

The Shanghai Commercial & Savings Bank Procedures for Ethical Management and Guidelines for Conduct

Formulation Head office
Approved on 11. 25, 2017

Amended on 08.18, 2018 of Auditing Department

Amended on 08.10, 2019 of Auditing Department

Amended on 06.19, 2020 of BOD Secretarial office

Article 1

The Bank engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, Ethical Corporate Management Best Practice Principles of the Bank and the applicable laws and regulations of the places where the Bank and its business groups and organizations operate, with a view to providing all personnel of the Bank with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Bank, any incorporated foundation in which the Bank's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Bank. (hereinafter, "group enterprises and organizations ")

Article 2

For the purposes of these Procedures and Guidelines, the term "personnel of the Bank" refers to any director, supervisor, managerial officer, employee, mandatory or person having substantial control, of the Bank or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Bank through a third party will be presumed to be an act by the personnel of the Bank.

Article 3

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of the Bank, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct of the preceding paragraph include public officials, political candidates, political parties or their staff, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5

The Bank shall designate the Board of Directors Secretarial Office as the solely responsible unit under the board of directors, avail itself of adequate resources and staff itself with competent personnel, and in charge of the monitoring of implementation and the following matters and also submit regular reports to the board of directors on a regular basis (at least once a year):

1. Head Office shall assist in incorporating ethics and moral values into the Bank's business strategy and the departments in accordance with their duties adopt appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. The departments shall analyze and assess 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. Head Office and Human Resources Department plan the Bank and internal organization of departments, structure, and allocation of responsibilities, and the departments shall set 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. Human Resources Department promotes and coordinates awareness and educational activities with respect to ethics policy.
5. Develop a whistle-blowing system, and designate Compliance Department as the independent unit to accept and investigate the corruption, bribe and whistle-blowing case to ensure its operating effectiveness.
6. Auditing Department assists 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. The results of audit shall be reported to the senior management and

responsible unit, and the audit report shall be prepared and reported to the board of directors.

7. Compile and properly maintain the documented information on the ethical management policy, statement, commitment and implementation mentioned.

Article 6

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Bank shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, Ethical Corporate Management Best Practice Principles of the Bank and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of the Bank.

Article 7

Except under any of the circumstances set forth in the preceding article, when any personnel of the Bank are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Bank's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the Human Resources Department, Compliance Department and Board of Directors Secretarial Office shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Bank's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the Human Resources Department, Compliance Department and Board of

Directors Secretarial Office. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the Board of Directors Secretarial Office for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Bank's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Bank's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Board of Directors Secretarial Office shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to the board of managing directors meeting and approved.

Article 8

The Bank shall neither provide nor promise any facilitating payment.

If any personnel of the Bank provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the Human Resources Department, Compliance Department and Board of Directors Secretarial Office.

Upon receipt of the report under the preceding paragraph, the Compliance Department shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9

Political contributions by the Bank shall be made in accordance with the Donation Management Regulations of the Bank and the following provisions:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.

4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Bank with the related government agencies shall be avoided.

Article 10

Charitable donations or sponsorships by the Bank shall be provided in accordance with the Donation Management Regulations of the Bank and the following provisions:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Bank is doing business.
2. A written record of the decision-making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Bank's commercial dealings or a party with which any personnel of the Bank has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11

When the Bank's director, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, that director, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Bank would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of the Bank discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Bank may use company resources on commercial activities other than those of the Bank, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Bank.

Article 12

The Head Office is responsible for formulating and planning procedures for managing, preserving, and maintaining the confidentiality of the Bank's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Bank shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Bank of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Bank unrelated to their individual duties.

Article 13

The Bank shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, 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 14

The business management units shall collect and understand the applicable laws and regulations and international standards governing their products and services which they shall observe and gather and publish all guidelines to cause personnel of the Bank to ensure the transparency of information about, and safety of, the products and services in the course of their provision and sale of products and services.

The business management units shall adopt and publish on their websites a policy on the protection of the rights and interests of consumers or other stakeholders to prevent their products and services from directly or indirectly damaging the rights and interests of consumers or other stakeholders.

Where there are media reports, or sufficient facts to determine, that the Bank's products or services are likely to pose any hazard to the rights and interests of stakeholders, the business management units shall verify the facts and present a review and improvement plan.

The business management units of the Bank shall notify the Board of Directors Secretarial Office, report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of the Bank that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Bank shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Bank acquired as a result, and that they may not use such information without the prior consent of the Bank.

Article 16

The Bank shall request their 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 shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, the Administration Management Department, business management units and business units shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Administration Management Department, business management units and business units carry out the evaluation under the preceding paragraph, they may adopt appropriate audit procedures for a review of the counterparty with which they will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
3. Whether enterprise's business operations are located in a country with a high risk of corruption.

4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18

Administration Management Department, business management units and business units of the Bank, when engaging in commercial activities, shall make a statement to the trading counterparty about the Bank's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19

Administration Management Department, business management units and business units of the Bank shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Bank's ethical management policy.

Article 20

Before entering into a contract with another party, any units shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Bank part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim compensation for the damages from the other party, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.

3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21

As an incentive to insiders and outsiders for informing of corruption, bribe, and unethical conduct, the Bank will grant a reward depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material.

The Bank shall establish a specific whistle-blowing system and related processing procedures, which shall be incorporated into the control of the internal control system.

Article 22

If any personnel of the Bank discovers that another party has engaged in corruption, bribe, and unethical conduct towards the Bank, and such conduct involves alleged illegality, the Compliance Department shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Compliance Department shall additionally notify the governmental anti-corruption agency.

Article 23

The Human Resources Department shall organize once awareness sessions each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries. The Bank shall link ethical management to employment conditions of new employees, employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Bank seriously violates corruption, bribe, and ethical conduct, the Bank shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Bank.

The Bank shall disclose on its intranet information the name and title of the corruption, bribe, and ethical conduct violator, the date and details of the violation, and the actions taken in response.

Article 24

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors.