

**HSBC HOLDINGS PLC**  
**NOMINATION & CORPORATE GOVERNANCE COMMITTEE**

**Terms of Reference**

**1. Purpose**

The Board of HSBC Holdings plc (“the Company”) has delegated responsibility to the Nomination & Corporate Governance 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;
- considering and approving appointments to the boards of directors of HSBC principal subsidiaries; and
- overseeing and monitoring the corporate governance framework of the Company and its subsidiaries (the “Group”) and making recommendations to the Board to ensure that the framework is consistent with best corporate governance standards and practices.

**2. Membership**

The Committee (including the Chairman) comprises all independent non-executive directors.

The Chairman of the Committee shall be the Chairman of the Board.

**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 Review of Board and senior management**

- 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 for approval by the Board of the membership of Board committees;
- 6.1.4 Approve Group Managing Director and Group General Manager appointments (on recommendation of the Group CEO).
- 6.1.5 Give full consideration to succession planning for Group Managing Directors and Group General Managers and other senior executives, or any other office which is to be considered at a meeting of the Board;
- 6.1.6 Prepare a description of the role and capabilities required for a particular appointment;
- 6.1.7 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.

6.1.8 Develop and periodically review measurable objectives for the implementation of the Board's diversity policy and monitor progress towards the achievement of such objectives.

6.1.9 Oversee the process by which the Board, its committees and individual directors assess their effectiveness and report to the Board on findings and recommendations.

## **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; and

6.3.5 Review any matters relating to the continuation in office of directors at any time.

## **6.4 Conflicts of Interest**

- 6.4.1 Consider and authorise any actual or potential conflicts of interest of a director on such terms as may be considered appropriate.
- 6.4.2 Report any conflict decisions to the Board and conduct an annual review of the directors' conflicts of interest.

## **6.5 Corporate Governance**

- 6.5.1 Review and develop the Group's corporate governance framework on behalf of the Board and ensure it is consistent with best corporate governance standards and practices while remaining appropriate to the size, complexity and strategy of the Group.
- 6.5.2 Review the composition of principal subsidiary boards and ensure when considering appointments that an appropriate balance of skills, experience, diversity, and succession plans is maintained.
- 6.5.3 Approve appointments to the positions listed in the Appendix (including for the avoidance of doubt, appointments that are analogous, appointments of successors by whatever title and appointments of alternate directors).
- 6.5.4 Monitor the Board's compliance with the UK Corporate Governance Code and the Hong Kong Corporate Governance Code.
- 6.5.5 Review the Group's Corporate Governance Charter annually and recommend to the Board any revisions deemed necessary.
- 6.5.6 Review and recommend to the Board for approval any corporate governance statements for inclusion in public disclosures or regulatory responses to be made on behalf of the Company including the annual corporate governance report.

## **6.6 Reporting and disclosure**

The Committee is responsible for reporting on the work of the Committee to the 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 reports of the effectiveness 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.

**APPENDIX**

**APPOINTMENTS REQUIRING COMMITTEE APPROVAL**

The appointments to the positions listed below (including, for the avoidance of doubt, appointments that are analogous, appointments of successors by whatever title and appointments of alternate directors) require the approval of the Committee:

HSBC Holdings plc

Group Managing Directors, Group General Managers

HSBC Bank plc

Chairman/Deputy Chairman, Directors, Chief Executive, Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer

The Hongkong and Shanghai Banking Corporation Limited

Chairman/Deputy Chairman, Directors, Chief Executive, Alternate Chief Executives, Chief Financial Officer, Treasurer, Company Secretary, Chief Risk Officer, Chief Operating Officer

HSBC North America Holdings Inc

Chairman/Deputy Chairman, Directors, President, Chief Executive, Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer

HSBC Bank Canada

Chairman/Deputy Chairman, Directors, President, Chief Executive, Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer

HSBC Latin America Holdings (UK) Ltd

Chairman/Deputy Chairman, Directors, President (CEO), Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer

HSBC Private Banking Holdings (Suisse) SA

Chairman/Deputy Chairman, Directors, Chief Executive, Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer

HSBC Bank Middle East Limited

Chairman/Deputy Chairman, Directors, Chief Executive, Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer

HSBC UK Bank plc

Chairman, Directors, Chief Executive, Chief Financial Officer, Company Secretary, Chief Risk Officer, Chief Operating Officer