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Sinopec Shanghai Petrochemical Company Limited
Rules of Procedure of the Audit and Compliance Committee of the Board

Considered and approved at the Sixth Meeting of the Fifth Session of the Board on 7 December 2005
First Amendment at the Sixth Meeting of the Sixth Session of the Board on 27 March 2009
Second Amendment at the Fifth Meeting of the Seventh Session of the Board on 29 March 2012
Third Amendment at the Eleventh Meeting of the Eighth Session of the Board on 16 March 2016
Forth Amendment at the Sixth Meeting of the Tenth Session of the Board on 28 April 2021
Fifth Amendment at the Twenty-ninth Meeting of the Tenth Session of the Board on 26 May 2023
Sixth Amendment at the Twentieth Meeting of the Eleventh Session of the Board on 22 October 2025

Chapter 1: General Provisions

Article 1: In order to enhance the decision-making function of the board of directors (the "**Board**") of Sinopec Shanghai Petrochemical Company Limited (the "**Company**"), to guide and supervise the Company's compliance, to ensure the Board's effective supervision over the management and to improve its corporate governance structure, the Company has established the audit and compliance committee (the "**Audit and Compliance Committee**") under the Board and developed these Rules of Procedure pursuant to *Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies in China* issued by the China Securities Regulatory Commission, the *Rules Governing the Listing of Shares on the Shanghai Stock Exchange* and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, issued by the stock exchanges where the shares of the Company are listed, other relevant laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the places where the shares of the Company are listed (hereinafter referred to as the "**relevant regulatory rules**") and *Articles of Association of Sinopec Shanghai Petrochemical Company Limited* (hereinafter referred to as the "**Articles of Association**"), as well as the actual situation of the Company.

Article 2: The Audit and Compliance Committee shall be a special committee under the Board. It is primarily responsible for exercising the duties and powers of the supervisory committee as stipulated in the *Company Law of the People's Republic of China*, performing duties conferred on it by domestic and overseas securities regulators where the Company is listed and the Articles of Association (including but not limited to the terms of reference specified in these Rules of Procedure), and completing other tasks assigned by the Board.

Chapter 2: Composition

Article 3: The Audit and Compliance Committee shall be composed of at least three non-executive directors who are not officers of the Company, of which independent non-executive directors shall constitute a majority of the Committee, and at least one independent non-executive director shall be an accounting professional who meets the requirements of the relevant regulatory rules.

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Article 4: The members of the Audit and Compliance Committee (the "**Members**") shall not have any relationship with the Company that may affect their independent and objective judgment and shall meet the following requirements:

(1) Familiar with the relevant domestic and overseas regulatory rules, and understand the business, operating management, organizational structure, and management and control systems of the Company;

(2) Having knowledge of finance, accounting, auditing, supervision or macro economy, etc. There shall be at least one Member that has expertise in accounting or related financial management expertise as required by the securities regulations;

(3) Having strong ability to make comprehensive analysis and judgment and capable of dealing with complicated financial and operational issues;

(4) Strictly adhering to the law, proactively performing their duties and safeguarding the rights and interests of the Company and its shareholders in accordance with relevant regulatory rules and the Articles of Association;

(5) Maintaining the business secrets of the Company confidential and refraining from abusing their powers for personal gains;

(6) A partner of the Company's existing external audit firm should be prohibited from acting as a Member of the Audit and Compliance Committee for a period of two years from the date of his ceasing to be a partner of the firm, or to have any financial interest in the existing external audit firm, whichever is later;

(7) Other conditions as required by the securities regulatory authorities in the places where the shares of the Company are listed.

The Members of the Audit and Compliance Committee shall be nominated by the chairman, by more than half of the independent non-executive directors or by more than one-third of all the directors, and be elected by the Board.

