上海商業銀行
SHANGHAI COMMERCIAL BANK

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

1 Objective

The Sustainability Committee (the "Committee"), established by the Board of Directors (the "Board") of Shanghai Commercial Bank Limited (the "Bank"), is responsible for assisting the Board in overseeing the Bank's approach to managing climate-related risks and opportunities in a holistic manner, transition planning and the development and implementation of the Bank's sustainability strategy in addressing climate-related issues, including embedding climate-related risks into the Bank's risk management framework, risk appetite statement, disclosures, and on-going regulatory compliance. The Committee is also responsible for advising the Board on sustainability and environmental, social and governance ("ESG") related matters in ensuring sustainable growth of the Bank, within the framework of the Bank's policies, its terms of reference and such other directives as the Board may determine from time to time.

2 Composition

2.1 The Chair and members of the Committee shall be appointed by the Board from amongst the Directors and senior management of the Bank.

2.2 The Committee shall consist of not less than three members, and include at least a Director, the Chief Executive and a senior management of the Bank.

2.3 The Committee shall be chaired by a Director of the Bank with sufficient knowledge and understanding of global, regional and local developments to consider the impact of climate change on the Bank.

2.4 The tenure limit of Committee member being also a Director of the Bank for serving on the Committee shall be the tenure of office of that member serving as Director on the Board unless otherwise decided by the Board.

3 Secretary

The Corporate Secretary of the Bank shall be the secretary to the Committee.

4 Attendance at meetings

4.1 The Chief Risk Officer, the Chief of Sustainability & Property Development and the Head of Sustainability Department shall attend the Committee meetings. In the absence of any of the members named in this section, the designee(s) as invited by the Chair of the Committee shall attend the meeting.

4.2 The Chair may invite other persons, including other Directors and senior management who are not Committee members, other staff of the Bank and/or external advisors, to attend all or part of the Committee meetings from time to time upon such conditions as are deemed necessary and desirable.

4.3 All Committee members should be prepared to attend all meetings in person save in exceptional circumstances with reasons being provided and documented where the concerned Committee member may be allowed to attend and participate in a meeting by means of telephone, videoconferencing or any other electronic means. In the event that a Committee member is not able to attend the meeting via any means, he/she may submit written views on items to be discussed ahead of the meeting.

4.4 A member's attendance by means of telephone, videoconferencing or any other electronic means is deemed as attendance at the physical meeting and shall be entitled to vote and be counted in a quorum accordingly.

5 Frequency of meetings and quorum

5.1 The Committee shall meet at least twice a year or more frequently as the Chair of the Committee may determine.

5.2 A majority of members and including the Chair are required for a quorum at any meeting.

5.3 If the Chair of the Committee is not present at a Committee meeting, he/she shall delegate a member who is also a Director of the Bank to be the Chair of such meeting.

6 Proceedings of Meetings

6.1 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.

6.2 Only the Chair and members of the Committee shall be entitled to vote at the Committee meetings.

6.3 Questions arising at any meeting of the Committee shall be decided by a majority of votes, and in the case of equality of votes, the Chair shall have a second or casting vote, and this power shall be exercised at the Chair's own discretion.

6.4 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.

7 Authority

7.1 The Committee is authorized by the Board to oversee, review and manage sustainability and ESG-related (including climate-related) matters within its terms of reference to enable the Bank to operate on a sustainable growth basis for the benefit of current and future generations.

7.2 The Committee may request relevant parties to render assistance in pursuance of its duties, and may delegate its authority and duties within its terms of reference to the relevant parties, including Sustainability Working Group, as deemed necessary and appropriate.

7.3 The Committee shall be provided with sufficient resources to perform its duties. It is authorized by the Board to obtain external legal or other independent professional advice at the Bank's expense to discharge its responsibilities as deemed appropriate.

8 Duties and Responsibilities

The duties and responsibilities of the Committee are:

Sustainability goals, priorities, policies and frameworks

8.1 to oversee the management of climate-related risks (including risk considerations associated with the net-zero transition) and opportunities as well as the development of the Bank's sustainability strategy and to make recommendations to the Board on appropriate/proper standards, priorities and goals of the Bank;

8.2 to review and endorse the sustainability strategy and priorities of the Bank, including reporting boundary scoping materiality assessment results and Decarbonisation Plan, and other related recommendations from the Sustainability Working Group;

8.3 to review, endorse or approve the changes on material sustainability-related policies (including but not limited to the Climate Risk Management Framework, Corporate Governance Policy, and etc.), practices, disclosure on corporate governance and make recommendations to the Board;

8.4 to review ESG and Green and Sustainable Banking ("GSB") issues which are considered material to the Bank and the related measures. Sustainability-related matters include but not limited to

- Environmental concerns and climate-related matters;
- Social concerns related matters such as diversity, consumer protection, employee well-being, human rights and charitable and community investment;

8.5 to review and evaluate the adequacy of resources and processes, as well as the effectiveness of the Sustainability Working Group;

8.6 to update and report to the Board on the benchmarking of the Bank's sustainability performance against comparable peers and key international trends;

8.7 to provide recommendations to the Board on improvements in the Bank's sustainability performance;

Sustainability disclosures

8.8 to review and recommend for the Board's approval the public disclosure of sustainability-related information, including the annual sustainability report prepared by the Sustainability Working Group;

8.9 to review, identify and provide recommendations on enhancing the Bank's sustainability disclosures and communications;

Others

8.10 to consider other relevant topics, as defined and assigned to the Committee by the Board.

9 Reporting procedures

9.1 The Committee shall report regularly to the Board on its decisions and recommendations.

9.2 Minutes of the Committee meetings shall be sent to all members of the Board.

10 Frequency of review

These Terms of Reference shall be reviewed by the Committee at least annually and as and when required, and the Committee shall recommend to the Board the changes, if any, for approval.