

**HSBC HOLDINGS PLC**

**NOMINATION & CORPORATE GOVERNANCE COMMITTEE**

**Terms of Reference**

1. **Purpose**

The Board (the “Board”) of HSBC Holdings plc (the “Company”) has delegated responsibility to the Nomination & Corporate Governance Committee (the “Committee”) to:

- Assist the Group Chair in keeping the composition of the Board and its committees under review and to lead the process for nominations to the Board and its committees.
- Oversee a continuous and proactive process for planning and assessment of candidates to ensure the orderly succession for executive and non-executive directors, Group Managing Directors and other senior appointments within the Company and its subsidiaries (the “Group”) as set out in the Appendix.
- Oversee and monitor the corporate governance framework of the Group and make recommendations to the Board to ensure that the framework is consistent with corporate governance standards and best practice.

2. **Membership**

The Committee shall be comprised of the independent non-executive directors of the Company and the Group Chair.

The Chair of the Committee shall be the Group Chair or their delegate from among the members of the Committee. Where the Committee meet to discuss the Group Chair’s succession or performance, the Senior Independent Director will chair such meetings of the Committee.

3. **Attendance**

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

Members may attend Committee meetings by telephone or video conference provided they obtain the prior consent of the Committee Chairman or Committee Secretary. Members need to attend the majority of scheduled Committee meetings in person in any given year .

4. **Meetings and quorum**

The Committee shall meet with sufficient notice and frequency and at such times as it may determine.

The quorum for meetings is two members, including the Group Chair or their delegate from among the members of the Committee.

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

5. **Responsibility of the Chair of the Committee**

The role of the Chair requires:

- Fostering an open, inclusive and, where appropriate, challenging discussion.

- Ensuring the Committee has the information necessary to perform its tasks and that it devotes sufficient attention to the matters within its remit.
- Facilitating the running of the Committee.
- Reporting to the Board on the Committee's activities.
- Attending the Company's Annual General Meeting to answer any shareholder questions on the Committee's activities.

## 6. **Areas of responsibility**

The Committee's responsibilities shall include:

### 6.1 Review of the Board and senior management.

6.1.1 Review the composition of the Board and its committees and make recommendations to the Board on appointments based on merit and against objective criteria promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths in line with the Board's Diversity and Inclusion Policy.

6.1.2 Plan for the orderly succession of members of the Board, particularly for the key roles of Board Chair and Group Chief Executive Officer ("Group CEO"), and make recommendations for appointment and reappointment by the Board of both executive and 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 (including interim appointments) and Group General Manager appointments, on the recommendation of the Group CEO.

6.1.5 Give full consideration to succession planning for Group Managing Directors and other senior management appointments (see Appendix) and oversee the development of a diverse pipeline for succession.

6.1.6 In identifying suitable candidates for appointment as the Board Chair or as a non-executive Director of the Company, the Committee shall, at the Group Chair's discretion, generally use open advertising and/or the services of an external search consultancy.

6.1.7 In making its recommendations, the Committee shall take account of the following:

- The leadership needs of the Group.
- The structure, size, composition and time requirements of the Board to ensure Board responsibilities can be met.
- The balance of skills, experience, independence and knowledge of candidates so as to ensure that those who are best able to meet the challenges and opportunities facing the Group and to promote its success are appointed.
- The Board's Diversity and Inclusion Policy, including the need to consider candidates from a wide range of backgrounds.
- Other demands on the time of Directors and potential Directors.

6.1.8 Develop and periodically review measurable objectives for the implementation of the Board's Diversity and Inclusion 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 (which shall include a formal and rigorous annual evaluation in each case), and report to the Board on findings and recommendations.

## 6.2 Independence of Directors

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 annually;
- Any situational conflict which a Director may have with the interests of the Group;
- Any other relevant matter.

## 6.3 Conflicts of Interest

The Committee shall:

6.3.1 For prospective Directors, take the necessary action to identify and manage business interests that may result in any actual or potential conflicts of interest prior to any offer of appointment being made, and make recommendations to the Board in relation to the authorisation of any actual or potential conflicts of such interests, together with recommendations as to the terms of any such authorisation as the Committee considers may be appropriate.

6.3.2 Conduct an annual review of the Directors' Conflicts of Interest Policy and recommend for approval of the Board such changes as the Committee deems appropriate.

