

			Supervisor Unit:	Finance & Accounting Department
File Name	RIA-05	Procedure for Processing Derivative Transactions	Effective Date of Establishment	2007.12.14
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Article 1. Purpose: To establish a risk management system for the Company's derivative transactions, all such transactions shall be executed in accordance with the provisions of this Procedure.				
Article 2. Legal basis: These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.				
Article 3. Scope of Application: Derivatives referred herein are a forward contract that derives its value from specific interest rates, financial instrument prices or product prices, foreign exchange rates, price or fee rate indexes, credit ratings or credit indexes, or other variables; options contract, futures contract, leverage contract, swap contract, combinations of the above products, or compound contracts embedded in derivatives or structural products. The forward contracts mentioned here do not include insurance contracts, performance contracts, after-sale service contracts, long term lease contracts, and long term (purchase) sale contracts.				
Article 4. Business Discussion: Derivatives shall be aimed at securing the business profits of the Company and averting risks caused by foreign exchange rate, interest rate, or asset price fluctuations. They shall not be used for opportunistic profiteering.				
Article 5. Responsibility: Finance Department: I. Keep abreast of financial market information, determine the trends and risk, understand financial instruments, regulations, and skills to operate such instruments, and conduct transactions according to supervisor's instruction and position of authority to avert risks of market price fluctuation. II. Perform periodic assessment. III. Provide information on risk exposures. IV. Issue announcements and reports regularly.				

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Article 6. The amount and percentage of derivatives that may be traded by the Company: I. The derivatives traded by the Company shall equal the amount of hedged assets as the maximum total transaction limit. II. The limit on losses resulting from the Company's derivative transactions (stop loss) is 20% of all completed transactions and individual transactions. III. Where foreign funds are held for increasing investment efficiency, risk exposure to open long derivatives may not exceed 40% of the net asset value of such foreign funds. IV. Where foreign funds are held for hedging purpose, the aggregate nominal values of open long and short derivatives may not exceed the total market value of securities corresponding to such foreign funds.				
Article 7. Appraisal and operating procedures for derivative transactions and internal control audit: I. When engaging in derivatives transactions, the Company shall adopt the following risk management measures: (1.) The scope of risk management shall include credit risk, market risk, liquidity, cash flow risk, operational risk, and legal risk. (2.) Personnel engaged in derivatives trading may not serve concurrently in other operations such as deal confirmation and settlement. (3.) Personnel responsible for risk measurement, monitoring and control shall be assigned to a department separate from the individuals specified in the preceding subparagraph, and shall report to the board of directors or other senior managers who are not engaged in decision making on transactions or trading positions. (4.) The Company shall assess its derivative trading positions at least once a week. Hedging transactions conducted to meet business requirements shall be assessed at least twice a month. Assessment reports shall be delivered to the senior management level authorized by the board of directors. (5.) Other major risk management measures. II. The board of directors of the Company shall supervise and manage derivative transactions in accordance with the following principles: (1.) The designated senior managers shall pay constant attention to the				

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<p>monitoring and control of derivative transaction risks.</p> <p>(2.) The Board of Director shall review the performance of derivative transactions on a regular basis to ensure that it is consistent with the business strategies of the Company and that the risks involved are within the Company's risk tolerance.</p> <p>III. The senior managers authorized by the board of directors shall observe the following principles when managing derivative transactions:</p> <p>(1.) Regular reviews shall be conducted on existing risk management measures to ensure their suitability and full compliance with the requirements prescribed in these Procedures and other procedures established by the company for the handling of derivatives.</p> <p>(2.) In case any irregularities are found in the course of monitoring the transactions or gains/losses, the head of the financial department shall take necessary actions and report to the board of directors immediately. If the Company has independent directors, an independent director shall be present at the board meeting to provide opinions.</p> <p>When intending to engage in derivatives transactions, the Company shall establish a set of regulations governing derivatives transactions, which shall then be presented to the most recent meeting of the Board of Directors.</p> <p>IV. The Company shall establish a logbook for its derivative transactions for audit purposes, which shall contain details about the type and amount of the derivative transactions and the date resolved by the board of directors. The logbook shall also include the "other items to be evaluated" in accordance with regulations.</p> <p>V. Internal auditors shall, on a regular basis, check the adequacy of the company's internal control system for derivatives transactions. They shall conduct monthly audits on the trading department to ensure compliance with the Procedures for Derivatives Trading. Audit reports shall be produced. The auditors are required to advise the Audit Committee in writing if any significant violations are found.</p> <p>Article 8. Disclosure of information:</p> <p>I. The Company shall report any derivative transactions made by the</p>				

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<p>Company and its subsidiaries by the 10th day of each month.</p> <p>II. When the loss of the Company's derivative transactions reaches the maximum loss limit for all contracts or individual contract as stated in Article 6 herein, the Company shall publicly announce and report relevant information within 2 days commencing immediately from the date of occurrence of the event.</p> <p>Article 9. Any matters not covered in these Procedures shall be handled in accordance with relevant laws and regulations of the Company.</p> <p>Article 10. These Operating Procedures shall be approved by the Audit Committee, submitted to the Board of Directors for resolution, and presented to the shareholders' meeting for approval. The same procedures shall apply for future amendments. When submitting amendment of these Procedures to the Board of Directors for discussion, the Company shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p> <p>The 1st amendment was made on December 14, 2007 The 2nd amendment was made on March 24, 2008 The 3rd amendment was made on June 20, 2014 The 4th amendment was made on June 18, 2015 The 5th amendment was made on June 17, 2016 The 6th amendment was made on June 21, 2019</p>				