

## ENNOSTAR Inc. Handling Procedures for Conducting Derivative Transactions (the “Handling Procedures”)

### Article 1 : References

In order to establish the Company’s risk management system of conducting derivative transactions, conducting such transactions shall be in accordance with the Handling Procedures.

### Article 2 : Scope of Application(Transaction types)

1. The derivatives transactions of the Company refer to the contracts of which the value derives from specific interest rates, price of financial tools, merchandise prices, exchange rates, indices, price or rate index, credit rating, or credit index or another variable; (excluding insurance contracts, guaranty of contract, after-sale service guarantee, long-term lease contracts and long-term purchasing/sales contracts), options contracts, futures contracts, Leverage margin contract, swap contracts, hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.
2. A transaction that is for the purpose of hedging the business operating risk is a hedge transaction; a transaction creating additional risk from arbitraging is a speculation transaction.

### Article 3 : Operational or Hedge Strategies

The derivative transactions should mainly be conducted for the purpose of ensuring profits of the Company’s business and avoid risks associated with fluctuation in the exchange rate, interest rate, and/or value of assets

### Article 4 : Authorized Department for Trading

The Finance department of the Company shall:

1. Collect market information; estimate the trend and risks; get familiar with financial products, relevant laws and regulations and the operational skills to conduct the derivative transaction; and conduct the derivative transaction in accordance with the instruction of the authorized officer, and within the authorized amount limit to avoid the risks associated with fluctuation of market price;
2. Establish the position of the confirmation and settlement personnel;

confirmation personnel is in charge of confirmation with the transaction counterparty and settlement personnel is in charge of settlement of the transaction at the maturity;

3. Make the periodic performance evaluation;
4. Provide information regarding positions of risk exposure; and
5. Make a public announcement and file the required report(s) periodically.

Article 5 : Evaluation of performance

For any transaction on derivatives, the trader(s) should mark down the details (such as amount, exchange rate, banks, maturity date etc) on the summary of unwinding position in order to control P/L. In addition, the FX exchange P/L should be settled on a monthly, quarterly and annually basis.

Article 6 : Trading Limit and Authorization

1. Aggregate amount of all contracts
  - (1) Hedge transactions required for daily business
    - (i) Exchange rate transactions: The amount for hedge transactions shall be based on the position arising from the Company's business. Except for the cross-currency swap transactions for funding purposes, the aggregate amount of all contracts shall be limited to the Company's revenue of the prior three months.
    - (ii) Interest rate transactions: With respect to the expenditure for the specified purposes, including, without limitation the long term interest rate position arising from the syndication facilities and etc. For the hedging purpose, the aggregate amount of all contracts shall be limited to the Company's long term borrowings with floating interest.
    - (iii) Other hedge transactions: In order to hedge the risk of exchange rate or interest and etc. arising from issuance of overseas equity (such as ADR and etc.) or bonds (such as ECB, CB and etc.) or other financial products, the aggregate amount of all contracts shall be limited to the total outstanding amount of such issued instruments (i.e. ADR, ECB, CB), provided that such transactions together with the evaluation report shall be submitted to the general manager for approval.
    - (iv) Authorization for exchange rate/interest rate transactions:

Authorization Level	Authorized Amount per transaction	Authorization Amount per day
General Manager	Equivalent to US\$ 5 million above	Equivalent to US\$ 10 million above

Center Head of Finance	Equivalent to US\$ 5 million	Equivalent to US\$ 10 million
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(2) Transactions not for the above purposes (speculation transactions): The Company doesn't conducting speculation transactions.

2. Maximum loss for all contracts and for individual contract:

Maximum loss	All contracts	Individual contract
Hedge transactions	15%	20%

3. If the maximum loss for all contracts or individual contract is reached, the trading personnel should inform the most senior decision-making officer of finance unit and Chairman. If necessary, the situation shall submit to the Board of Directors.

