
Related Party Transaction Policy

POLICY STATEMENT

It is the intent and policy of Commerce Bancshares, Inc. and its subsidiaries (collectively, Company), including its bank-subsidiary Commerce Bank (Bank), to comply with the requirements of Item 404 of Regulation S-K (17 CFR 229.404 et seq.) and other related laws, regulations, statutes, orders or other requirements as they apply to the disclosure and approval of related party transactions. A Related Party Transaction may be entered into only if the Audit and Risk Committee of the Company's Board of Directors (ARC) approves or ratifies the transaction in accordance with the guidelines set out in this Policy.

POLICY GOVERNANCE

The ARC is responsible for the oversight of the Related Party Transaction Policy (Policy). This Policy has been designated as a "key risk" policy for the Company, requiring annual review and recommendation by the Company's Enterprise Risk Management Committee (ERM) and annual review and approval by ARC. Approval authority resides with ARC.

The ARC delegates responsibility for the implementation of this Policy and for the day-to-day management of Related Party Transactions to the Company's General Counsel and Controller. The General Counsel shall be the Policy Owner for this Policy. The Policy Owner will ensure that this Policy is reviewed and updated as changes to applicable laws, regulations, or internal processes warrant.

POLICY SCOPE

This Policy applies to any director or employee of the Company who meets the definition of a "related person" as defined by Item 404 of Regulation S-K (17 CFR 229.404 et seq.).

Recourse for Non-Compliance

Failure to comply with the Policy and regulatory guidance exposes the Company to potential fines, penalties, legal prosecution, and reputational damage. Any director or employee that deliberately violates this Policy may be subject to corrective action up to and including termination and/or legal action.

POLICY

1. At least annually, each director and executive officer shall provide the Company General Counsel with a list such director's or executive officer's Related Parties and, prior to entering into any Related Party Transaction, shall notify the General Counsel or the Controller of the Company of the facts and circumstances of any proposed Related Party Transaction.
2. The Controller of the Company shall provide the General Counsel with information on any proposed transactions or payments made by the Company to a director or executive officer's Related Party.
3. The General Counsel or other designated member of the Company's legal staff shall:
 - a. Review all reported or proposed transactions and information on any payments to Related

- Parties received from the Controller for a determination as to whether any proposed Related Party Transaction is material and falls within this Policy;
- b. Refer any questions of materiality to the Disclosure Committee with an opinion if appropriate;
 - c. Refer any material payments to Related Parties and proposed Related Party Transactions to the ARC for approval where appropriate; and
 - d. Where appropriate, provide for the disclosure of any material Related Party Transaction in the Company's Proxy Statement.
4. The following shall be considered, but not necessarily controlling, in any determination of materiality:
- a. Whether the amount involved in any transaction or series of transactions is greater than \$120,000 on an annual basis;
 - b. Whether the transaction falls within an exemption provided by Item 404(a) of Regulation S-K;
 - c. Whether the transaction is within the normal course of business for the Company or its subsidiaries on terms and conditions that are no less favorable to the Company than similar transactions with unrelated persons;
 - d. Whether, based on principles of corporate transparency, the transaction would be material to investors; and
 - e. Whether the transaction falls within any provision of the Company's Corporate Code of Ethics.
5. The following transactions are exempt from any determination as a Related Party Transaction and shall be deemed pre-approved:
- a. Compensation paid to a person for service as a director or executive officer;
 - b. Transactions with a Related Party for trust, funds depositary or similar payment services with fees based on those for the same or similar transactions with non-related persons;
 - c. Transactions with Related Parties that are the result of a competitive bidding process or involving the rendering of services as a common carrier, or public utility at rates or charges fixed in conformity with law or governmental authority;
 - d. Any transaction in which the Related Party's interest arises solely from the ownership of the Company's equity securities and all holders of the Company's equity securities receive the same benefit on a pro rata basis, such as dividends; and
 - e. Transactions available to employees in general.

6. Subject to the exemptions set forth in Section 5 above, the ARC shall review the material facts of any Related Party Transaction submitted for review and either approve or disapprove of the entry into the transaction. If advance review of the proposed transaction is not feasible, then the ARC shall consider the Related Party Transaction at its next regularly scheduled meeting for ratification, or, if not ratified, the transaction, if legally possible, must be rescinded. In making its determination to approve, disapprove or ratify, the ARC considers:

- a. The extent of the Related Party's interest;
- b. The availability of other sources of comparable products or services;
- c. Whether the terms of the Related Party Transaction are no less favorable than terms generally available in non-related transactions under like circumstances;
- d. The benefit to the Company; and
- e. The aggregate value of the Related Party Transaction.

No director of the Company may engage in any ARC discussion or approval of any proposed Related Party Transaction in which he or she is a Related Party; provided however, that such director must provide to the ARC all material information reasonably requested concerning the proposed Related Party Transaction.

PERIODIC REVIEW

Internal and/or external reviews of compliance with this Policy and related activities may be conducted periodically. Additionally, regulatory authorities may conduct examinations of the subject matter of this Policy and the Company's compliance with related laws, rules, and regulations.

Any issues identified during a review or exam will be documented by the reviewer/examiner, reported to management, and remediated to the extent necessary and on the agreed timeline.

ROLES AND RESPONSIBILITIES

CBI Board of Directors Audit and Risk Committee

- Review and approve, ratify, or disapprove proposed Related Party Transactions; and
- Annually review and approve this Policy.

Enterprise Risk Management Committee

- Annually review and recommend this Policy to the ARC.

General Counsel

- Assemble and update a list of Related Parties, and

- Review all payments made to Related Parties and reported or proposed Related Party Transactions to determine if such payment or proposed transaction is material.

Controller

- Inform the General Counsel of any payments made to Related Parties or information on proposed Related Party Transactions.

Disclosure Committee

- Review questions of Related Party Transaction materiality.

Executive Officers & Directors

- Provide the General Counsel or Controller with information on Related Parties and notice of proposed Related Party Transactions.

TERMS AND DEFINITIONS

“Related Party” shall mean:

- a. Any person who is or was an executive officer, director, or nominee for election as a director since the beginning of the last fiscal year; or
- b. Any person or group of persons that beneficially owns more than 5% of the Company’s voting securities; or
- c. Any family member of any of the foregoing, which shall include any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and anyone, other than an employee or tenant, residing in such person’s home; or
- d. Any firm, corporation, or other entity in which any of the foregoing are employed or have a material interest within the meaning of Item 404 of Regulation S-K (17 CFR 229.404 et seq.).

“Related Party Transaction” shall mean any financial transaction, arrangement, or relationship in which

- a. the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year,
- b. the Company or one of its subsidiaries is a participant, and
- c. any Related Party has or will have a direct or indirect material interest.

APPLICABLE LAWS, REGULATIONS, AND RELATED DOCUMENTS

Item 404 of Regulation S-K (17 CFR 229.404 et seq.)