



HAITONG

REGULATION No. R07

Related Parties Regulation of Haitong Bank, S.A,

Approved by the Board of Directors
on 19 July, 2022

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1. OBJECTIVE

- a. This Regulation sets out the principles and rules applicable to transactions involving a Related Party.
- b. This Regulation aims at ensuring that transactions involving Related Parties are executed on an arms' length basis and subject to the internal approvals mandatory by the applicable laws.
- c. This Regulation is subject to the following laws, regulations and other guidelines:
 - Legal Framework of Credit Institutions and Financial Companies ("RGICSF") or any other law that replaces or supersedes the RGICSF;
 - Bank of Portugal Notice 3/2020, of 15 July 2020 ("Notice 3/2020");
 - Bank of Portugal Instruction 18/2020 ("Instruction 18/2020");
 - Portuguese Securities Code;
 - EBA Guidelines on internal governance.
- d. This Regulation shall be read together with the following internal rules:
 - Corporate Governance Committee (CGC) Regulation;
 - Conflicts of Interest Prevention and Management Regulation;
 - Credit Committee Procedure;
 - IBK Global Adoption Committee Procedure;
 - Related Parties List Procedure;
 - Conflicts of Interest Procedure.

2. RECIPIENTS

- a. The content of this Regulation represents a minimum standard that shall apply to Haitong Bank, S.A. ("Haitong Bank" or "the Bank") and its subsidiaries and branches ("Haitong Bank Group").
- b. In case of conflict between any provision of this Regulation and the local laws and regulations applicable to any Bank's subsidiary or branch, the relevant local laws and regulations shall prevail.

3. GOVERNANCE

- a. This Regulation is prepared by the Compliance Department.

- b. This Regulation is approved by the Board of Directors, subject to prior assessment by the Supervisory Board.
- c. This Regulation is reviewed by the Compliance Department on an annual basis or whenever necessary to comply with applicable rules.

4. DISCLOSURE

- a. The Board of Directors ensures that the Regulation referred to in the preceding paragraph is properly implemented in the institution, which is subject to periodic reviews and is disclosed internally to all employees.
- b. This Regulation is available in the Bank's intranet and corporate website.
- c. After any amendments are approved to this Regulation, the Compliance Department informs by e-mail all Bank's staff within 30 (thirty) days from the approval date and requests the upload of the most updated versions of the Regulation on the intranet and website.

5. PRINCIPLES

- a. This Regulation aims at establishing mechanisms to prevent the risk of undue influence over members of the management and supervisory bodies of the Bank by other people or entities.
- b. This Regulation aims at guaranteeing compliance with the principles of transparency and sound and prudent management of the Bank.
- c. This Regulation aims to ensure that the Bank does not apply more favourable conditions to Related Parties than those that would be applicable to Non-Related Party Customers or Counterparties.
- d. This Regulation aims at defining the involvement and responsibilities of the internal control functions, both in the identification process and in the analysis process of a transaction with a Related Party.

6. DEFINITIONS

- a. **CGC**: means Corporate Governance Committee.
- b. **Related Party**: means any person or entity that is identified as such according to accounting norms and Notice 3/2020. The following categories of persons and entities shall be classified as related parties:
 - Qualified participants of the institution and other persons or entities covered by the regime provided for in article 109 of the RGICSF.
 - Members of the Board of Directors and of the Supervisory Board;

- Relatives of members of the Board of Directors and Supervisory Board Members: Spouse, Civil partner, Parents, Step-parents; Parents-in-law; Children; Stepchildren; and Children-in-law;
 - Companies in which a member of the Board of Directors and of the Supervisory Board, and/or the Relatives of members of the Board of Directors and Supervisory Board Members: i) holds a qualified participation equal to or greater than 10% of the capital or voting rights; or in which, ii) these people have significant influence; or iii) hold management positions or/and supervisory functions;
 - Entities having an economic interdependence relationship with the Bank, due to cross-linked relationship of stakes or due to a close connection that would cause contamination in case of one entity facing financial problems;
 - Persons and/or entities (including depositors, debtors, creditors, group entities, staff of the Bank or of other group entities) having the ability to influence the Bank's management and engage in transactions or commercial relationships in favourable conditions and/or in any way different from the market standards.
- c. **Related Parties List:** means the list of Related Parties of the Bank, including the details set out in Notice 3/2020.