## Article 7 :

### The Operational Procedures

1. Check the transaction position.
2. Analyze and judge the trend.
3. Decide methods to be used for hedge:
  - (1) the target of the derivative transaction;
  - (2) the position to be held in the derivative transaction;
  - (3) the proposed price and range; and
  - (4) the trading strategy and pattern of the derivative transaction.
  - (5) the reference price shall be based on the price provided by the trading platform of Reuters.
4. Obtain the approval for derivative transaction.
5. Execute the derivative transaction:
  - (1) Transaction counterparties: The first priority for choosing the transaction counterparty is to consider the credit risk of the counterparty. In order to avoid the legal risk, any documentation to be entered into with a financial institution, shall be reviewed by the Company's legal personnel or professional lawyer prior to execution.
  - (2) Trading personnel: The personnel authorized and approved by the most senior decision-making officer of finance unit ("authorized personnel") may conduct the derivative transactions for and on behalf of the Company and the Company shall inform the corresponding financial institutions of names of the authorized personnel. Persons other than authorized personnel are not permitted to conduct derivative transactions.

## Article 8 :

### Information Disclosure

1. The Company shall make a public announcement and file the necessary report(s), for itself and its subsidiaries, of the derivative transactions conducted in the previous months of the year prior to the 10th day of each month.
2. In the event that the loss from derivative transactions reaches the maximum loss for all contracts or individual contract as provided in Article 6 hereof, the Company shall make a public announcement and file the necessary report(s) within two days commencing immediately from the date of occurrence.

## Article 9 :

### Records of Derivative Transactions

1. The types and amounts of derivatives trading engaged in and board of directors approval dates shall be recorded in memorandum book and in accordance with the following revaluation items shall be recorded in detail in memorandum book.
  - (1) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy.
  - (2) whether the risk undertaken is within the Company's permitted scope of tolerance.
  - (3) Evaluate the risk management measures monthly:  
Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
2. The accounting unit shall handle the accounting matters with respect to the derivative transactions in accordance with the Business Accounting Law, the Statements of Financial Accounting Standards and the relevant letters and orders issued by the relevant competent authority, or if no relevant laws or regulations can be applied, the accounting division shall record the details of the relevant transactions and record the realized and unrealized gains and/or losses calculated on a monthly basis in the income statement.

## Article

### 10 :

### Internal Control System

1. The risk management measures include:
  - (1) Credit risk management: Unless approved by the most senior decision-making officer of the Finance department, the transaction counterparties shall be limited to the domestic or foreign financial institutions.
  - (2) Market risk management: The derivative transactions shall be conducted

primarily for hedging purposes and the authorized personnel shall not create additional positions as possible as they can.

- (3) Liquidity and cash flow risk management: To ensure liquidity, the authorized personnel shall check with the treasury personnel before conducting the derivative transaction to make sure that the proposed transaction amount will not cause a liquidity shortage.
  - (4) Operation risk management: To avoid operation risks, the authorized personnel shall comply with the authorized amount and the operation procedures
  - (5) Legal risk management: To avoid legal risks, any agreements entered into between the Company and the relevant banks shall be reviewed by in-house counsel before execution.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement
  3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
  4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to Senior Director of Finance department.
  5. Internal Control
    - (1) Authorized trading personnel shall deliver the transaction document or contract to the recording personnel to record the transaction in the book.
    - (2) The recording personnel shall check with the counterparties or record derivative transactions in the book periodically.

Article  
11 :

Board of Directors

1. If the Company conducts derivative transactions, the board of directors shall faithfully supervise and manage such transactions in accordance with the following principles:
  - (1) Designate the most senior decision-making officer of Finance department to pay continuous attention to the monitoring and controlling of derivative transaction risk every now and then.
  - (2) Periodically evaluate whether derivative transactions performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

