

Regulations Governing Foreign Exchange Derivative Transaction

Doc. Name	Regulations Governing Foreign Exchange Derivative Transaction																									
Date	The fourth amendment was made on March 12, 2020.																									
<p>1. These Regulations are formulated in accordance with Article 12.5.1.1 of Procedures for Acquisition and Disposal of Assets.</p> <p>1.1 These Regulations are established to strengthen the Company's operational procedures and risk management for foreign exchange derivative transactions.</p> <p>2. Division of labor: personnel of different responsibilities shall not serve concurrently in other positions. Transaction and confirmation officers responsible for foreign exchange derivatives shall be appointed by the Chairperson of the Board. Transaction, confirmation, and settlement officers shall not serve concurrently in other positions. Transaction counterparties shall be notified of the assignment, dismissal, and operational limit of transaction and confirmation officers before the effective dates to protect the Company's interests.</p> <p>3. The Company's foreign exchange derivative transactions shall be handled in accordance with the following procedures and authorized personnel:</p> <table border="1"> <thead> <tr> <th></th> <th>Procedure</th> <th>Division of Labor</th> </tr> </thead> <tbody> <tr> <td>3-1</td> <td>Assessment of the risk of foreign exchange derivatives</td> <td>Transaction officer</td> </tr> <tr> <td>3-2</td> <td>Transaction (Placed by Financial Institutions)</td> <td>Transaction officer</td> </tr> <tr> <td>3-3</td> <td>Confirm Completion of Transaction</td> <td>Confirmation officers</td> </tr> <tr> <td>3-4</td> <td>Record Transaction Details</td> <td>Transaction officer</td> </tr> <tr> <td>3-5</td> <td>Transaction Confirmation (Financial Institution)</td> <td>Settlement officer</td> </tr> <tr> <td>3-6</td> <td>Settlement</td> <td>Settlement officer</td> </tr> <tr> <td>3-7</td> <td>Evaluation</td> <td>Settlement officer</td> </tr> </tbody> </table>				Procedure	Division of Labor	3-1	Assessment of the risk of foreign exchange derivatives	Transaction officer	3-2	Transaction (Placed by Financial Institutions)	Transaction officer	3-3	Confirm Completion of Transaction	Confirmation officers	3-4	Record Transaction Details	Transaction officer	3-5	Transaction Confirmation (Financial Institution)	Settlement officer	3-6	Settlement	Settlement officer	3-7	Evaluation	Settlement officer
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3-1 Assess the risk of foreign exchange derivatives

3-1-1 Before the Company engages in foreign exchange derivative transactions, traders should first assess and gain an understanding of the risks involved in foreign exchange derivatives and the corresponding hedging positions. They should also confirm that they are in compliance with the Company's Procedures for Acquisition and Disposal of Assets before transactions can be carried out.

3-2 Transaction:

3-2-1 The number of transactions undertaken by transaction officers shall be in line with 35%-75% of the estimated receivables and payables arising from normal business operations on a monthly basis or the net position after offsetting the maturity date, amount, and currency of assets and liabilities. Adjustments shall be made according to changes in market conditions, while transactions undertaken shall be conducted according to regulations. Those exceed the limit of 75% shall obtain approval from the Chairperson of the Board or his/her designated person.

3-2-2 Transaction officers shall obtain the approval of the Chairperson of the Board or his/her designated person for foreign exchange derivatives and transaction currencies in non-forward contracts.

3-2-3 Transaction officers shall comply with the single transaction and daily transaction limit required by the Procedures for Acquisition and Disposal of Assets.

3-2-4 Transaction officers shall keep track of the changes in foreign exchange and domestic and foreign political and economic news on a daily basis, obtain market information and suggestions from professionals of financial institutions, carefully evaluate the information obtained, and take into account changes in the Company's positions before they can place orders.

3-3 Confirm Completion of Transaction:

3-3-1 After completing a transaction, transaction officers are required to fill in an operation application form and submit to the confirmation officer and the bank for confirmation. The transaction is settled once the confirmation officer and the bank have confirmed the transaction. The confirmation officer shall sign the operation application form and obtain internal approval according to the limit and authority set out in the Procedures for Acquisition and Disposal of Assets.

3-4 Record Transaction Details

3-4-1 After obtaining confirmation from the confirmation officer and the bank, transaction officers shall register transaction details in the foreign exchange derivative transaction sheet according to the approved operation application form.

3-5 Transaction Confirmation (Financial Institution)

3-5-1 Each foreign exchange derivative transaction is required to obtain transaction confirmation from financial institutions. Settlement officers are required to confirm that the transaction confirmation from the financial institution is consistent with the Company's foreign exchange derivative transaction sheet and the approved operation application form, then obtain approval according to the limit and authority set out in the Procedures for Acquisition and Disposal of Assets. A copy of which shall be kept, while the original copy shall be returned to the financial institution.

3-6 Settlement:

3-6-1 When foreign exchange derivatives expire, transaction officers can evaluate the settlement methods (cash settlement or actual settlement) according to capital needs and notify the settlement officer.

3-6-2 Settlement officers shall prepare settlement documents and capital according to the settlement method and keep account according to corresponding accounting items.

3-7 Evaluation:

3-7-1 Unexpired positions of foreign exchange derivatives shall be evaluated according to the type of product and the market price provided by financial institutions. If there is no public quotation in an active market, quotations provided by counterparties or other reasonable evaluation methods shall be adopted for evaluation. The Procedures for Acquisition and Disposal of Assets shall be complied with for regular evaluations. Evaluation reports shall be submitted to the Chairperson of the Board and his/her designated person. A written record shall be kept.

3-7-2 At the end of each month, each transaction is required to obtain a market price evaluation report of unexpired positions provided by the financial institution of the transaction, keep account according to the corresponding evaluation accounting items, and reverse the provision at the beginning of the next month.

3-8 Announcement:

3-8-1 Settlement officers shall submit foreign exchange derivative transactions of the Company and subsidiaries of non-domestic public offering companies as of the end of the previous month into the information reporting website designated by the Financial Supervisory Commission by the 10th of each month.

3-9 Auditing:

3-9-1 The audit department shall periodically determine the suitability of internal controls of foreign exchange derivatives transactions, conduct monthly reviews on the compliance of the transaction department on these Regulations and the handling procedures, and prepare a review report. Any material violation identified shall be reported to the audit committee in writing.

4. Other:

4-1 Transaction officers shall pay close attention to changes in market conditions and the credit status of counterparties. In the event of abnormal situations, including major changes in market conditions or decrease of credit rating, major financial crisis, bankruptcy, debt failure, refusal to pay off, deferred payment or merger of the counterparty, the transaction officer shall immediately review the unexpired

contract, report to the Chairperson of the Board and his/her designated person, and take necessary countermeasures.

4-2 Settlement officers shall fill in the logbook and submit information to the board of directors on a regular basis in accordance with the Procedures for Acquisition and Disposal of Assets.

4-3 Transaction officers are required to submit reports on foreign exchange derivatives to the chairperson of the board and his/her designated person for review.

4-4 The Company should seek consultation from the Ministry of Justice or external legal consultants for legal matters involved in foreign exchange derivative transactions.

4-5 In preparation for regular financial reports (including annual and quarterly financial reports and consolidated financial reports), the Company shall comply with the International Financial Reporting Standards issued by the Financial Supervisory Commission.

5. The operation of the foreign exchange derivatives of the subsidiaries controlled by the Company is conducted by the parent company, except for the subsidiaries authorized by the Chairperson of the Board.
6. These Regulations shall take effect after being approved by the Chairperson of the Board. Subsequent amendments thereto shall be affected in the same manner.