7. TRANSACTIONS WITH RELATED PARTIES

- a. Transactions involving Related Parties should be processed as per the procedure applicable to the given type of transaction, by the internal units responsible for its review, approval, control and execution, with the following additional requirements:
- b. Save for the exceptions listed in c. below, any transaction with a Related Party shall be subject to:
- Opinion from the **Risk Function and from the Compliance Function** (that will be provided in the course of the ordinary internal process, as per the transaction type and applicable procedures, namely given in the form of an Advice in the approval documents);
 - Opinion by the **Supervisory Board**;
 - Approval by majority of 2/3 of the Members of the **Board of Directors**;
 - Reporting and minimum quarterly review by the **CGC**.

The Board of Directors approval must always be the last sign-off for a Related Party Transaction and will take into consideration the endorsements of the above-mentioned Corporate Bodies and Control Functions' Opinions.

- c. Transactions with Related Parties that do not involve credit granting, nor the assumption of any credit or market risks and are:
- Financial advisory services, not strictly of a banking nature; or
 - Provision of advisory services regarding benchmarking information on specific sectors / activities, such as insightful market research, industry trends, business strategies, financial forecasts, comparable case studies and others; or
 - Provision of advisory services on alternative investment opportunities and investment portfolio diversification; or
 - Investment Banking (M&A and ECM / DCM) transactions in which the Bank provides sector analysis, reviews of assets located outside mainland China, supervises and coordinates teams of experts on due diligence covering specific areas such as accounting, tax, legal and personnel matters; or
 - Transactions regarding fundraising in the international markets.

Those transactions are **exempt from Opinion by Supervisory Board** and shall be submitted to the IBK Global Adoption Committee for information purposes, or other applicable internal procedure, receive a favourable opinion from the Compliance and Risk Departments and shall be approved by the Executive Committee, by a majority of 2/3 of its Members, and subject to further reporting and minimum quarterly review by the CGC and Supervisory Board, and annually to the Board of Directors.

- d. All transactions with Related Parties must be carried out under market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Bank will apply a comparability benchmark (as defined in an internal procedure for that purpose) to assess market conditions. The goal is to make sure that the Bank does not apply more favourable conditions to Related Parties than those that would be granted to Non-Related Party customers or counterparties in similar transactions.

8. CGC AND SUPERVISORY BOARD REVIEW

- a. In order to proceed to the competent review of transactions with Related Parties, the CGC shall regularly receive the following information:
- (i) the parties involved in the transaction;
 - (ii) the scope of the transaction;

- (iii) term;
 - (iv) guarantees;
 - (v) fee structure;
 - (vi) the risk analysis;
 - (vii) approval dates; and
 - (viii) any other relevant elements allowing the CGC assessment of the interests involved and how it may affect the assets and business plan of the Bank.
- b. The Supervisory Board shall give their opinion on the projected transaction with a Related Party swiftly and in a duly substantiated manner, by:
- (i) not raising objections;
 - (ii) not raising objections, but imposing conditions;
 - (iii) raising objections.
- c. Amongst other relevant lawful provisions and regulatory guidelines, the Supervisory Board shall take into consideration the provisions of articles 85, 86 and 109 of the RGICSF in order to provide their opinion.
- d. Should the Supervisory Board not raise objections to a transaction with a Related Party but impose the verification of certain conditions (paragraph 8 b. (ii) above), the business areas involved in the transaction must provide evidence to the Compliance Department that such conditions imposed by the Supervisory Board were duly met.
- e. In case the Supervisory Board raises objections to the transaction (paragraph 8 b. (iii) above), the transaction with a Related Party is deemed rejected and shall not be submitted to any further relevant corporate bodies for approval.

