

Board of Directors of Bank of Communications

Code of Practice of the Personnel and Remuneration Committee

(Adopted by the 2nd meeting of the fourth session of the Board of Directors on July 30, 2004; revised on the 10th meeting of the fourth session of the Board of Directors on November 18, 2005; revised on the 10th meeting of the fifth session of the Board of Directors on October 30, 2008; revised on the 12th meeting of the sixth session of the Board of Directors on 28 March 2012; and further revised on the 6th meeting of the seventh session of the Board of Directors on 29 April 2014.)

Chapter One General Provisions

Article 1: This Code of Practice is formulated in accordance with the Company Law of the People's Republic of China, Commercial Bank Law of the People's Republic of China, Corporate Governance Guidelines for Commercial Banks, Due Diligence Guideline for Boards of Directors of Commercial Banks (Trial), listing rules concerned, Charter of Bank of Communications Limited and other related regulations for the purpose of providing a set of standards and regulating the procedure for the appointment of directors and senior officers, establishing the encouragement and restrain mechanism to link remuneration with the bank's revenue and individual performance and improving the corporate governance structure of this company.

Article 2: A Personnel and Remuneration Committee shall be established and operated under the Board of Directors of this company. Personnel and Remuneration Committee shall operate in accordance with this Code of Practice and the authorization of the Board of Directors. It shall report to the Board of Directors and be responsible mainly for the reviewing of the remuneration system and policy of this Company, developing and supervising the execution of salary plans for directors and senior officers of this company, developing the criteria and procedures for the appointment of directors and senior officers, and conduct the initial examination accordingly.

Article 3: General Office of Board of Directors is the daily affair-handling entity of the Personnel and Remuneration Committee and is responsible for daily business liaison and conference organization, etc.

Chapter Two Members

Article 4: Personnel and Remuneration Committee shall consist of 3-5 directors, of whom at least half shall be independent non-executive directors. Personnel and Remuneration Committee shall be head by a chairman, who shall be an independent non-executive director and in charge of the committee.

Article 5: Members and chairmen of Personnel and Remuneration Committee shall be

nominated by chairman of Board of Directors, or at least one half of independent non-executive directors or at least one third of all directors and ratified by the Board of Directors.

Article 6: Members of Personnel and Remuneration Committee shall have the same term with that of the directors, which could be renewed by appointment upon expiration. If any member leaves office as the director of this company, he/she loses his/her membership of the committee automatically.

Article 7: In the event that the number of members of Personnel and Remuneration Committee is less than the mandatory number, Board of Directors may supplement the members needed in accordance with provisions from Article 4 to Article 6. If the committee has less than 3 members, Board of Directors shall supplement the members as soon as possible.

Chapter Three Responsibilities

Article 8: Main responsibilities of Personnel and Remuneration Committee include:

- (I) provide Board of Directors with proposals on the size and structure of Board of Directors in accordance with the business operation, asset scale and equity structure of this company;
- (II) approve and revise the diversity membership of the Board of Directors and assess the result of policy pursuit;
- (III) develop criteria and procedures for the appointment of directors and senior officers, conduct the initial examination on the qualification and condition for the directors and senior officers of this Company and provide Board of Directors with proposals in this regard;
- (IV) review the independence of the independent non-executive directors;
- (V) review the fundamental system and policy of this Company in remuneration management;
- (VI) develop set of performance assessment standards for the directors and senior officers, conduct performance assessment according to the actual situation of the company and provide Board of Directors with proposals in this regard;
- (VII) develop salary and incentive plans for directors and senior officers according to the strategic planning and business objectives determined by the Board of Directors, provide Board of Directors with proposals on salary plans and supervise the implementation of the plans; and
- (VIII) carry out other tasks assigned by Board of Directors.

Article 9: Personnel and Remuneration committee shall comply with the following procedures when nominating directors and senior officers of this company:

- (I) Keep a comprehensive and in-time understanding of this company's requirements for directors and senior officers;
- (II) Seek suitable candidates for directors and senior officers needed inside and outside this company;
- (III) Once the candidates are identified, the General Office of the Board of

- Directors shall collect and organize information on the candidates and develop written documents;
- (IV) Seek the opinions of the candidates themselves; those who are unwilling shall not serve as directors or senior officers of this company;
 - (V) Convene a Personnel and Remuneration committee meeting to conduct initial qualification examination on the candidates in accordance with this company's qualification standards for directors and senior officers;
 - (VI) Provide Board of Directors with proposals on the appointment of new directors or senior officers and the supporting materials;
 - (VII) Carry out follow-up tasks in accordance with the decision or feedback of the Board of Directors.

