

EVERGREEN MARINE CORPORATION (TAIWAN) LTD.

Procedures for Transaction of Derivative Products

Article 1

The Procedures is set forth in accordance with Article 11 of the “Procedures for Acquiring and Disposing of Assets” as prescribed by the Company.

Article 2

Any transaction of derivative products to be made by the Company shall be subject to these Procedures.

Article 3

The term “derivative products” as used herein shall mean any forward contracts, option 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” as used herein shall not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sales) contracts.

Article 4

Types of derivative product transactions that may be engaged in by the Company are forward currency transactions, currency swaps, margin trading, non-delivery forwards, interest rate swaps, oil swaps, options, assets swaps, futures, and other relevant financial products derived from the prices, indexes or other variable.

Article 5

Hedge trading of derivative products that may be taken by the Company should be avoided market risks as the main purpose. The trading products should be chosen mostly for avoiding the risks of interest rates, exchange rates and fluctuation of oil price that result from the company’s operation. The trading subjects, in principle, should be chosen the excellent credit financial institutions and companies.

Article 6

Gross contract amount for the derivative product transactions made by the Company shall

be limited to the existing position, and the ceiling of stop loss thereof shall be as follows:

1. Hedging Operation: If the amount of loss evaluated in the end of month for all contracts or any individual contract exceeds 5% of paid-in capital of the Company for two successive months, it shall be presented first to the Audit Committee and then to the board of directors to resolve whether the Company shall execute the stop loss.
2. Trading Operation: Gross allowable loss for all contracts shall be limited to 3% of paid-in capital of the Company, and to 15% of contract value for any individual contract.

Article 7

Division functions in regard to the derivative product transactions made by the Company shall be as follows:

1. High-level personnel duly authorized by the board of directors shall always pay attention to supervising and controlling risks for derivative production transactions.
2. Internal auditors shall examine for the adequacy of internal control over the transactions of derivative products on a regular basis.
3. Trading persons shall always be alert to the market information, analyze the changing situations of various products from basic and technical aspects, and report the latest information to the department head concerned. Trading person shall also know exactly about the provisions specified in these Procedures and report the gain or loss to the executive concerned periodically.
4. Delivery persons must confirm the fund availability of the Company, make sure the currency, amount, and delivery date of each transaction, and perform the delivery smoothly.

Article 8

Key points for performing evaluation by the Company of the derivative product transactions shall be as follows:

1. Accuracy of the evaluation about product trends;
2. Adequacy for the position control;
3. Fair value and changes in the gain/loss;
4. To what extent the risk is covered in case of a hedge transaction, or the possible result if no such transaction is made.

Article 9

Operating procedures for derivative product transactions by the Company shall be as

follows:

1. As approved by the head of Financial Department, trading persons initiate the transaction within the authorized limit.
2. Trading persons shall place orders through the financial institutes nominated by the Company beforehand.
3. After a transaction is done, trading persons shall submit the trading data to the head of Financial Department.
4. The financial institution concerned shall send a trading confirmation note to the head of Financial Department after the transaction.
5. The head of Financial Department and delivery persons shall re-examine those trading data. After the data are verified to be correct, the delivery persons shall perform the delivery.
6. Trading persons shall send the trading confirmation note duly approved back to the financial institution concerned, and submit the trading voucher to the Accounting Section.
7. After verifying the validity and rationality of trading data from external sources, the Accounting Section submits the trading voucher for approval of book entry.

Article 10

Risk control measures taken by the Company for derivative product transactions shall be as follows:

1. Upon engaging in a transaction, its risk control shall be ready to cover those risks relating to the credit, market price, liquidity, cash flow, operation, laws and rules.
2. To set up guidelines in writing for trading persons to engage in the transactions within the authorized amount, ceiling of stop loss, and tradable types of products.
3. Any trading person shall not act as a delivery person simultaneously, and vice versa.
4. Persons in charge of risk measurement, supervision, and control shall belong to the departments different from the ones for those persons referred to above, and shall report to the board of directors, or to the senior executives who are not responsible for making the policy on the transaction or position of derivative products.
5. The position held in the transactions of derivative products shall be evaluated at least once a week. In case of a hedging transaction for business necessity, however, it shall be evaluated at least twice a month. The evaluation reports concerned shall be submitted to the senior executive duly authorized by the board of directors.

6. The board of directors shall do monitoring and control on the following principles:
 - (1) Assign senior executives to supervise on the monitoring and control of derivative product transactions from time to time.
 - (2) Evaluate whether the performance of derivative product transactions complies with the business operation policy and whether the risks to be taken are within the allowable scope.
7. Senior executives duly authorized by the board of directors shall control the transactions of derivative products on the following principles:
 - (1) Evaluate periodically whether the prevailing risk control measures are proper and whether they are complying with these Procedures.
 - (2) Monitor the status of transactions and gain/loss periodically. In case any abnormality is found, necessary actions must be taken to deal with promptly, and a report thereof be made to the board of directors. And the independent directors shall be invited to present at the Board Meeting to express their opinions.
8. When the Company has duly authorized the persons concerned to engage in the transactions of derivative products, a report to the effect shall be made to the Board at the soonest meeting afterwards.

Article 11

Internal auditors shall examine for the adequacy of internal control over the derivative products transactions on a regular basis, and audit whether the trading departments are acting in compliance with the Procedures monthly, for which an auditing report shall be produced. If any severe violations are found, a written notice shall be submitted to the Audit Committee.

Article 12

For the transactions of derivative products being engaged in by the Company, a filing book shall be produced, therein the entries about types and amounts of respective derivative product transactions, as well as the dates of resolutions passed by the board of directors. Also, those particulars that shall be under deliberate evaluation according to sub-paragraphs 5, 6.2 and 7.1 of paragraph 1 of Article 10 will be noted down in the evaluation report in detail for filing purpose.

Article 12-1

The Company shall procure its subsidiary to set up its own “Procedures for Transaction of Derivative Products” in accordance with relevant guidelines, and to follow the

Procedures when transacting the derivative products.

Article 13

Upon the adoption or amendment of these Procedures, it shall be approved first by the Audit Committee and then be resolved by the Board of Directors; then, these Procedures shall enter into effectiveness after ratification of the shareholders' meeting.

Article 14

Based on the regulation of this procedure, all matters that shall obtain the approval of the Audit Committee shall be approved by at least one-half of the members of the Audit Committee.

In the event that the preceding does not obtain at least one-half of the approval of the Audit Committee, it shall then ask for at least two-thirds of the approval of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board's Meeting.

The members of the Audit Committee and all Directors mentioned in the preceding paragraphs refer to the members in office.

When a matter is submitted for discussion to the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes.

The History of "Procedures for Transaction of Derivative Products"

1. The Procedures was made on June 20, 2003.
2. The 1st amendment was made on June 23, 2005.
3. The 2nd amendment was made on June 23, 2006.
4. The 3rd amendment was made on June 18, 2014.
5. The 4th amendment was made on June 22, 2017.
6. The 5th amendment is made on June 21, 2019.