

The Shanghai Commercial & Savings Bank

Ethical Corporate Management Best Practice Principles

Formulation Head office

Approved on March 25, 2017

Amended on August 10, 2019 of Auditing Department

Article 1

With reference to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, these Principles are adopted to foster the corporate culture of ethical management and sound development of The Shanghai Commercial & Savings Bank Ltd. (the “Bank”)

These Principles are applicable to the business groups and organizations of the Bank, which comprise its subsidiaries, any foundation to which the Bank's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Bank ("business group").

Article 2

When engaging in commercial activities, directors, managers, employees, and mandataries of the Bank or persons having substantial control over the Bank ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4

The Bank shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding

commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5

The Bank shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith , and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

Article 6

The Bank shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Bank shall comply with relevant laws and regulations of the territory where the Bank and its business group are operating.

In the course of developing the prevention programs, the Bank is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7

The Bank shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.

The Bank is advised to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, provision, or sale of products and services.

Article 8

The Bank shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Bank and its respective business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Bank shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.

Article 9

The Bank shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Bank shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the Bank shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Bank may at any time terminate or rescind the contracts.

Article 10

When conducting business, the Bank and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Bank and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12

When making or offering donations and sponsorship, the Bank and its directors, managers, employees, mandataries, and substantial controllers shall comply with

relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13

The Bank and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14

The Bank and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, its internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15

The Bank shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16

In the course of research and development, procurement, provision, or sale of products and services, the Bank and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Bank shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are sufficient facts to determine that the Bank's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Bank shall, in principle, recall those products or suspend the services immediately.

Article 17

The directors, managers, employees, mandataries, and substantial controllers of the Bank shall exercise the due care of good administrators to urge the Bank to prevent unethical conduct, always review the results of the preventive measures

and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Bank has appointed the Board of Directors Secretarial Office (the “Secretarial Office”) to be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and has availed the Secretarial Office of adequate resources and staffed the Secretarial Office with competent personnel. The Secretarial Office shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):

1. Assisting in incorporating ethics and moral values into the Bank's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Bank's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18

The Bank and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19

The Bank shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Bank.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors,

managers, and other stakeholders attending or present at board meetings of the Bank, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Bank, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Bank's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Bank to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20

The Bank shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Auditing department of the Bank shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and regularly examine the preceding system accordingly the compliance with the prevention programs. The results of the preceding examination shall be reported to senior management and the Secretarial Office and put down in writing in the form of an audit report to be submitted to the board of directors. The Auditing department may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21

The Bank shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.

6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 22

The chairperson, general manager, or senior management of the Bank shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Bank shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Bank's commercial transaction counterparties so they understand the Bank's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Bank shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23

The Bank shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline to allow internal and external personnel of the Bank to submit reports.
2. A dedicated unit appointed to handle the whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.
4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
5. Confidentiality of the identity of whistle-blowers and the content of reported cases.
6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
7. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the Bank comes to their awareness upon investigation, the dedicated unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.

Article 24

The Personnel Review Committee of the Bank shall take disciplinary actions against those who violate the ethical corporate management rules in accordance with the relevant disciplinary measures of the Bank, and request compensation for damages through legal procedures if necessary, and shall make immediate disclosure on the Bank's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25

The Bank shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Bank shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its company website, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

Article 26

The Bank shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27

In case there are any unresolved matters in these Principles, the relevant regulations of the Bank and competent authorities shall govern.

Article 28

The Ethical Corporate Management Best Practice Principles of the Bank shall be implemented after the board of directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the Principles have been amended.

When the Bank submits its Ethical Corporate Management Best Practice Principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there

is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.