

E & E Recycling

Procedures for Engaging in Derivatives Trading

General Principles

Article 1

In order to protect the rights and interests of investing shareholders, implement information disclosure, and establish a risk management system for engaging in derivatives trading, so that the company's engaging in derivatives trading can be followed in operation. "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," hereby revise this procedure.

Regulations are defined as follows

Article 2

Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from 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.

Principles And Guidelines

Article 3.1 Principle :

Article 3.1.1 The company engages in derivatives trading based on the principle of hedging (i.e., not for speculative purposes, but for risk mitigation).

Article 3.1.2 The so-called hedging or not for speculative purposes refers to the use of appropriate financial instruments by our company to mitigate exchange rate risks.

Article 3.2 Transaction Type :

The derivatives trading engaged in by our company refer to the scope of "definition" in the second point of this processing procedure. Before using other types of hedging tools, it is necessary to evaluated and modified this procedure in advance and submitted it to the chairman for approval before engaging in such activities.

Article 3.3 Operating or hedging strategies :

Article 3.3.1 Hedging transaction: The asset or liability position held by the company and the future demand, considering future market changes, in order to mitigate operational and financial risks, and potentially minimize non-operating losses for the company.

Article 3.3.2 Financial transactions: Financial transactions are for the purpose of obtaining financial benefits, but it is necessary to strictly abide by the regulations of stop loss and control the upper limit of losses.

Article 3.4 Division of authority and responsibilities :

Article 3.4.1 Financial personnel: As the hub of the foreign exchange management system, they must grasp the overall external position of the company, and relevant information must be collected for

forecasting and generation of positions. Collecting market information, judging trends and risks, familiarizing with financial products, rules and regulations, and operating skills must be mastered at any time to support other relevant departments in their operations; The personnel responsible for trading and confirmation of derivative products should operate independently from the personnel responsible for settlement. The transaction authorization personnel shall be approved by the chief financial officer.

Article 3.4.2 Accounting administrator: Based on the delivery subpoena and related transaction vouchers, record accounting entries and accurately and appropriately reflect hedging transactions, as well as their profit or loss results, in the financial statements.

Article 3.4.3 Auditors: Understand the adequacy of the internal control of derivatives trading and check the transaction department's compliance with operating procedures.

Article 3.5 Performance Evaluation Essentials :

Article 3.5.1 For the purpose of hedging: the annual operating target of each currency exchange rate or interest rate set when the company prepares the budget each year is listed as the performance evaluation target, and the trading personnel should try their best to achieve this target and use it as the basis for performance evaluation. At least twice per month, trading personnel must provide assessment reports to senior executives authorized by the board of directors as management basis.

Article 3.5.2 Other specific-purpose transactions: At least once per week for the derivatives held, the trading personnel must provide an assessment report to the senior executives authorized by the board of directors as a basis for management.

Article 3.6 Total contract amount:

Article 3.6.1 Not for speculative purposes trading (to avoid the risk of assets or liabilities already held): the principle is not to exceed the total amount of assets or liabilities held, and if there is an excess, it should be classified as for the purpose of trading.

Article 3.6.2 For the purpose of trading: The total amount of the transaction contract is evaluated and adjusted every year, but it does not exceed the authorized contract amount available for transactions , which is the upper limit of NT\$50 million, except for special circumstances approved by the board of directors.

Article 3.7 Overall and individual contract loss limit:

When the losses of all contracts or individual contracts reaches 15% of the contract amount, relevant remedial measures should be promptly reported and instructed by the authorized supervisor; If the loss amount reaches 25% of the contract amount, it shall report to the board of directors.

Article 3.8 Authorization amount:

It shall take effect after being approved by the chairman according to the authorized quota table, and reported to the board of directors. Any amendments must be approved by the board of directors.

Authorization Level	Chief Financial Officer	General manager	Chairman
Authorized amount per transaction	USD 200,000 (inclusive) or less	USD 200,000 or more to 1,000,000 (inclusive) or less	USD 1 million or more

Announcement and declaration procedures

Article 4.1 The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 4.2 Losses from derivatives trading reach the predetermined limits set forth in the processing procedures, whether for all contracts or individual contracts, relevant information should be announced and reported on website designated by the FSC within two days from the occurrence of the event.

Risk Management Measure

Article 5.1 Consideration of credit risk: The selection of the transaction bank should focus on financial institutions with outstanding credit, large scale, and the ability to provide professional information.

Article 5.2 Consideration of market risk: Based on the price of derivatives fluctuates in the market, losses may occur. Therefore, after the position is established, for transactional transactions without actual delivery documents, the setting of relevant stop loss points should be strictly followed.

Article 5.3 Liquidity considerations:

Article 5.3.1 Liquidity of Commodities: It is necessary to consider whether the trading commodities are generalized and universal in the market.

Article 5.3.2 Liquidity of cash:

- The company should always monitor its cash flow to ensure smooth completion of settlement operations for various transactions upon their maturity.

Article 5.4 Operational considerations: It is necessary to strictly abide by the authorized amount, the operation process of the transaction, and the recording and control of the relevant transaction records.

Article 5.5 Legal considerations: In addition to the contracts of regular transactions, the main contract related to the transaction should be countersigned by the legal department in advance to avoid future risks for the company.

Article 5.6 Commodity risk considerations: Operators should have complete and correct professional knowledge on the derivatives traded to avoid losses caused by the misuse of derivatives.

Article 5.7 Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

Article 5.8 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.

Article 5.9 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 management authorized by the board of directors.

Article 5.10 It is necessary to confirm with the broker from time to time, and check with the account records, if there is any discrepancy should investigate the reason.

Article 5.11 Confirm the transaction object and the broker to confirm the correctness of the transaction

content, if there is any discrepancy; should understand the reason.

Article 5.12 Check whether the account record and entry time are correct, whether the subpoena has been approved, and whether the relevant vouchers have been obtained.

Board of Directors Supervision and Management

Article 6 The board of directors is the highest supervisory unit for the company's derivatives trading. The board of directors may authorize executives to supervise the risk management of the company's derivatives trading, and be responsible for supervision and control. Supervision and management shall be based on the following principles:

Article 6.1.1 Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.

Article 6.1.2 Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Article 6.2 Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

Article 6.2.1 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.

Article 6.2.2 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, an independent director shall be present at the meeting and express an opinion.

Article 6.3 A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 6.4 When company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated of the preceding shall be recorded in detail in the log book.

Internal Audit

Article 8.1 The Regulation resolution by the Audit Committees and board of directors, then approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to each for discussion by the Audit Committees and shareholders' meeting. The same shall apply to any amendments to the Procedures.

Article 8.2 When submitting to the board of directors for discussion, the opinions of independent directors should be fully considered. If an independent director expresses any dissent or reservation, it shall be specifically recorded in the minutes of the board of directors meeting.

Article 8.3 The company's " Procedures for Engaging in Derivatives Trading " is formulated in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies ", act in accordance with the law.

formulate

The Regulations was established on 30th November 2011, and shareholders' meeting on 24th February 2012 for approval.

The first amendment on 24th February 2014.

The second amendment was approved by the board of directors on 5th March 2019, and shareholders' meeting on 23th April 2019 for approval.

The third amendment was approved by the board of directors on 9th November 2021, and shareholders' meeting on 25th April 2022 for approval.