. If an independent director expresses any dissent or reservation, it shall be noted in the minutes of the board of directors meeting.
- 3.5 Where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to Audit Committees and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.
- 3.6 Where any director objects the loan of funds to others, it is necessary to understand the reasons and the impact of loan of funds to others on the company's operations, financial status, and shareholders' rights and interests.

The aggregate amount of loans and the maximum amount permitted to a single borrower

- 4.1 The aggregate amount of Fund Lending shall not exceed 40% of the net value of the company's most recent financial statement.
- 4.2 The loan limit for a single borrower, companies shall not exceed 10% of the net value of the company's latest financial statement.
- 4.3 "Net Worth" in these Regulations 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.

Duration of loans and calculation of interest

- 5.1 In principle, the financing period is less than one year (inclusive), but where the company's operating cycle exceeds one year, one operating cycle.
- 5.2 The interest calculation method is calculated once a month, and the end of each month is the interest calculation base date, and the interest is calculated based on the appropriation base. If it is in New Taiwan dollars, the interest rate shall not be lower than the highest interest rate for short-term borrowing from financial institutions. If it is in foreign currency, the interest rate shall not be lower than the minimum interest rate of the major currency lending rate (TAIFX3) of the Taipei Foreign Exchange Center for the foreign currency.

Procedures for handling and scrutinizing loans of funds

- 6.1 When the borrowing company applies for financing from the company, it should issue the "Application Form for Fund Loan to Others", stating the reason for the loan, the purpose of the fund, the amount required, the date of repayment, and provide its latest financial statement. After the approval of the board of directors of the borrowing company Then transfer to the company's accounting and investment unit for credit risk assessment. The assessment should include,
- 6.1.1 The necessity of and reasonableness of extending loans to others.
 - 6.1.2 Borrower credit status and risk assessment.
 - 6.1.3 Impact on the company's business operations, financial condition, and shareholders' equity.
 - 6.1.4 Whether collateral must be obtained and appraisal of the value thereof.
- 6.2 Summarize the application documents and review reports of the borrowing company and submit them to the board of directors for consideration.
- 6.3 The actual operating procedures for lending funds to others should be implemented in accordance with the company's operating procedures approved by the shareholders' meeting.
- 6.4 After the resolution of the board of directors ~~is passed~~, go through the procedures of loan appropriation, transfer it into the bank account of each borrowing company, and get back the bank deposit receipt at the same time, make an account on the same day and make a summary at the end of each month to send to each borrowing company for verification.
- 6.5 The personnel in charge should shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated 6.1 of the preceding Article.
- 6.6 The personnel in charge should use the "Fund Lending Memorandum Book " to know whether the company has evaluated in advance the necessity and rationality of lending funds to others, the credit investigation and risk assessment of the lending target, the company's operating risks, financial status, and the impact on shareholders' equity, whether collateral should be obtained and the estimated value of collateral.

control and management of loans, and procedures for handling delinquent creditor's rights

- 7 After the funds are loaned ~~out~~, the company requires the borrowing companies to provide production and sales status, financial statements, and other relevant information on time. Then, send them to the relevant units for review and evaluation of operating performance.
- 7.1 In addition to requiring the borrowing company to establish a strict internal control system, the company also requires it to submit its annual business plan and estimated business plan for the next one to three years to the company for review.
 - 7.2 The borrowing company must provide monthly, quarterly, ~~and~~ annual fund income and expenditure forecasts on time, then submit them to the accounting and investment unit of the company for review.
 - 7.3 The borrowing company must submit the financial statement comparing the actual performance of the current month with the same period of the previous year to the accounting and investment unit of the

company for review.

- 7.4 The director of the borrowing company must submit a comprehensive review of operating performance and a report on prospects to the company on time every month. If the target cannot be achieved according to the original loan plan, a report must be made on the reasons for the failure, and the board of directors of the company, propose new plans to improve and achieve goals.
- 7.5 From time to time, the company assigns supervisors to each borrowing company for business review and evaluation.
- 7.6 If, as a result of a change in circumstances, an entity for which the loan not comply with the requirements of these Regulations or the balance exceeds the limit, and rectification plans shall be formulated and submit to Independent Directors, then complete the rectification according to the planned schedule.
- 7.7 If the borrowing company fails to repay the loan or fails to pay the interest on time, it may request the borrowing company to submit a repayment progress schedule.
- 7.8 If the company finds that its repayment ability is weakened when evaluating the borrowing company, it may require the borrowing company to repay the loan in advance.
- 7.9 The company shall evaluate the situation of the loans and provide adequate allowance for bad debts, and appropriately disclose relevant information in the financial report, and provide relevant information to certified accountants to perform necessary verification procedures.
- 7.10 There should be a special person responsible for collecting and evaluating the financial and business conditions of the loan recipients at any time, and obtaining approval to avoid losses to the company.