Article 10: Except otherwise specified in the charter of this company, nomination for directors proposed by Personnel and Remuneration committee shall be ratified by Board of Directors and decided by the shareholders' conference.

Nomination for senior officers proposed by Nomination Subcommittee shall be reviewed and decided by the Board of Directors.

Article 11: The Personnel and Remuneration Committee shall develop and assess regulations on the performance assessment of directors and senior officers on a routine basis in accordance with the performance targets identified by the Board of Directors, and submit the regulations to the latter for approval.

Article 12: Personnel and Remuneration Committee shall assess the performance of directors and senior officers in accordance with the regulations adopted by Board of Directors.

The Personnel and Remuneration Committee shall propose the method of incentives and amount of salaries of directors and senior officers in accordance with the result of performance assessment and submit the proposal to the Board of Directors for approval.

The above salary plan shall take into consideration the salary levels of other joint-stock commercial banks in China, other position in this bank, service years, duties and actual performances of the directors and senior officers concerned.

Article 13: Salary plans of directors proposed by Personnel and Remuneration Committee shall be approved by Board of Directors and decided by shareholders conference.

Salary plans of senior officers proposed by Personnel and Remuneration Committee shall be approved by the Board of Directors.

Any director or related person shall not decide the payment of himself/herself.

Article 14: The Personnel and Remuneration Committee shall review compensations

paid to executive directors or senior officers for the loss or termination of their office, or to directors dismissed prior to the expiration of their terms in accordance with the principle of fairness and rationality.

Article 15: The Personnel and Remuneration Committee shall submit its opinions on any other issue that it reviews within its duties to the Board of Directors.

Article 16: Upon the authorization by the Board of Directors, the Personnel and Remuneration Committee may make decisions on issues within the scope of authorization by the Board of Directors. Personnel and Remuneration Committee shall report the results to the Board of Directors in time.

Chapter Four Procedure Rules

Article 17: The Personnel and Remuneration Committee shall convene meetings at least twice a year. Upon proposal of the chairman and approval of other members, meetings could be convened in the form of a questionnaire to collect opinion from the members.

Article 18: When a Personnel and Remuneration Committee meeting is to be held, all of its members shall be informed at least 3 days in advance. The meeting shall be chaired by the chairman, or, in the event where the chairman is absent, by another member appointed by the chairman.

Article 19: A Personnel and Remuneration Committee meeting shall have at least one half of the members present. Any review opinion submitted to Board of Directors shall be agreed upon by at least half of the members.

Article 20: Where Personnel and Remuneration Committee convenes the meeting, it may invite other directors, supervisors, senior officers or leaders of head office departments such as Human Resource Department to attend its meetings.

Article 21: Personnel and Remuneration Committee may appoint intermediary institutions to provide professional opinions at the cost of the company as it deems necessary.

Article 22: When Personnel and Remuneration Committee discusses topics concerning any one of its members, the member shall not be present. In case half of the members or more are not present, all the members shall be informed and the concerned issue shall be directly submitted to the Board of Directors for approval.

Article 23: Minutes shall be kept for Personnel and Remuneration Committee meetings and signed by members present and the minute keeper. Minutes of meetings shall be kept by the company secretary.

Review opinions of Personnel and Remuneration Committee submitted to the Board of Directors shall be signed by the chairman of the committee and kept by the company secretary.

Article 24: All attendees of the meetings are obliged to keep secret all issues discussed and shall not disclose any information without due authorization.

Chapter Five Supplemental Provisions

Article 25: This Code of Practice shall enter into effect upon ratification of the Board of Directors.

Article 26: Issues not covered in this Code of Practice shall be handled in accordance with state laws, regulations and the charter of this company. In the event this Code of Practice conflicts with any state law, regulation promulgated or revisions of the charter of this company in the future, the aforesaid state law, regulation and company charter shall prevail. In this case, this Code of Practice shall be revised as soon as possible and submitted to Board of Directors for ratification.

Article 27: This Code of Practice shall be interpreted and revised by the Board of Directors of this company.