Article 5: The Audit and Compliance Committee shall have a chairperson (convener) who shall be in charge of the work of the Audit and Compliance Committee. The chairperson shall be an accounting professional who meets the requirements of the relevant regulatory rules among the independent non-executive director Members. The chairperson shall be nominated by the chairman among the Members and elected by the Board.

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Article 6: The term of office of the Members of the Audit and Compliance Committee shall correspond with the term of office of the Board. Upon expiration of the term of office, a Member may serve another term of office. If a Member no longer takes up the directorship of the Company during his term of office, he shall automatically be disqualified as a Member and the Board shall appoint a replacement pursuant to the provisions hereof.

Article 7: The Audit and Compliance Committee shall have a secretary appointed by the chairperson of the Audit and Compliance Committee. The secretary shall be responsible for the day-to-day liaison work, the arrangement of meetings, etc.

Article 8: No Members of the Audit and Compliance Committee may receive, directly or indirectly, any counseling fees, consultant fees or other rewards other than director's remuneration from the Company.

Chapter 3: Duties and Powers

Article 9: Members of the Audit and Compliance Committee shall diligently perform their duties, effectively supervise and evaluate the Company's internal and external audit activities, and support the Company's establishment of robust internal controls and the production of accurate, truthful and complete financial reports.

Article 10: The Audit and Compliance Committee is responsible for advising on the appointment, reappointment, and removal of the external audit firm of the Company and their audit fees, mainly including:

(1) to instruct the finance department to formulate the selection and appointment policies, procedures and relevant internal control systems of the external audit firm responsible for the audit of the Company's financial and accounting reports, review the selection and appointment documents, determine the evaluation elements and specific scoring standards, and supervise the selection and appointment process, in accordance with the authorization from the Board;

(2) to propose to start the selection and appointment or replacement of the external audit firm and relevant works, review the audit remuneration, and form a deliberation opinion before submitting it to the corresponding decision-making body for decision;

(3) to review the audit fees and hiring terms of the external audit firm without improper influence from the Company's major shareholders, de facto controllers, directors and officers.

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Article 11: The Audit and Compliance Committee is responsible for supervising and assessing the external audit work, mainly including:

(1) to review and monitor the external audit firm's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards;

(2) to discuss with the external audit firm about the nature, scope of the audit and its audit responsibility before the audit commences;

(3) to develop and implement policy on engaging an external audit firm to provide non-audit services, if necessary. The Audit and Compliance Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to urge the external audit firm to be honest and trustworthy, diligent and responsible, strictly abide by business rules and industry self-discipline standards, strictly implement the internal control system, verify the Company's financial and accounting reports, perform special care obligations, and prudently express professional opinions;

(5) to submit an assessment report on the performance of duties by the external audit firm engaged and a report on the performance of supervisory duties performed by the Audit and Compliance Committee to the Board each year.

Article 12: The Audit and Compliance Committee shall review the Company's financial information and its disclosure, mainly including:

(1) to monitor the process of preparing the Company's quarterly, interim and annual financial and accounting reports;

(2) to review the quarterly, interim and annual financial and accounting reports of the Company to be proposed to the Board, monitoring the truthfulness, integrity, accuracy and fairness of the financial statements and accounting reports. Close attention should be given to:

1. significant accounting and auditing issues in the Company's financial and accounting reports, pay special attention to whether there is any possibility of fraud, malpractice and material mistake in relation to the financial and accounting reports;

2. to review whether there are any changes in accounting policies and estimates during the reporting period, review the changes in accounting policies and accounting estimates or correction of significant accounting mistakes for reasons other than changes in accounting standards, which shall be submitted to the Board for consideration;

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3. to review the significant judgmental matters involved in the financial and accounting reports;

4. to review the significant adjustments required after the auditing of the accounts by the external audit firm;

5. to review the assumptions with regards to the Company's sustainable operation or any qualified opinions;

6. to review compliance of accounting practices with accounting standards and relevant regulatory rules;

7. to study the significant or unusual items that are, or may need to be, reflected in the Company's reports and accounts, and give due consideration to any matters that have been raised by the Company's accounting and finance department, compliance department or auditor.

