



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

1 Membership

- 1.1 Members of the Remuneration Committee (the “Committee”) shall be Non-executive Directors including Independent Non-executive Directors appointed by the Board of Directors of the Bank (the “Board”).
- 1.2 The Committee shall consist of not less than three members, the majority of whom shall be Independent Non-executive Directors.
- 1.3 The Committee shall be chaired by an Independent Non-executive Director.
- 1.4 The tenure limit of Committee member for serving on the Committee shall be the tenure of office of that member serving as Director on the Board or subject to the decision of the Board from time to time.

2 Secretary

The Corporate Secretary shall be the secretary to the Committee.

3 Attendance at meetings

The Chairman may invite any Director(s) or staff of the Bank or external consultant(s) to attend any meeting(s) of the Committee from time to time upon such conditions if deems necessary.

4 Frequency of meetings and quorum

- 4.1 The Committee shall meet at least once a year or more frequently as the Chairman of the Committee may determine.
- 4.2 The quorum for the Committee meeting is two members.

5 Proceedings of Meetings

- 5.1 The meetings and proceedings of the Committee shall be governed by the provisions for regulating the meetings of the Board as stipulated in the Articles of Association of the Bank insofar as those provisions are applicable and are not replaced by any regulations imposed on the Committee by the Board.
- 5.2 A written resolution signed by all the Committee members shall be as valid and effectual as a resolution passed at a meeting of the Committee duly convened and held.

6 Authority

The Committee is authorized by the Board to undertake its responsibility for the design and operation of the remuneration system. The Committee shall be provided with sufficient resources to perform its duties. It is authorized by the Board to obtain independent professional advice at the Bank's expense to deal with any matter as it shall deem appropriate and within its terms of reference.

7 Duties

The duties of the Committee are:

- 7.1 to oversee the implementation of a sound remuneration policy, and to ensure its consistency with the best practices and applicable legal and regulatory requirements;
- 7.2 to endorse the Remuneration Policy and the remuneration structure of the Bank whenever necessary and at least annually. Chief Executive, Chief Risk Officer, representatives of the Human Resources Division, Internal Audit Department, Legal & Compliance Division and/or any other divisions/departments of the Bank may be called upon to advise on the latest regulatory requirements and market practices as appropriate;



- 7.3 to review and make recommendations to the Board on the remuneration packages of all Directors, Chief Executive, Senior Management and Key Personnel (as defined in the prevailing Remuneration Policy) of the Bank with reference to the Bank's financial condition and future prospect, talent retention, succession planning and etc., salaries paid by comparable companies, employment conditions, time commitment and responsibilities of the Directors, Chief Executive, Senior Management and Key Personnel, and etc.;
- 7.4 to review and make recommendations to the Board on the compensation payable to Directors, Chief Executive, Senior Management and Key Personnel (as defined in the prevailing Remuneration Policy) in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to ensure that the compensation is consistent with the relevant contractual terms and is otherwise fair and not excessive;
- 7.5 to review and make recommendations on the variable remuneration deferral scheme applicable to Chief Executive, Senior Management and Key Personnel to ensure due recognition which is appropriate and aligned with long-term value creation and the time horizons of risk;
- 7.6 to work closely with other committees of the Board, including but not limited to Risk Committee and Audit Committee, in evaluating incentives created by the remuneration system of the Bank;
- 7.7 to ensure that no Director, Chief Executive or any of their associates is involved in deciding their own remuneration;

- 7.8 to review and make recommendations to the Board on culture-related matters of the Bank which include but not limited to, (i) approving, reviewing and assessing, at least annually, the adequacy of any statement setting out the Bank's culture and behavioral standards, (ii) monitoring the implementation of relative policies, guidelines and procedures (including training) with such statement and standards coded therein, and (iii) reviewing and confirming, at least annually, the effectiveness of the overall culture enhancement initiatives pursued by the Bank and the results from the relevant assessment and feedback mechanisms (including whistleblowing channel), assisted by Internal Audit Department of the Bank; and
- 7.9 to form, appoint and delegate the Bank Culture Task Force for the planning and implementation of bank culture enhancement initiatives, to establish professional and ethical values, proper staff attitude and behaviours that promote prudent risk-taking and fair treatment of customers. Members of the Bank Culture Task Force include Chief Risk Officer, representatives from Human Resources Division, Operational Risk Management Department, Compliance Department, Complaint Handling Section, Corporate Communications Department and Information Technology Department.

8 Reporting procedures

- 8.1 The Committee shall report regularly to the Board on its decisions and recommendations.
- 8.2 Minutes of the Committee meetings shall be sent to all Committee members for comment before finalized for records.

9 Frequency of review

These Terms of Reference shall be reviewed at least annually and as required.