

# **The Shanghai Commercial & Savings Bank**

## **Tax Governance Policy**

Established on August 8, 2020

Competent Authority: Accounting Department

### **Chapter I. General Provisions**

Article 1. This tax governance policy (hereinafter referred to as the "Policy") established by The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as "Bank ") in the response to the international trend of adopting tax governance and implement sustainable development of corporate.

Article 2. The Bank and all domestic and foreign subsidiaries shall comply with the Policy.

### **Chapter II. Tax Governance Principles**

Article 3. The Bank's tax governance is based on the principles of good faith and integrity and the policy is as follows:

1. The Bank shall comply with the local tax laws and spirit, and correctly calculate tax charges and file tax returns within the statutory deadlines. Meet the international tax regulations and implement the transfer pricing rules.
2. The Bank shall plan tax decisions that are optimal for the overall tax burden of the Bank in compliance with regulations, carefully assess strategies in response to the tax risks and changes in international tax regulations.
3. Related party transactions need to comply with the reasonable business purpose, and the transaction pricing should reflect economic substance. The transactions should not be undertook in low tax jurisdiction or so-called tax havens.
4. The Bank's transparency tax information shall comply with the International Financial Reporting Standards and annual report disclosure requirements. The Bank shall consult with external professional institutions in a timely manner to prevent any tax

avoidance.

5. The Bank shall foster mutual trust and honest communication relationship with the tax authorities. The Bank participate in tax symposiums to share practical industry perspectives and insights, and assist in improving the tax environment and tax system.
6. The Bank shall train that employees through domestic and foreign education, and enhance the professional competencies of taxation.

### **Chapter III. Tax Organization and Responsibility**

Article 4. The relevant organizational structures and responsibilities of tax administration are as follows:

#### **1. Board of Directors**

The Board of Directors approves the overall tax governance policies based on the overall operating strategy and operating environment, supervises the implementation of the tax risk management mechanism of the bank, and ensures the effective operation of the tax governance.

#### **2. Tax Management Unit**

The Accounting department is the tax management unit that formulates tax governance policies, establishes a tax management structure, and controls the Bank's various operational activities to prevent the Bank from violating the above principles. Administrative relief cases involving tax shall be reported in accordance with the standard of division of responsibilities. Other tax related matters shall be reported to the Board of Directors depending on the significance of the issue.

### **Chapter IV. Supplementary provisions**

Article 5. The Policy shall be reviewed and amended accordingly in response to changes in international and domestic laws and regulations. Matters not resolved should be referred to the competent authorities and be followed by the relevant provisions of the Bank.

Article 6. The Policy applies effectives upon approval of the Board, and the amendments.