

# **The Shanghai Commercial & Savings Bank**

## **Procedures in Communication by Shareholders Having Controlling Power**

Amended on 03.23, 2023 of BOD Secretarial office

### **(Basis for adoption)**

**Article 1** To build a strong corporate governance system, and to further compliance by shareholders having controlling power in the Bank when Communication, these Rules are adopted pursuant to Article 18 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”、Article 20 of “The Corporate Governance Best Practice Principles of Banking” and Article 17 of “The Corporate Governance Best Practice Principles”.

### **(Definitions)**

**Article 2** The term "shareholder having controlling power" refers to a shareholder together with by the person and under others' names, which holds a majority of the total number of the outstanding voting shares or the total amount of the capital stock of bank, and has a direct or indirect control over the management of the personnel, financial or business operation of the bank. If the shareholder is a juristic person used herein means a which, with respect to the Bank, has any type of controlling relationship set out in Articles 369-2, 369-3, and 369-9 of the Company Act.

### **(Principle of utmost good faith)**

**Article 3** In exercising rights and participating in resolutions, a shareholder having controlling power in the Bank shall act in good faith and in the best interest of all shareholders, and, except as otherwise provided by law and regulation or by the articles of incorporation, shall act in accordance with the provisions of these Rules.

### **(Appointment of representatives)**

**Article 4** A shareholder having controlling power that serves as a director of the Bank is a juristic person shall appoint in writing a natural person representative, or representatives, to perform duties or to attend and exercise rights at shareholders meetings on its behalf; the same requirement applies when there is a change in any of the representatives.

### **(Required qualifications for representatives)**

**Article 5** The representative that is designated when a corporate shareholder has been elected as a director shall meet the Article 3 of “Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks” and Bank requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

**(Reporting obligations for representatives)**

**Article 6** After performing duties and participating in resolutions, a representative shall report to the shareholder with controlling power on the exercise of rights.

**(Liaison windows)**

**Article 7** The Administration Management Department is responsible for judging the Shareholders Having Controlling Power mentioned in Article 3 of these Measures, and coordinating the operational contact between the Shareholders Having Controlling Power and the relevant units of the Bank.

A shareholder having controlling power that serves as a director of the Bank, The Secretarial Office of the Board coordinating the operational contact between the Shareholders Having Controlling Power and the relevant units of the Bank.

**(Compliance Requirements)**

**Article 8** A shareholder having controlling power over the Bank shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Bank to conduct any business which is contrary to normal business practice or not profitable.
2. The shareholder or its representative and shall exercise the fiduciary duty and duty of care of a director.
3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors and shall not act beyond the authority granted by the shareholders meeting or board meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management of the Bank through unfair competition.

**(Communication)**

- Article 9** The communication between the shareholder having controlling power and the Bank shall pay attention to the following principles in order to comply:
1. Technically it should be done through by the representative director who is appointed by the shareholder. If necessary, the representative director may invite the manager of the Bank to accompany himself to communicate with the shareholder, and the Bank should document the communication processes.
  2. If shareholder having controlling power have suggestions on the board of directors' proposals or the Bank's business decisions, the representative director should put forward their suggestions at the board of directors or functional committees to exchange and discuss opinions, and shall not to convene a meeting or otherwise improperly intervene in the Bank's decision-making.
  3. Shareholder having controlling power shall be obliged to keep confidential the material information of the Bank that they have learned before the information is disclosed to the public, and shall not use such information to engage in insider trading.

**(Any issues that are not covered by the Procedures)**

- Article 10** If there are any issues that are not covered by the Procedures, they will be handled in accordance with relevant laws and regulations or the regulations of the Bank.

**(Enforcement)**

- Article 11** These Rules, and any amendments hereto, shall come into force after deliberation and adoption by the board of directors.