



**BEA 東亞銀行**

**The Bank of East Asia, Limited**

*(Incorporated in Hong Kong with limited liability in 1918)*

(Stock Code: 23)

**TERMS OF REFERENCE**

**OF**

**THE NOMINATION COMMITTEE**

## **1. CONSTITUTION**

The Board of Directors of The Bank of East Asia, Limited (the “Bank”) had resolved to establish a committee known as the Nomination Committee (the “Committee”) to, inter alia, identify, select and nominate suitable individuals for appointment of Directors, Chief Executive / Co-Chief Executives, Deputy Chief Executives, Group Chief Auditor, Group Chief Compliance Officer, Group Chief Financial Officer, Group Chief Risk Officer, and other Division Heads of the Bank and recommend to the Board for their appointment, removal and succession planning; define planning of diversity of the Board; and perform evaluation of the effectiveness of the Board and individual Directors of the Bank.

In these Terms of Reference, unless the context otherwise defines, words denoting one gender shall include the other gender.

## **2. MEMBERSHIP**

- 2.1 The Committee members shall be appointed by the Board from amongst the Directors of the Bank and shall consist of not less than two members. A majority of the members of the Committee should be Independent Non-executive Directors (“INED”).
- 2.2 The Chairman of the Committee shall be an INED appointed by the Board.
- 2.3 The tenure limit of Committee member for serving on the Committee shall be the tenure of office of that member for serving as Director on the Board or subject to the decision of the Board from time to time.
- 2.4 The quorum of any Committee meeting is two members, of which at least one should be an INED.
- 2.5 The Company Secretary shall act as the Secretary of the Committee.

## **3. MEETINGS**

- 3.1 Meetings shall be held not less than once a year.
- 3.2 The Secretary shall present the minutes of meetings of the Committee to all members of the Board.

#### **4. AUTHORITIES**

- 4.1 The Committee is authorised by the Board to obtain independent professional advice, at the Bank's expense, to perform its responsibilities if it considers this necessary.
- 4.2 The Committee should be provided with sufficient resources to perform its duties.

#### **5. DUTIES**

The specific duties of the Committee shall be:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board and Board Committees at least annually and to determine if the Board or Board Committees collectively lack any skills or expertise to discharge their responsibilities effectively, and to identify steps for improvement; and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy;
- (b) to identify individuals suitably qualified to become Directors and make recommendations to the Board on the appointment or re-appointment and succession planning of Directors;

*Notes:*

1 *The Committee shall give adequate consideration to the balance of skills, experience and diversity perspective appropriate to the requirements of the Bank's interests when making recommendations to the Board on the appointment or re-appointment and succession planning of Directors.*

2 *Pursuant to Appendix 14 - Corporate Governance Code" (the "CG Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Bank has adopted a formal letter of appointment for Directors setting out the key terms and conditions of their appointment.*

- (c) to assess the independence of INEDs according to the requirements of the Listing Rules and the Guidance on Empowerment of Independent Non-Executive Directors in the Banking Industry in Hong Kong issued by the Hong Kong Monetary Authority;

*Notes:*

1. *Pursuant to the CG Code, if an INED has served more than nine years, such Director's further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should state why the Board (or the Nomination Committee) believes the Director is still considered as independent and should be re-elected,*

*including the factors considered, the process and the discussion of the Board (or the Nomination Committee) in arriving at such determination.*

2. Pursuant to the CG Code, where all the INEDs of the Bank have served more than nine years on the Board, the Bank should (a) disclose the length of tenure of each existing INED on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and (b) appoint a new INED on the Board at the forthcoming annual general meeting.
- (d) to identify individuals suitably qualified to become Chief Executive / Co-Chief Executives, Deputy Chief Executives, Group Chief Auditor, Group Chief Compliance Officer, Group Chief Financial Officer, Group Chief Risk Officer, and other Division Heads and make recommendations to the Board on his appointment, removal and succession planning;
- (e) to review the implementation and effectiveness of the “*Board Succession and Diversity Policy*” annually; and the measurable objectives for succession planning and implementing diversity on the Board; and make appropriate disclosures in the Corporate Governance Report in the Annual Report;
- (f) to review the “*Procedures for Nomination of Directors*”, as appropriate; and review and recommend for the Board’s approval the standards for appointment as Directors of the Bank with a view principally to securing the required quality, continuity and diversity of the Board;
- (g) to review the “*Board Evaluation and Director Self-assessment*”, as appropriate; and conduct annual evaluation of the effectiveness of the Board as a whole and the contribution made by each individual Director to the effectiveness of the Board; and recommend to the Board steps for improvement and enhancement, if necessary. The evaluation report will be presented to the Board. The Committee may engage external consultants or facilitators to provide assistance in the evaluation process, if situation warrants;
- (h) to review the annual self-assessment of time commitment and potential conflicts of interest of the Directors (including Chief Executive / Co-Chief Executive / Deputy Chief Executive who are also Directors of the Bank);
- (i) to review the “*Management Succession Policy*”, as appropriate; and attend to the matters as prescribed under the “*Management Succession Policy*” and other prevailing guidelines; and
- (j) to review annually the implementation and effectiveness of the Bank’s mechanism under which independent views and input are available to the Board; and the relevant disclosures in the Corporate Governance Report in the Annual Report.

## **6. REPORTING PROCEDURES**

The following information<sup>1</sup> should be disclosed in Corporate Governance Report:

- (i) the role and function of the Committee;
- (ii) the composition of the Committee (including names of Committee members and identifying the Chairman of the Committee);
- (iii) the number of meetings held by the Committee during the year and the record of attendance of members by name, at meetings held during the year;
- (iv) a summary of the work performed by the Committee during the year;
- (v) the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship during the year;
- (vi) a summary of the “*Board Succession and Diversity Policy*” of the Bank; and
- (vii) the mechanism under which independent views and input are available to the Board.

## **7. NOMINATION OF DIRECTORS BY SHAREHOLDERS**

Pursuant to the CG Code, there should be a formal, considered and transparent procedure for the appointment of new Directors to the Board. The nomination procedures and the process and criteria to select and recommend candidates for directorship by shareholders are set out in the “*Procedures for Nomination of Directors by Shareholders*” which is available on the website of the Bank.

## **8. FREQUENCY OF REVIEW**

These Terms of Reference should be reviewed on an annual basis and as required.

- 9.** In the event of a conflict between the Chinese translation and the English text hereof, the English text will prevail.

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<sup>1</sup> Pursuant to paragraph E of Appendix 14 to the Listing Rules.