

Number	G06	
Item	Investment Cycle - Operations for Trading Derivative Products	
Operational Procedures and Control Points		Basis of Information
<p>I. Operational Procedures</p> <ol style="list-style-type: none"> 1. The scope of engaging in derivative products operations is determined by a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. Approval from the General Manager must be obtained first if there is a need to use other products. 2. Engaging in derivative product trading mainly focuses on financial operations (referring to establishing positions composed of assets, liabilities, or investment portfolios, expecting to gain benefits from future market fluctuations) and hedging operations (transactions aiming to eliminate or reduce exchange rate or interest rate risks, not for the purpose of creating profits). 3. Acquisition or Disposal Authorization Limit: Single transactions up to NT\$200 million (inclusive) are approved by the General Manager, those up to NT\$300 million (inclusive) are approved by the Chairman. For transaction amounts exceeding the aforementioned limits, Board of Directors' approval is required, with single transactions not exceeding NT\$500 million, and the cumulative unsettled balance should not exceed 30% of the company's net value certified by the most recent financial statements audited by an accountant. 4. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement. 5. Settlement personnel will sequentially list derivative products in a log book, evaluate outstanding balances every half month and present them for the General Manager's review, and submit the log book to the Board of Directors for review every quarter. 6. Performance evaluations should record the operational details of derivative products in the transaction detail form and settle exchange gains and losses monthly. 7. Every month, process reports related to the derivative product trading engaged in up to the end of the previous month. 8. Loss Limit: The contract loss limit should not exceed 10% of the contract amount, applicable to both individual and total contracts. 9. Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading. 		<p>Regulations Governing the Acquisition and Disposal of Assets</p> <p>Expense Application Form, Transaction Detail Form, Board of Directors Meeting Minutes</p> <p>Log book</p> <p>Transaction Detail Form</p>
<p>II. Control Points</p> <ol style="list-style-type: none"> 1. Whether acquisition or disposal authorization limit is approved according to the transaction amount. 		

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	<ol style="list-style-type: none"> 2. Whether personnel engaging in derivative products trading and those in confirmation, settlement, etc. are concurrently serving in different operations. 3. Whether settlement personnel are sequentially listing derivative products in a log book, evaluating outstanding balances every half month and presenting them for the General Manager's review, and submitting the log book to the Board of Directors for review every quarter. 4. Whether operational details of derivative products are recorded in the transaction detail form and whether exchange gains and losses are settled monthly. 5. Whether the contract loss limit exceeds 10% of the contract amount. 6. Whether the relevant contents of engaging in derivative products trading are reported monthly. 	<p>Expense Application Form, Transaction Detail Form, Board of Directors Meeting Minutes</p> <p>Log book</p> <p>Transaction Detail Form</p>