Taiwan Fructose Co., Ltd.

Procedures for Financial Derivatives Transactions

Article 1 Purpose

The procedures are formulated in order to protect investment, implement information disclosure, and strengthen the Company's establishment of a derivative commodity transaction risk management system. The procedures are handle in accordance with the letter of FSC NO. 0960014178 dated April 20, 1996.

Article 2 Scope of application

The Company engages in derivation commodity transactions in accordance with this procedure unless otherwise provided by laws and regulations.

Article 3 Definition

1. The derivation commodities in this procedure refer to:
   (1) Trading contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other benefits (such as forward contracts options, futures, exchanges, and composite contracts formed by combining the above commodities, etc.)
   (2) Bond margin trading.
2. The forward contract referred to in the preceding paragraph does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sale) goods.

Article 4 Trading principles and guidelines

1. Types of transactions:
   The types of derivative commodities that the Company engages in are limited to foreign currency forward foreign exchange, interest rates, stock indexes, and agricultural and industrial commodities. Other derivative commodities that need to be traded shall be subject to the approval of the Board of Directors.
2. Operation strategy:
   The transaction object should choose a financial institution with better conditions to engage in hedging transactions according to the Company's operating needs to avoid credit risk; at the same time, it must be clearly defined before the operation is a transaction type such as hedging or financial operation pursing investment income, as s basis for accounting.
3. Division of powers and responsibilities:
   The Company's financial division is responsible for the above-mentioned derivative

commodities, and regularly assesses the future trend of each commodity, capturing market information, familiar with financial commodities, regulations, laws and operational skills, etc., kept up to date and provide sufficient information to the relevant departments.

4. The transaction amount
   (1) The amount of hedging transactions:
      (a) The total contract amount for foreign currency hedging forward foreign exchange operations shall not exceed the total annual foreign currency demand of the Company's actual import of raw materials and equipment and foreign investment.
      (b) The total amount of relevant agricultural and industrial commodity futures or option operation contracts shall not exceed the total amount of actual imported commodities each year.
   (2) Investment transaction quota:
   Based on the prediction of market changes, the Financial Department may formulate a commodity trading plan as needed, with the headquarters position limited to 20% of the Company's net worth.
5. Performance evaluation:
   The profit and loss target is set according to the size of the traded commodity part. This target must be included in the performance evaluation and reviewed regularly. The transaction staff provides the transaction commodity part evaluation report layer to the chairman for management and reference.
6. The investment transaction loss ceiling:
   All contract losses are limited to no more than NT $ 5 million; individual contract losses are limited to no more than 5% of the transaction amount, but the chairman of the Board may adjust it after submitting to the Board of Directors for approval according to the actual situation.

Article 5 Operating procedures:

1. Authorization quota:
   The Company's engagement in a single transaction of derivative commodities exceeding US $ 2 million is subject to the approval of the Board of Directors, and the chairman of the Board of Directors is authorized to approve those who are under 2 million.
2. Executive unit:
   In order to make the Company's derivative commodities transactions have the same power, the personnel of the Company's financial unit shall be responsible for it.

Article 6 Information Disclosure

The Company engages in derivation commodity transactions, which are handled in accordance with the “Procedure for Obtaining or Disposing of Assets”, and relevant information is disclosed in the notes to the financial statement.

Article7 Accounting treatment method

The Company shall engage in derivative commodity transaction, and its accounting treatment shall be handled in accordance with relevant laws and regulations.

Article 8 Loss of Internal Control

1. Rick management measures
   (1) Consideration of credit risk: The object of the transaction is limited to the financial institutions with which the Company deals and the principle of providing professional information.
   (2) Consideration of market risks: Legal institutions are mainly focused on risk averse operations.
   (3) Liquidity considerations: To ensure liquidity, the trading bank must have sufficient equipment, information, and trading capabilities, and be able to trade in any market.
   (4) Operational considerations: The authorized amount and operation process must be strictly observed to avoid operational risks.
   (5) Legal considerations: Any document signed with a financial institution must be legally reviewed before it can be formally signed to avoid legal risks.
   (6) Commodity risks: Internal trading personnel should have correct professional knowledge to the financial commodities to be traded, and the bank should fully expose the risks to avoid losses caused by misuse of financial commodities.
   (7) Risk of cash delivery: Delivery personnel should pay attention to the Company’s foreign currency cash flow in order to ensure that there is sufficient cash payment during delivery.
2. Internal Control
   (1) Trading personnel and confirmation, delivery and other operating personnel shall not serve concurrently.
   (2) A reference book should be established.
   (3) The log in personnel shall regularly check or confirm with the correspondent bank.
   (4) The registrant should check at any time whether the total transaction amount has exceeded the net position of assets, liabilities and commitments.
   (5) At the end of each month, the financial unit evaluates the profit and loss according to the closing value of the day, and prepares a report from to report to the management, and submits it to the Board of Directors afterwards.

3. Periodic evaluation

(1) The positions held by derivative commodities shall be based on the principle of market price assessment. Risk-averse transactions due to business needs shall be assessed at least twice a month, and the assessment report shall be submitted to senior executives authorized by the Board of Directors.

(2) The evaluation report shall submitted to the Chairman to assess whether the transaction performance conforms to the established business strategy and whether the risks promised are within the scope allowed by the Company.

(3) If any abnormal situation is handled, it will be reported to the chairman of the Board immediately and reported to the Board of Directors for their opinions.

Article 9 Internal Audit System

Internal auditors should conduct monthly audits and prepare audit reports.

Article 10

These procedures were approved by the Audit Committee and Board of Directors, and implemented after being submitted to the shareholders’ meeting for approval.

The procedures were enacted on December 12, 1998.

The 1st amendment was made on June 11, 2008.

The 2nd amendment was made on June 25, 2013.

The 3rd amendment was made on June 24, 2016.

The 4th amendment was made on June 23, 2020.