9. OBLIGATIONS OF EMPLOYEES, BOARD OR SUPERVISORY BOARD MEMBERS

- a. Any employee, Board or Supervisory Board member shall immediately inform the Compliance Department on any facts likely to be deemed or that cause a Related Party relationship in a way for it to be promptly included in the Related Parties List, as per Section 10 below.

- b. Any person that is a Related Party shall not take part in a decision-making process that creates a conflict, save for the duty of providing any information or clarification requested by a corporate body or committee.
- c. Related Parties must not engage in transactions with third parties if the business opportunity has come to the knowledge of the Related Party while in the performance of their duties at the Bank, prior to informing the Compliance Department and complying with the rules set out in this Regulation.

10. RELATED PARTIES LIST

- a. The Board of Directors is responsible for ensuring that the institution has a Related Parties List.
- b. The Related Parties List is updated at least quarterly (as provided by the Related Parties List Procedure No. 328), or whenever necessary due to significant changes.
- c. The Related Parties List is approved by the Board of Directors, subject to prior assessment by the CGC and the Supervisory Board.
- d. The Related Parties List shall be made available to the Bank of Portugal or other competent authorities upon request.

11. REPORTING BY THE CGC

- a. The CGC shall prepare an annual report on its activity of prevention and remedying of conflicts of interest, containing at least the following information:
 - (i) The number of transactions with Related Parties analysed and carried out by the Bank;
 - (ii) A list of the type of transactions with Related Parties that raised objections;
 - (iii) A list of the type of transactions with Related Parties which were approved subject to conditions, specifying the reasons and any elements allowing to conclude compliance with said conditions;
 - (iv) A global view of the adequacy and effectiveness of this Regulation and of the Conflicts of Interest Prevention and Management Regulation, as well as any suggestions for its revision, if applicable.
- b. The annual report referred to in the preceding paragraph may be incorporated in the Corporate Governance report that is prepared annually and is part of the Bank's annual report. This annual report is submitted to the Board of Directors.

12. ARCHIVE

- a. The Compliance Department maintains an archive in digital format of this Regulation. This digital archive is maintained in the Compliance Department's shared folder "Comply".

13. ENFORCEMENT

- a. The Compliance Department monitors compliance with this Regulation by participating in the relevant committees where the Bank's transactions are approved. For each transaction submitted to such internal committees' approval, the Compliance Department checks whether any of the parties involved in the transaction is a Related Party and informs the committee.
- b. The Compliance Department provides regular training to the staff of the Bank regarding this Regulation and the regulatory rules concerning transactions with Related Parties.
- c. Any failure to comply with the duties set out in this Regulation are a serious breach of the legal and contractual duties of the Bank's staff.
- d. The Compliance Department coordinates with the Administrative Department the disclosure of this Regulation on the Bank's intranet and website.

14. CONTROL OF VERSIONS

Table 1: Information about the Document

Name of the Document	Related Parties Regulation
Version	Version 6.0
Prepared by (Name/Department)	Compliance Department
Revised/Endorsed by (Committee name)	Supervisory Board
Approved by (Committee name)	Board of Directors

Table 2: Versions' update

Update and Approval Date	Main Changes
Version 1.0 – Approved by Shareholder on April 2015	-
Version 1.1 – n.a.	Renaming of Policy

Version 2.0 – Approved by Shareholder on 7 th December, 2018	-
Version 3.0 – Approved by General Meeting on 17 th July, 2020	Updated according with BoP recommendations
Version 4.0 – Approved by BoD on 25 th February, 2021	Updated according with BoP Notice 3/32020
Version 5.0 – Approved by BoD on 28 th October, 2021	Changing this regulation to the new template according with recently approved Internal Rules Framework and templates; Clarification regarding a Related Party Transaction approval; Updated and Approval of the Related Parties List, according with Notice 3/2020
Version 6.0 – Approved by BoD on 19 th July 2022	Clarification of the Related Parties definition according with article 109 of RGICSF.