2. The most senior decision-making officer of the Finance department shall manage derivative transaction in accordance with the following principles:
  - (1) Periodically evaluate whether the current risk management measures are conducted appropriately and faithfully in accordance with the Handling Procedures.
  - (2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors and an independent director shall be present at the meeting and express an opinion.
3. The most senior decision-making officer of the Finance department handles derivate transactions in accordance with the Handling Procedures, such transactions shall be reported to the next board of directors afterward.
4. If the relevant derivative transaction is required to be submitted to the board of directors for discussion, such transaction shall be approved by a majority of all members of the Audit Committee and further submitted to the board of directors for resolution. If such transaction is not approved by a majority of all members of the Audit Committee, alternatively, such may be approved by two-thirds of all directors, provided that in such case, the resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting of the board of directors. If for a legitimate reason it is impossible to hold an audit committee meeting, matters on the meeting agenda shall be adopted with the consent of two- thirds or more of the entire board of directors.
5. “All members of the Audit Committee” referred to in the Handling Procedures and “all directors” referred to in the preceding paragraph shall mean the actual number of the committee members/directors

Article  
12 :

#### Internal Auditing

1. Internal auditing personnel shall periodically review the appropriateness of internal controls for derivative transactions in accordance with the “Internal Control System” and make monthly checks of the trading department’s compliance with the Handling Procedures and make the auditing report. If internal auditing personnel find any serious violation of the “Handling Procedures, they should inform the Audit Committee of such violation in writing.
2. The above-mentioned auditing report(s) and any rectification of an

irregularity shall be filed with the Financial Supervisory Commission (“FSC”) in accordance with the “Guidelines Governing Establishment of Internal Control Systems by Public Companies”.

Article  
13 :

The Procedures for Supervising Derivative Transactions Conducted by Subsidiaries

1. If any Company’s subsidiary intends to conduct derivative transactions, such subsidiary’s own handling procedures for conducting derivative transactions shall be adopted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies ” promulgated by the FSC and after consulting with the Company’s opinions. .In accordance with the procedures for engaging in derivatives trading.
2. If the above mentioned subsidiary is not a domestic public company, the Company shall make a public announcement and file the necessary report(s) in accordance with Article 8 hereof, for and on behalf of such subsidiary, of the derivative transactions conducted by such subsidiary.
3. The Company shall supervise its subsidiaries to check whether or not the handling procedures for conducting derivative transactions are in compliance with the relevant law and regulations or not and whether the subsidiary conducts derivative transactions in accordance with such subsidiary’s own handling procedures for conducting derivative transactions.
4. The Company’s internal auditing personnel shall review and check the examination reports produced by each subsidiary.

Article  
14 :

Penalty

If any manager or person in-charge of the derivative transactions, due to his/her negligence, violates the Handling Procedures and as a result causes serious damages to the Company, such manager or person shall report to his/her direct superior and the most senior decision-making officer of the Finance department immediately. Such a manager or person’s violation shall be handled in accordance with the relevant internal personnel and administration regulations of the Company. If it is found that such manager or person intentionally violated the Handling Procedures and as a result caused damages to the Company, the Company may, in addition to the punishment made in accordance with its relevant internal regulations, require such manager or person to compensate the Company’s loss. The punishment and how to handle the above mentioned violation shall be reported to the next Board of Directors meeting.

- Article Miscellaneous  
15 :
1. The term “subsidiary” as used in the Handling Procedures, shall have the same meaning as defined in the Regulations Governing the Preparing of Financial Reports by Securities Issuers.
  2. The terms “make a public announcement” and “file the necessary report(s)” as used in the Handling Procedures, shall mean information disclosure posted on the website designated by the FSC.

- Article Effectiveness and Amendment  
16 :
1. Enactment of or amendment to the Handling Procedures shall be approved by a majority of all members of the Audit Committee and further submitted to the board of directors for resolution. If enactment of or amendment to the Handling Procedures is not approved by a majority of all members of the Audit Committee, alternatively, such may be approved by two-thirds of all directors, provided that in such case, the resolutions adopted by the Audit Committee shall be recorded in the minutes of the meeting of the board of directors. If for a legitimate reason it is impossible to hold an audit committee meeting, matters on the meeting agenda shall be adopted with the consent of two- thirds or more of the entire board of directors.
  2. The Handling Procedures shall be approved by the board of directors and further submitted to the shareholders meeting for approval and will become effective afterwards.

Article The Handling Procedures were enacted and approved by the shareholders  
17 : meeting on May 24, 2024