(3) to discuss queries raised by the external audit firm resulting from auditing the Company's interim and annual financial and accounting reports;

(4) to review the external audit firm's audit statement or management letter to the management, and queries raised to the management in respect of the Company's finance or internal control and ensure the relevant feedback from the management could be reviewed in a timely manner;

(5) to communicate with the Board and officers in respect of the Company's financial reports on a regular basis. The Committee must meet, at least twice a year, with the Company's external audit firm.

Article 13: The Audit and Compliance Committee shall coordinate the work and communication between the Company's management, the audit department and relevant departments and the external audit firm, and shall be responsible for facilitating the communications between the internal and external auditors and compliance of the Company and monitoring the relationship between the Company and the external audit firm.

Article 14: The Audit and Compliance Committee shall review the Company's financial policies, internal auditing system, internal control system, risk management system, compliance management system and their implementation, including:

(1) to review the Company's financial and accounting policies and practices;

(2) to oversee and evaluate the Company's compliance work;

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(3) to discuss and evaluate the effectiveness of the risk management and internal control systems with management to ensure that management has performed its duty to have effective risk management and internal control systems; This discussion should include but not be limited to the adequacy of resources, staff qualifications and experience, training programmes received by the staff concerned and budget of the accounting, financial reporting and internal audit functions;

(4) to consider major investigation findings on risk management and internal control matters and relevant measures adopted by management as delegated by the Board or on its own initiative;

(5) to report to the board of directors of any suspected fraud and non-compliance, failures of risk management and internal control systems, or suspected violations of laws and regulations that comes under his/her attention and submitted in order of importance to the Board for inspection, and review the results of internal investigations on suspicious of fraud and non-compliance, risk management and internal control failure and on activities in violation of laws or regulations on financial reports;

(6) to set up compliance reporting policies and systems to ensure that the Company's employees and other parties in contact with the Company (such as customers and suppliers) can raise their concerns on any possible improper matter regarding the Company to the Audit and Compliance Committee.

Article 15: The Audit and Compliance Committee shall supervise and evaluate the Company's internal audit, mainly including:

(1) to guide and supervise the establishment and implementation of the internal audit system;

(2) to review the Company's annual internal audit plan and internal audit report, and procure the implementation of the Company's internal audit plan;

(3) to hear the reports on the implementation of the internal audit plan and the problems found during the internal audit on a quarterly basis;

(4) to ensure that the Company's internal audit department has sufficient resources to operate within the Company with appropriate authority and status;

(5) to direct the effective operation of the Company's internal audit firm;

(6) to inspect and monitor the effectiveness of the Company's internal audit firm, and report to the Board on the progress and quality of internal audit as well as the major issues found;

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(7) to supervise the internal audit department of the Company to review the following matters, prepare a review report and submit it to the Audit and Compliance Committee at least once every half year:

1. Implementation of significant matters including the use of raised proceeds, provision of guarantees, connected transactions, securities investment and derivative transaction, provision of financial assistance, purchase or sale of assets and external investment of the Company;

2. Large-value transactions of the Company and the transactions with directors, officers, controlling shareholder and de facto controllers and their respective associates;

(8) to engage in the assessment of the heads of internal audit firm;

(9) to issue written evaluation opinions on the effectiveness of the Company's internal control and report to the Board, in accordance with the internal audit report and relevant materials submitted by the internal audit firm;

(10) to evaluate the establishment and implementation of the Company's internal control, review and form an annual evaluation report of internal control, and submit the aforementioned internal control evaluation report to the Board for consideration and to form resolution while considering the annual report and other matters, according to the evaluation report and relevant information materials issued by the internal audit firm.

