

# **PUBLIC FINANCIAL HOLDINGS LIMITED**

## **Terms of Reference**

### **Nomination Committee of the Board**

#### **Objectives of the Committee**

1. To review the structure, size and composition (including the skills, knowledge and experience) of the respective Boards of Directors (the “Board”) of Public Financial Holdings Limited (the “Company”), Public Bank (Hong Kong) Limited (“PBHK”) and Public Finance Limited (“Public Finance”) at least annually and make recommendations of any proposed changes to the Board to complement the Group’s corporate strategy.
2. To identify individuals suitably qualified to become Board members, Chief Executive and Alternate Chief Executive(s) of the Company and make recommendations of the individuals for appointment as Directors, Chief Executive and Alternate Chief Executive(s) of the Company. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board.
3. To make recommendations on the nomination policy, succession planning and any related matters for Directors, Chief Executive, Alternate Chief Executive(s) and Senior Management.

#### **Composition**

1. The Committee shall be appointed by the Board of the Company from amongst the Non-Executive Directors and shall consist of not less than three members. A majority of the Committee members shall be Independent Non-Executive Directors.
2. The Chairman of the Board or an Independent Non-Executive Director shall be the Chairman of the Committee.

3. The Company Secretary of the Company, or the Human Resources Manager of Public Finance, or the Head of Human Resources Department of PBHK shall be the secretary of the Committee.
4. Where there is a specific need for information or clarification on any matters, the relevant staff may be invited to attend the specific part(s) of the Committee's meeting(s).

### Authority

1. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. The Committee is authorised by the Board to obtain legal or other independent professional advice at the Group's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### Functions

1. To recommend to the Board, the minimum requirements for the Board, i.e. required mix of skills, experience, qualification, diversity needed in future and other core competencies required of a Director, and to recommend to the Board, the minimum requirements for the Chief Executive and Alternate Chief Executive(s) and any proposed changes to the Board to complement the Group's corporate strategy.
2. To assess and recommend to the Board technically competent persons of integrity with strong sense of professionalism and who foster and practise the highest standard of banking and finance in Hong Kong or other regions for appointment as:
  - Directors
  - Chief Executive
  - Alternate Chief Executive(s)

3. To determine the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship during the year.
4. To assess and recommend to the Board, the appointment and re-appointment of Directors, Chief Executive and Alternate Chief Executive(s) and the succession planning for Directors, in particular the Chairman, the Chief Executive and Alternate Chief Executive(s).
5. To oversee the overall composition of the Board, in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Non-Executive Directors through annual review, with due regard for the benefits of diversity on the Board.
6. To assess the independence of Independent Non-Executive Directors.
7. To recommend to the Board the removal of a Director/Chief Executive/Alternate Chief Executive from the Board/Management if the Director/Chief Executive/Alternate Chief Executive is ineffective, errant and negligent in discharging his responsibilities.
8. To establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the Chief Executive/General Manager, Alternate Chief Executive(s) and other Senior Management. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board.
9. To ensure that all Directors receive appropriate continuous training programs in order to keep abreast with developments in the financial industry and with changes in the relevant statutory and regulatory requirements.
10. To review the contributions required from the Directors and assess whether sufficient time has been given in performing their responsibilities.
11. To oversee the appointment, management succession planning and performance evaluation of Senior Management.

12. To recommend to the Board the removal of Senior Management if they are ineffective, errant and negligent in discharging their responsibilities.
13. To formulate and review the Board Diversity Policy, as appropriate; and the progress on achieving the objectives set for implementing the policy; and make disclosure of its review results in the Corporate Governance Report annually.
14. To develop and review the Group's policies and practices on corporate governance.
15. Such other responsibilities as may be delegated by the Board from time to time.

### Quorum

To constitute a quorum, at least two members must be present and one of whom shall be an Independent Non-Executive Director.

### Minutes

Minutes must be prepared to record fully all decisions and matters dealt with by the Committee and tabled to the Board of the Company for noting. A record of the attendance at each meeting should be maintained.

### Frequency of Meetings

Meetings shall be held not less than once a year.

### Attendance at Meetings

Other Board members, the Chief Executive, Alternate Chief Executive(s) and Senior Management may be invited to attend meetings.