Internal Audits

- 8.1 The company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.
- 8.2 The internal audits shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated. The provisions of Article 15 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should still be complied with.
- 8.3 The public company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify Independent Directors in writing of any material violation found. The provisions of Article 15 of the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies " should still be complied with.
- 8.4 It is necessary to regularly check the information on the "Operation Overview - Endorsement Guarantee and Fund Loan Balance Information" on Market Observation Post System, and check it with the contents of the "Fund Lending Memorandum Book" to determine whether the parent company's lending funds is made before the 10th day of each month. Upload related information with others to the "Market

Observation Post System " with the same turnover.

- 8.5 If the company or a subsidiary company that is not a domestic public company, its fund loan balance to others reaches the standard stipulated in Article 22, Paragraph 1 of the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", it shall be checked whether it is in fact. Then, to determine it announced on the "Material Information" of the Market Observation Post System within two days commencing immediately from the date of occurrence.

Handling the loan balance exceeding the limit

9. If, as a result of a change in circumstances, an entity for which Fund Lending does not meet the requirements of these Regulations or the loan balance exceeds the limit, a public company shall adopt rectification plans and submit the rectification plans to Independent Directors, and shall complete the rectification according to the timeframe set out in the plan.

Disclosure of financial reports and declaration of announcements

- 9.1 The company shall announce and report the previous month's loan balances and the monthly turnover of its head office and subsidiaries by the 10th day of each month.
- 9.2 The company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
- 9.2.1 The aggregate balance of loans to others by the company and its subsidiaries reaches 20 percent or more of the company's net worth as stated in its latest financial statement.
- 9.2.2 The balance of loans by the company and its subsidiaries to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement.
- 9.2.3 The amount of new loans of funds by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the company's net worth as stated in its latest financial statement.
- 9.3 The company shall announce and report on behalf of any subsidiary thereof that is not a company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.
- 9.4 The company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports.
- 9.5 "Date of occurrence" in these Regulations 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 loan of funds, whichever date is earlier; The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

Subsidiaries shall follow the following regulations

- 10.1 If a subsidiary of the company intends to lend funds to others, the company shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ", and It needs to be approved by the board of directors of the subsidiary, sent to the supervisor of the subsidiary and reported to the shareholder meeting of the subsidiary for approval. The same is true for amendments.
- 10.2 Subsidiaries shall comply with its Procedures when loaning funds.
- 10.3 If the subsidiary company is not a domestic public offering company, its fund loan balance to others reaches the standard stipulated of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the subsidiary shall report its fund-loaning amount, object, period, etc. to the parent company by monthly. The parent company should also handle the announcement and declaration matters on behalf of the subsidiary.
- 10.4 The parent company shall supervise the lending of the subsidiary's funds to others in accordance with regulations.

The form

11.1 Application Form for Fund Loan to Others

11.2 Memorandum book for fund-loaning

Implementation and revision

- 12.1 ~~The Regulation~~ resolution by the Audit Committees and board of directors, then ~~submit the~~ approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to each for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. The company has appointed independent directors, when approach for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.

12. 2 The Company shall formulate or amends its Operational Procedures for Loaning Funds to Others, the procedures or amended procedures shall require the approval of one-half or more of all audit committee members, and furthermore shall be submitted for a resolution by the board of directors, and the provisions of preceding paragraph shall not apply.

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

The terms "all audit committee members" and "all directors" shall be counted as the actual number

of persons currently holding those positions.

formulate

The Regulations was established on 28th October 2011.

The approved by the board of directors on 12th January 2012, and submitted to the shareholders' meeting on 24th February 2012 for approval.

The first amendment was approved by the board of directors on 23th August 2012, and submitted to the shareholders' meeting on 22th April 2013 for approval.

The second amendment was approved by the board of directors on 21th August 2016, and submitted to the shareholders' meeting on 22th April 2016 for approval.

The third amendment was approved by the board of directors on 6th November 2017, and submitted to the shareholders' meeting on 26th April 2018 for approval.

The fourth amendment was approved by the board of directors on 12th February 2020, and submitted to the shareholders' meeting on 29th April 2020 for approval.

The fifth amendment was approved by the board of directors on 9th November 2021, and submitted to the shareholders' meeting on 25th April 2022 for approval.