Article 16: The Audit and Compliance Committee shall entertain, settle and keep in confidence complaints or anonymous tip-offs about possible improprieties in accounting, auditing, risk management and internal control or other aspects, allowing the Company to investigate into the relevant matters in an independent and fair manner and take corresponding measures.

Article 17: The Audit and Compliance Committee shall maintain a high degree of caution and attention to the following situations regarding external audit firm:

(1) Change of the external audit firm for a period from the balance sheet date until the issuance of the annual report, or for two consecutive years, or for many times in the same year;

(2) The external audit firm to be appointed have been subject to multiple administrative penalties due to the quality of practice or have multiple audit projects under investigation in the past 3 years;

(3) The original audit team to be appointed has switched to another external audit firm;

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(4) There is a significant change in audit fees during the term of appointment as compared to the previous year, or the transaction price for the appointment is significantly lower than the benchmark price;

(5) The external audit firm fails to conduct substantial rotation of the project partner and signing certified public accountants ("CPAs") as required.

Article 18: The Audit and Compliance Committee shall supervise the conduct of the Company's directors and senior management in fulfilling their information disclosure duties, pay attention to the Company's information disclosure, and investigate and make recommendations for dealing with the disclosure of information where any violation of laws or regulations is found to exist.

In case of false records, misleading statements or major omissions in the financial and accounting reports published by the Company, the Audit and Compliance Committee should urge the relevant responsible departments of the Company to design measures and timelines for correction, conduct follow-up reviews, supervise the implementation of such measures, and disclose the progress of the implementation in a timely manner.

Article 19: The Audit and Compliance Committee shall inspect the Company's finances in accordance with the law, supervise the legality and compliance of directors and officers in performing their duties, exercise other duties and powers prescribed by the Articles of Association, and safeguard the legitimate rights and interests of the Company and shareholders.

If the Audit and Compliance Committee finds that directors or officers have violated relevant regulatory rules or the Articles of Association, it shall notify the Board or report to the general meeting and disclose it in a timely manner, or report it directly to the regulatory authorities.

In the process of performing its supervisory duties, the Audit and Compliance Committee may propose the removal of directors and officers who violate relevant regulatory rules, the Articles of Association or resolutions of the general meetings.

Article 20: The Audit and Compliance Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating both internal and external audit work and internal controls. The following matters should be submitted to the Board for deliberation after being approved by a majority of the Members of the Audit and Compliance Committee:

(1) to disclose financial information in financial and accounting reports and periodic reports, internal control evaluation reports;

(2) to engage or dismiss accounting firms that undertake the audit of the Company;

(3) to engage or dismiss the financial officer of the listed company;

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(4) to make changes to accounting policies, accounting estimations or correction of significant accounting errors for reasons other than changes in accounting standards;

(5) other matters provided by relevant regulatory rules and the Articles of Association.

Article 21: The Audit and Compliance Committee shall perform such other duties and powers as may be delegated to it by the Board.

Article 22: The chairperson of the Audit and Compliance Committee shall perform the following duties:

(1) to convene and chair Audit and Compliance Committee meetings;

(2) to preside the daily work of the Audit and Compliance Committee to ensure that the Audit and Compliance Committee functions effectively and performs its duties;

(3) to review, approve and sign the reports and other important documents of the Audit and Compliance Committee;

(4) to organize and inspect the implementation of resolutions and recommendations made by the Audit and Compliance Committee;

(5) to report work to the Board on behalf of the Audit and Compliance Committee;

(6) to perform other duties as assigned by the Board of the Company.

When the chairperson of the Audit and Compliance Committee is unable to perform his duties due to any reasons, he shall designate a Member (an independent non-executive director) to perform his duties and powers on his behalf.

Article 23: The Audit and Compliance Committee shall be accountable to the Board and shall report to the Board on its work on a regular basis. The resolutions made by the Audit and Compliance Committee may be implemented only after the same are submitted to the Board for consideration and approval.

