




## NOMINATION COMMITTEE REPORT

 <b>Composition</b>	Chairman Members	The Hon. Sir Michael Kadoorie, Non-Executive Chairman Dr the Hon. Sir David Li, INED Dr William Fung, INED
 <b>Meeting Frequency</b>		<ul style="list-style-type: none"> <li>At least two meetings every year</li> <li>Two meetings in 2018</li> </ul>
 <b>Responsibilities</b>		To evaluate the size, structure and composition of the Board. This includes selecting new Directors and/or maintaining an appropriate, adequate and balanced make-up of an effective Board and reviewing of independence of INEDs

### Boardroom Diversity<sup>24</sup>

We believe that having variety in composition is important for a healthy and effective Board. The company approaches diversity in the broadest sense, recognising the benefits of a diverse mix of skills, knowledge, age, race, gender and experience on its Board. The Board has since 2013 adopted a diversity policy, which can be found on the company's website<sup>25</sup>. The Nomination Committee, when considering Board composition and in its process of recommending Board appointments, is guided by the principles of the company's policy on diversity. While we recognise the gender diversity at Board level can be improved and this is taken into consideration, we continue to apply the principle of appointments based on merit. The Nomination Committee evaluated the Board composition and considered that the HSH Board has in place a diverse mix of skills, knowledge and experience, as well as increased gender diversity with three female members on the Board. The three Directors who joined the Board in December 2017 bring constructive challenges and fresh perspectives to the Board discussion throughout 2018.

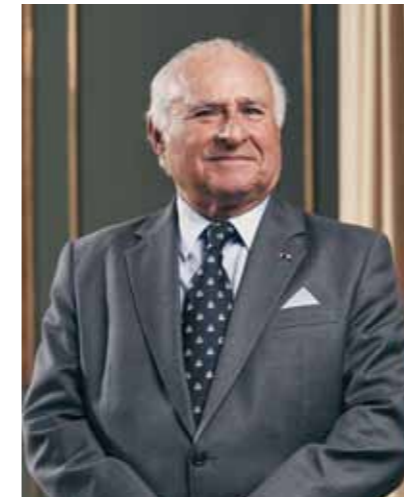
Furthermore, the Committee reviewed the appropriateness of an express diversity quota or measurable objective and concluded that it was unnecessary. The selection would continue to be based on merit with reference to our diversity policy in terms of skill set, experience, knowledge, expertise, culture, level of independence from the company, age, race and gender. This approach has been approved by the Board.

### Nomination Policy

In 2017, when selecting the three Directors for the Board, while recognising the benefits of diversity, we also ensured that the selection criteria including contribution and time commitment, nomination process and procedures adopted by the Nomination Committee were followed. In 2018, the Committee formalised its current practices on nomination and set it out into a nomination policy for Board adoption giving our shareholders transparency on our nomination process. This policy can be found on the company's website.<sup>25</sup> We set out on next page a diagram on our nomination process.

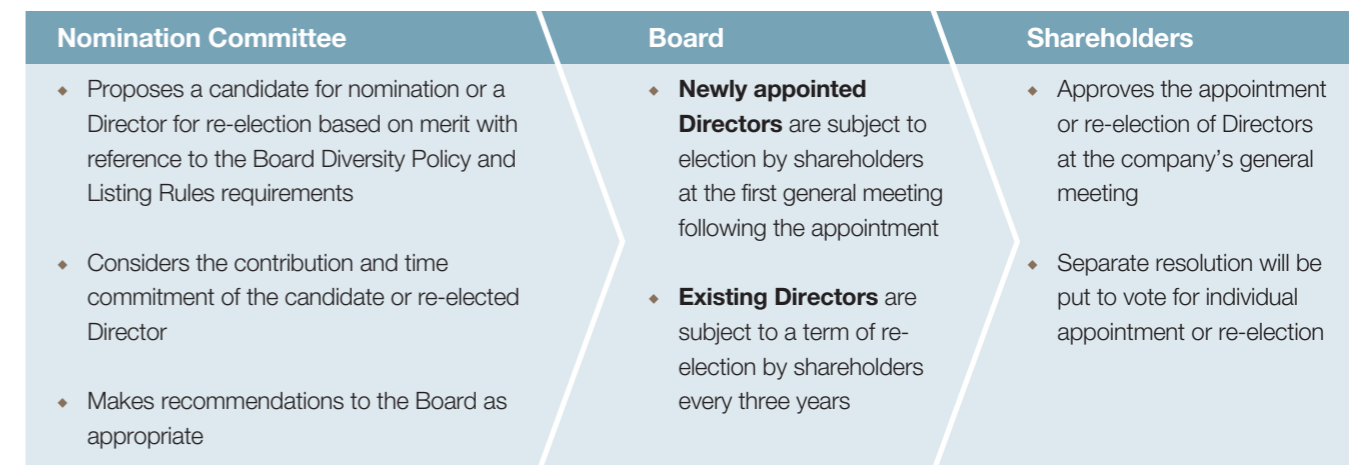
<sup>24</sup> Please also refer to page 134 on Boardroom Diversity

<sup>25</sup> www.hshgroup.com/en/corporate-governance



“At HSH, we ensure that appointments to our Board are made solely on merit with the overriding objective of ensuring that the Board has the desired skills, knowledge and experience to successfully determine the group's strategy.”

The Hon. Sir Michael Kadoorie  
Chairman of the  
Nomination Committee  
14 March 2019



### 2018 Main Activities

In 2018, the Committee also conducted the following business:

#### Year-end matters and re-election

- Assessed and reviewed all INEDs' confirmations of independence and affirmed the Committee's view over their independence
- Recommended the re-election of retiring Directors as these Directors continue to contribute effectively
- Reviewed the 2017 Nomination Committee Report

#### Board structure and diversity

- Reviewed and confirmed the structure, size and composition of the Board and the split between number of INEDs, NEDs and Executive Directors remained appropriate for it to perform its duties
- Reviewed and confirmed the Board has a diverse mix of skills, knowledge, experience and gender
- Reviewed the value of having measurable objectives for implementing the Board Diversity Policy

#### Governance

- Endorsed the Nomination Policy and proposed amendment to the terms of reference of the Committee including the Nomination Policy for adoption by the Board
- Reviewed the Board Diversity Policy remained relevant and no revision was required