6.3.3 Conduct an annual review of the Directors' Conflicts Register and recommend for approval of the Board any corrective action that may be required.

## 6.4 Serving Directors

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

The Committee shall:

6.4.2 Review annually the time commitment required from Directors, taking into account the findings of performance evaluations.

6.4.3 Consider the training and development of Directors and senior management.

6.4.4 Review any matters relating to the continuation in office of Directors at any time including, where a Director is to be subject to annual re-election, the reasons why that Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

## 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 the boards of the Group's Principal Subsidiaries (as specified in the Appendix) and ensure, when considering appointments that require the Committee's approval, that an appropriate balance of skills, experience, diversity, and succession planning is maintained by those Principal Subsidiaries.

- 6.5.3 Approve appointments, including interim appointments where specified, to the positions listed in the Appendix (including for the avoidance of doubt, appointments that are analogous thereof).
- 6.5.4 Review the Group's Corporate Governance Charter annually and recommend to the Board any revisions deemed necessary.
- 6.6 Reporting and disclosure
- 6.6.1 The Committee will 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 process used for appointments, in the annual report.
- 6.6.2 Shall produce a report, to be included in the Company's annual report, describing the Committee's work, including:
- the process used in relation to appointments, the Committee's approach to succession planning and how both support developing a diverse pipeline;
  - how the Board evaluation has been conducted, the nature and extent of the external evaluator's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence Board composition;
  - the Board's Diversity and Inclusion Policy, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and
  - the gender balance of those in senior management and their direct reports.

## 7. Operation of the Committee

The Committee:

- Shall recommend to the Board the appointment of an external facilitator to conduct a review of the performance of the Board at least every three years.
- Shall review reports of the effectiveness of the boards 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 Group'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 to enable it to meet its responsibilities under these terms of reference.
- Authorises the Group Chair and one such independent non-executive Director of the Company as the Group Chair may from time to time determine, to approve, on behalf of the Committee, any appointments set out in the Appendix which require the Committee's approval between Committee meetings, provided that all such approvals are notified to the members of the Committee and ratified at the next scheduled Committee meeting.
- Shall work with 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); this requirement extends to

working with and liaising with the boards of HSBC Private Banking Holdings (Suisse) SA (“PBSU”) and HSBC Global Asset Management Limited (“AMGB”), as appropriate. The Committee’s interaction with other relevant boards and committees of Group companies will be reflected in the detailed plans and processes for the Committee which are developed on an ongoing basis throughout each calendar year.

## APPOINTMENTS REQUIRING COMMITTEE APPROVAL

The appointments to the positions listed in the table below - including, for the avoidance of doubt, appointments that are analogous thereof.

<b>Group Management Level*</b>	
HSBC Holdings plc	Group Management Board members Group Managing Directors Group General Managers
<b>Principal Subsidiaries*</b>	
HSBC Bank plc The Hongkong and Shanghai Banking Corporation Limited HSBC North America Holdings Inc. HSBC Bank Canada HSBC Latin America Holdings (UK) Ltd HSBC Bank Middle East Limited HSBC UK Bank plc	Chair /Deputy Chair Directors Chief Executive (or President) Chief Financial Officer Company Secretary Chief Risk Officer Chief Operating Officer
The Hongkong and Shanghai Banking Corporation Limited	Alternate Chief Executives

\*This includes all interim appointments for the roles set out in the table above with the exception of Group General Managers.

### Principal Subsidiaries

The Committee will take into account the principles of the Subsidiary Accountability Framework for the appointments to Principal Subsidiary positions listed in the table above.

All proposed appointments that require the approval (or where applicable endorsement) of the Committee are required to have been approved through all relevant entity governance pathways prior to submission to the Committee for consideration unless prior exception is granted by the Chair of the Committee or Group Company Secretary.

### Related Board Committee Approvals

The Group Audit Committee is required by its Terms of Reference:

- To endorse proposed appointments to Principal Subsidiary audit committees; and
- To recommend the appointment and removal of the Group Head of Internal Audit.

The Group Risk Committee is required by its Terms of Reference:

- To endorse proposed appointments to Principal Subsidiary risk committees; and
- To recommend the appointment or removal of the Group Chief Risk Officer.