

Corporate Governance

Our complete set of processes, customs, policies, laws and institutions affecting the way Commerce Bank is directed, administered or controlled.

Compensation and Human Resources Committee Charter

Purpose of Committee

The Compensation and Human Resources Committee (the "Committee") of the Board of Directors of Commerce Bancshares, Inc. is charged with oversight responsibility for executive and senior management performance and pay, adequacy and effectiveness of compensation plans, benefit plans, stock option plans and succession planning. The Committee is also responsible for producing the annual Compensation Discussion and Analysis report on executive compensation for inclusion in the Company's proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC").

Committee Membership

The Committee shall consist solely of three or more members of the Board each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise "independent" under the rules of the New York Stock Exchange and/or NASDAQ.

Members shall be appointed by the Board and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. The Committee shall meet in person or telephonically at least once a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson.

The Committee may invite such members of management to its meetings, as it may deem desirable or appropriate.

The Company's Chief Executive Officer ("CEO") should not attend any portion of any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee.

Committee Duties and Responsibilities

- 1.) In consultation with senior management, establish the Company's general compensation philosophy, and oversee the development and implementation of executive and senior management compensation programs.
- 2.) Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. The Committee will review and approve compensation changes for members of the Executive Management Committee. The Committee will provide a thorough annual review of such matters with the full Board.
- 3.) Review and approve compensation programs applicable to the Executive Management Committee of the Company.
- 4.) Make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans, including all stock based plans. Oversee the activities of the individuals and committees responsible for administering these plans, including the Corporate Director of Human Resources and the Retirement Committee, and discharge any responsibilities imposed on the Committee by any of these plans.
- 5.) In consultation with senior management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility. When required, establishing performance goals and certifying those performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
- 6.) May select and retain independent compensation and benefits consultants and other outside counsel, as needed, to provide independent advice to the Compensation and Human Resources Committee with respect to the Company's current and prospective executive compensation and employee benefit programs.

7.) In conjunction with the full Board, advise and consult with management on succession planning and other significant human resources matters, as appropriate.

8.) Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs.

Reporting Activities

The Committee Chairperson, or designee, shall make reports to the Board at each quarterly meeting. The Committee shall provide an annual report for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations. The Committee shall confer with CBI management and employees to the extent it may deem necessary or appropriate to fulfill its duties.