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Chapter 4: Work Rules for Annual Reports

Article 24: The Audit and Compliance Committee shall follow below rules and procedures in preparing and disclosing the annual financial reports of the Company:

(1) After the end of each financial year, to discuss with the accounting firm responsible for the auditing of the Company's annual reports (i.e. the "**Annual Audit Accounting Firm**", the same below) on the timetable for the auditing of the financial reports for that year.

(2) To urge the Annual Audit Accounting Firm to submit an audit report within an agreed time limit and form a record, in the form of a written opinion, of the method, frequency and result of each urging, signed by a relevant responsible person as confirmation. The Audit and Compliance Committee should have at least two meetings with the Annual Audit Accounting Firm each year.

(3) Prior to the on-site audit by the Annual Audit Accounting Firm, to review the financial and accounting statements prepared by the Company and form a written review opinion.

(4) During the on-site audit by the Annual Audit Accounting Firm, strengthen the communications with the accounting firm and after a preliminary audit opinion is presented by the accounting firm, to review the Company's financial and accounting statements and form a written review opinion again.

(5) To consider the annual financial and accounting statements and propose the reappointment or removal of the Annual Audit Accounting Firm for the next year, and prepare a report on the fulfillment of supervisory duties by the Annual Audit Accounting Firm.

Article 25: During the reappointment of an Annual Audit Accounting Firm for the following year, the Audit and Compliance Committee shall conduct a comprehensive and objective evaluation of the audit for that year completed by and the quality of the auditing practices of the accounting firm, form an affirmative opinion and submit the same to the Board for consideration and approval and to the general meeting for consideration. If a negative opinion is formed, it shall appoint another accounting firm.

In the event of the appointment of another Annual Audit Accounting Firm for the following year, the Audit and Compliance Committee shall, by way of interviews and communications, acquire a comprehensive understanding and conduct a proper evaluation of the previously appointed accounting firm and the proposed appointed accounting firm, form a resolution and submit the same to the Board for consideration and approval and to the general meeting for consideration. It shall also notify the previously appointed accounting firm to attend the general meeting and express its views thereat.

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The abovementioned communications, evaluations, opinions and resolution by the Audit and Compliance Committee shall be included in a written record which shall be signed by the relevant parties.

Chapter 5: Work Procedures and Performance Guarantee

Article 26: The officers and relevant departments of the Company shall actively provide such necessary information as required by the Audit and Compliance Committee in a cooperative and supportive manner. The finance department shall provide financial reports, reports on operation of funds and other financial and accounting information to the Audit and Compliance Committee on a regular and faithful basis, keep the Audit and Compliance Committee informed of significant business activities timely, actively cooperate with the work of the Audit and Compliance Committee and pay attention to the proposals and requirements raised by the Audit and Compliance Committee.

Article 27: The Audit and Compliance Committee's fund shall be covered by the budget of the Company and the adequacy of relevant resources shall be guaranteed. The Audit and Compliance Committee is entitled to engage legal counsels, CPAs, certified auditors and other professional parties when performing its duties, and the reasonable expenses incurred shall be borne by the Company.

Chapter 6: Rules of Procedure

Article 28: The Audit and Compliance Committee shall convene at least one meeting every quarter, to discuss the internal audit plan, to listen to the work reports of the Company's finance and audit departments, and to review the Company's quarterly, interim and annual financial reports, etc.

The Audit and Compliance Committee may convene extraordinary meetings as and when required. Upon proposal by two or more Members of the Audit and Compliance Committee, or in circumstances where the chairperson of the Audit and Compliance Committee considers necessary, an extraordinary meeting may be convened. The external audit firms may call for an extraordinary meeting when necessary.

If, in the course of performing his or her duties, an independent director identifies any material matter of the Company which falls within the scope of duties of the Audit and Compliance Committee, he or she may promptly request the Audit and Compliance Committee to conduct discussion and deliberation under the relevant procedures.

