

HSBC HOLDINGS PLC
NOMINATION COMMITTEE

Terms of Reference

1. Purpose

The Board of HSBC Holdings plc (“the Company”) has delegated responsibility to the Nomination Committee (“the Committee”) for leading the process for Board appointments and for identifying and nominating for the approval of the Board, candidates for appointment to the Board.

2. Membership

The Committee (including the Chairman) comprises at least two independent non-executive directors.

The Chairman of the Committee shall be appointed by the Board from among the independent non-executive directors.

3. Attendance

Only members have the right to attend Committee meetings; others, may attend by invitation for the whole or part of the meeting.

4. Meetings and quorum

The Chairman shall ensure that the Committee meets with sufficient notice and frequency.

The quorum for meetings is two members, including the Chairman or his delegate.

The Secretary of the Committee is the Group Company Secretary (or his nominee).

5. Responsibility of the Chairman

The Chairman’s role requires:

- Fostering an open, inclusive and, where appropriate, challenging discussion;
- Ensuring the Committee has the information necessary to perform its tasks and devote sufficient attention to the matters within its remit;
- Facilitating the running of the Committee;
- Reporting to the Board on the Committee’s activities.

6. Areas of responsibility

The Committee's responsibilities shall include:

6.1 Board composition, succession planning and diversity

- 6.1.1 Review the composition of the Board and its committees and make recommendations to the Board on appointments against objective criteria and with due regard for the benefits of diversity on the board, including gender;
- 6.1.2 Plan for the orderly succession and make recommendations for appointment and reappointment by the Board of both executive directors and independent non-executive directors;
- 6.1.3 Make recommendations to the Board on the membership of Board committees;
- 6.1.4 Give full consideration to succession planning for other senior executives or any other office which is to be considered at a meeting of the Board;
- 6.1.5 Prepare a description of the role and capabilities required for a particular appointment;
- 6.1.6 In making its recommendations the Committee shall take account of the following:
- The leadership needs of HSBC;
 - The structure, size, composition and time requirements required of the Board;
 - The balance of skills, experience, independence and knowledge of candidates who are best able to meet the challenges and opportunities facing the Group and to promote its success;
 - The Board's diversity policy, including the need to consider candidates from a wide range of backgrounds; and
- 6.1.7 Develop and periodically review measurable objectives for the implementation of the Board's diversity policy and monitor progress towards the achievement of such objectives.

6.2 Independence of Directors

6.2.1 The Committee is responsible for reviewing the independence of the non-executive directors of the Board including:

- The balance of the number of independent non-executive directors;
- The length of service and renewal of the terms of office of independent non-executive directors;
- The re-election by shareholders of directors retiring by rotation;
- Any situational conflict which a director may have with the interests of the Group;
- Any other relevant matter.

6.3 Serving Directors

6.3.1 The Committee is responsible for ensuring that the directors are able to fulfil their duties to the Company.

The Committee shall:

6.3.2 Review annually the time commitment required from directors, taking in to account the findings of performance evaluations;

6.3.3 Ensure that on appointment to the Board, independent non-executive directors receive a formal letter of appointment setting out clearly what is expected of them;

6.3.4 Review and monitor the training and development of directors and senior management.

6.4 Reporting and disclosure

The Committee is responsible for reporting on the work of the Committee to the Group Board and for making a statement about its activities, including the process used for appointments, in the annual report.

7. Operation of the Committee

The Committee:

- Shall recommend to the Board the appointment of an external facilitator to conduct the review of the performance of the board.
- Shall review the effectiveness reviews of HSBC's principal subsidiaries;
- Shall review annually these terms of reference and its own effectiveness as well as the quality of information it receives and recommend any necessary changes.

- Shall report to the Board on the matters set out in these terms of reference, how the Committee has discharged its responsibilities and will make recommendations on action needed to resolve concerns or make improvements.
- May request any information as it considers appropriate from any of the nomination committees of the Company's subsidiaries.
- Is authorised by the Board to engage independent professional advisers and have access to such resources including employees as it may consider appropriate.
- Shall give consideration to laws and regulations of all applicable jurisdictions and regulators.
- Shall work and liaise as necessary with all other Board committees (including to determine where there is an overlap in responsibilities) as well as with the Group's principal subsidiaries and their Nomination Committees (setting clear expectations for the latter). The Committee's interaction with other relevant boards and committees of the Group will be reflected in the detailed plans and processes for the Committee which are developed on an ongoing basis throughout each calendar year.