

Wistron NeWeb Corporation

Rules and Procedures for Derivative Transactions

I. Purpose

According to the WNC's Procedures for Acquisition or Disposal of Assets, these Procedures are hereby specified to manage derivatives and effectively regulate the exchange rate change of WNC's foreign currency positions.

II. Scope of application

1. Wistron NeWeb Corporation.
2. Subsidiaries with 100% of its share held by WNC.
3. Other companies with more than 50% of its share held by WNC.

III. Transaction strategies

1. Transaction principles and policies

1-1. Transaction type:

Engagement of derivative operation, mainly including the use of forward contracts, options and swaps. The use of other derivatives shall be subject to the approval of the Audit Committee and submitted to the Board of Directors for resolution before implementation in accordance with relevant regulations.

1-2. Operational or hedging strategy:

Derivatives shall be selected based on hedging strategy and operated through financial institutions.

1-3. Division of responsibilities:

- a. Operating units: provide the estimated hedge position for the reference of the financial department.
- b. Financial management units: keep abreast of market information; determine the trends and risk; get familiar with financial instruments, rules and regulations, master the risk position, confirm the transaction execution, provide reports in accordance with the law; and provide sufficient and real-time information to the departments of management, operations, procurement, accounting, capital allocation and other sectors for reference.

1-4. Transaction limits:

The net foreign exchange positions and raw materials positions of the business at the moment and in the next three months shall prevail. Any change shall be subject to the approval of the Chairman of the Board and the head of Finance Division. The relevant amendments to the authorized limit for engagement in derivative transactions shall be subject to the approval of the Audit Committee and submitted to the Board of Directors for resolution before implementation.

1-5. Upper limit of loss:

The upper limit of WNC's loss from the entire or a single contract for engagement of derivative transactions is fixed based on risks and contracts as follows:

Authorization Level	The maximum proportion of loss to the amount of the entire or a single contract
Chairman	15%
Head of Finance Div.	10%
Head of Treasury Management	5%

If the loss exceeds the upper limit of the above table, the associated authorized personnel shall be reported, and relevant emergency measures shall be carried out under the instructions of the authorized director; if the loss accounts for 25% of the amount of the entire or a single contract, an announcement shall be published in accordance with regulations, and the relevant information shall be submitted to the Audit Committee and reported to the Board of Directors.

2. Operational procedures

2-1. Authorized limit:

The authorized limit for transactions shall be fixed in accordance with the authorized limit of WNC for engaging in derivative transactions. The authorized limit is established according to the changes of the growth and risks of WNC's turnover and shall be subject to the approval of the Audit Committee and submitted to the Board of Directors for resolution before implementation. The same procedure applies to the amendments.

2-2. Execution units:

Derivative transactions and management shall only be carried out by professional personnel. The personnel engaged in transactions shall be under the control of the Treasury Dept.

3. Announcement declaration

- a. The subsidiaries of WNC shall send a monthly transaction report to the financial management unit of WNC for centralized processing and consolidation within three (3) business days after the end of each month.
- b. The financial management unit of WNC shall collect the information of the subsidiaries and publish an announcement after confirmation on the 10th day of each month.

4. Accounting processing methods

WNC's accounting for derivatives is handled in accordance with the rules and regulations of the relevant competent authorities. The necessary reports shall be provided on a regular basis to calculate realized and unrealized gains and losses for the assessment of the management authorities

5. Internal control system

5-1. Risk management measures

After various risk assessments, related financial institutions shall be chosen by WNC as transaction object.

5-2. Internal control

- a. A person shall not concurrently undertake a post in trading, settlement (finance affairs) and confirmation (accounting).
- b. The person engaged in trading (finance) shall deliver the transaction certificates or contracts to the confirmation personnel (accounting) for record after the completion of a transaction.
- c. The confirmation personnel (accounting) shall immediately confirm the transaction, and periodically carry out the reconciliation or circularization with related banks.

5-3. Periodic assessment

As for policy implementation and performance, the head of Finance Division shall periodically convene meetings for relevant personnel to review operating strategies and performance. Transactions and performance shall be reported to the head of treasury management every two weeks, to the head of Finance Division monthly and to the Chairman of the Board quarterly.

6. Internal auditing system

Internal auditors shall periodically check the fairness of internal control, regularly review the compliance of the transaction departments with WNC's Procedures for Acquisition or Disposal of Assets and then prepare audit reports. Any serious violations shall be reported to the Audit Committee in writing.

IV. Effectiveness and Amendment

This specification shall be subject to the approval of the Audit Committee, and submitted to the Board of Directors for resolution, then obtain the consent of shareholders before implementation. The same procedure applies to the amendments.

The first version of these Procedures was approved on June 6, 2014.

The first amendment was approved on June 15, 2018.

Wistron NeWeb Corporation

Authorized Limits for Engaging in Derivatives Transactions

Authorized limits are established with due consideration of the changes in growth and risks of turnover at WNC, and shall be subject to the approval of the Audit Committee and submitted to the Board of Directors for resolution before implementation. The same procedure applies to the amendments. The authorized limits are classified as follows:

1. Limits for engaging in derivatives transactions

	Daily transaction amount
Chairman	Above US\$15 million
Head of Finance Div.	US\$15 million
Head of Treasury Management	US\$ 6 million

If the daily transaction amount of a person exceeds the authorized limit, the transaction concerned must be approved by a person who can authorize that amount, as well as all those under that person according to the list above. If other currencies are involved in the transaction, the amount should be converted into the USD and managed according to the table above.

2. Transaction amount for other types of products

The transaction of other types of products shall be subject to the approval of the Audit Committee and submitted to the Board of Directors for resolution before implementation in accordance with relevant regulations.