Article 29: When the Audit and Compliance Committee holds a meeting, the chairperson of the Audit and Compliance Committee shall convene the meeting and issue the meeting notice, and the secretary of the Audit and Compliance Committee shall notify Members of the Audit and Compliance Committee of the meeting notice and the major matters to be discussed at the meeting no later than 3 days prior to the meeting.

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Meetings shall be chaired by the chairperson of the Audit and Compliance Committee. If the chairperson is unable to attend a meeting, he may appoint another Member (an independent non-executive director) to chair the meeting.

Article 30: In principle, the Audit and Compliance Committee shall convene in-person meetings. On the premise that all Members attending the meeting can fully communicate with each other and express their opinions, the meeting may be convened by video, telephone, or written resolution and other means under the relevant procedures, if necessary.

Voting shall be made by a show of hands or by ballot at a meeting of the Audit and Compliance Committee.

Article 31: The Audit and Compliance Committee shall convene a meeting only when more than two-thirds of the Members are present thereat; each Member shall have one vote; any resolutions proposed at a meeting shall be passed by a majority of all Members.

Article 32: If a Member is interested in the matters to be discussed at the meeting, such Member shall abstain from the meeting.

The minutes and the resolutions of the Audit and Compliance Committee meeting shall set out the circumstances under which the interested Member shall abstain from the meeting.

Article 33: The Members of the Audit and Compliance Committee shall attend the meetings and give their express opinions on the matters being deliberated at the meetings in person. Where a Member is unable to attend a meeting in person for whatever reason, such Member should review the meeting materials in advance, form specific opinions, submit a power of attorney signed by him/her, and entrust another Member to attend such meeting on his/her behalf. An independent director Member who is unable to attend a meeting of the Audit and Compliance Committee in person for whatever reason shall entrust another independent director Member to attend the meeting on his or her behalf in accordance with the foregoing provisions. The power of attorney shall indicate the scope and duration of the delegation. Each Member may accept the delegation by no more than one Member.

Article 34: Any Member of the Audit and Compliance Committee who shall cease his/her duty or shall be dismissed according to the relevant regulatory rules, but have not done so, or have not been, his/her participation and voting at any Audit and Compliance Committee meeting shall be invalid and not counted towards the attendance.

Article 35: The Audit and Compliance Committee may invite the Company's internal auditing officers to attend a meeting as non-voting attendees and may, if necessary, invite the directors, officers and the appointed external audit firm of the Company to attend a meeting as non-voting attendees.

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Article 36: The meeting of the Audit and Compliance Committee shall have minutes and resolutions, which shall set out the opinions of the independent director Members. Members present at the meeting shall sign the minutes and resolutions of the meeting.

Draft and final versions of the minutes of a meeting shall be sent to all Members of the Audit and Compliance Committee within a reasonable time after each meeting is held. The draft version shall be made available for the Members to express their opinions while the final version shall be used for record-keeping purposes.

The minutes, resolutions, and all meeting materials shall be kept by the office of the secretary to the Board for a period of at least ten years.

Article 37: Resolutions passed at a meeting of the Audit and Compliance Committee and the voting results thereat shall be reported in writing to the Board of the Company.

Article 38: In addition to reporting to the Board pursuant to the requirements hereof, the Members present at a meeting and the persons who attend the meeting as non-voting attendees shall be obliged to maintain confidentiality towards the matters discussed thereat. No such Members or persons may disclose the relevant information without authorization.

Chapter 7: Supplementary Provisions

Article 39: Unless otherwise specified, the terms used herein shall have the same meanings as ascribed to them in the Articles of Association.

Article 40: The formulation and amendment of these Rules of Procedure will take effect after being approved by the Board.

Article 41: Matters not covered by these Rules of Procedure or in case of any conflict with the provisions of the relevant regulatory rules or the Articles of Association, such provisions of the relevant regulatory rules or the Articles of Association shall prevail.

Article 42: These Rules of Procedure shall be interpreted by the Board.