

Terms of Reference of the Remuneration Committee of Shanghai Commercial Bank Limited

(1) Membership

The Remuneration Committee shall be appointed by the Board from amongst the Non-executive Directors of the Bank and shall consist of not less than two members, the majority of whom should be Independent Non-executive Directors.

A quorum of the meeting shall be at least two members.

The Chairman of the Remuneration Committee shall be appointed by the Board.

Unless otherwise determined by the Board, the tenure of the above-mentioned appointment shall expire upon the resignation of the member or cessation of the directorship of the member.

(2) Attendance at Meetings

The Chairman may for any specific purpose invite any Director(s) or Senior Officer(s) to attend any meeting(s) of the Committee.

The Corporate Secretary shall act as the Secretary of the Remuneration Committee.

(3) Frequency of Meetings

Physical meeting shall be held at least once a year.

(4) Authority

The Remuneration Committee is authorized by the Board to undertake its responsibility for the design and operation of the remuneration system, to deal with any matter within its terms of reference and to obtain outside professional advice if it considers this necessary.

(5) Duties

The duties of the Remuneration Committee shall be:

- (a) to oversee the implementation of a sound remuneration policy, and to ensure its consistency with the best practices and applicable legal and regulatory requirements;
- (b) to review the remuneration policy and the remuneration structure of the Bank whenever necessary but at least annually. Chief Executive, Human Resources Department, the internal audit, risk management and/or any other departments of the Bank shall be called upon for the purpose of advising the updated regulatory requirements and market practices as appropriate;
- (c) to review and make recommendations to the Board on the remuneration packages of all Directors, Chief Executive and Senior Management of the Bank with reference to the Bank's financial condition and future prospect, talent retention, succession planning and etc;
- (d) to review and make recommendations whether the bonus deferral scheme of certain management staff be applicable and appropriate to ensure the recognition would be aligned with long-term value creation and the time horizons of risk; and
- (e) to oversee that no Director or any of his/her associates is involved in deciding his/her own remuneration.

(6) Reporting Procedure to the Board

The Chairman of the Remuneration Committee shall report to the Board on the recommendations of the Remuneration Committee after each meeting.