



AIB Group (UK) p.l.c.

Board Nomination Committee Terms of Reference

Reviewed by the AIB Group (UK) p.l.c. Board Nomination Committee on 29 November 2022
Approved by the AIB Group (UK) p.l.c Board on 1 February 2023
Date of next review: November 2023/February 2024

- (A) References in this document to “Board” mean the Board of Directors of AIB Group (UK) p.l.c (the “Company” or “AIB UK”). References in this document to “AIB” and the “Group” mean AIB Group plc, Allied Irish Banks, p.l.c and all of its subsidiary companies combined.
- (B) The Company is a UK authorised and regulated financial institution with its own Board of Directors. The Board Nomination Committee (the “Committee”) is a committee of the Board of the Company, from which it derives its authority and to which it regularly reports.
- (C) The Company is a wholly-owned subsidiary of Allied Irish Banks, p.l.c. which has a governance and organisation framework (“Framework”) which sets out the governance and organisation principles, expectations, roles and responsibilities in place and proposed for AIB. This Framework includes a risk policy.
- (D) AIB Group plc (“the Holding Company”) is the ultimate parent financial holding company in the AIB legal entity structure and it is the primary issuer of the Group’s capital instruments, including shares, equity instruments and debt instruments, and any derivatives thereof.
- (E) Allied Irish Banks, p.l.c. (“AIB Bank”) is the sole direct subsidiary of the Holding Company. AIB Bank continues to be the principal operating and regulated financial services company, with all other companies within the legal structure (circa 120 in total, including the Company) operating as subsidiaries of AIB Bank.
- (F) The above definitions apply throughout this document unless the context requires otherwise.
- (G) These Terms of Reference are to be read in conjunction with the Company’s Articles of Association and Board Governance Manual, as amended from time to time. In any conflict between these Terms of Reference and the Board Governance Manual and/or Articles of Association, the Articles of Association and then the Board Governance Manual take precedence.
- (H) Where specific job titles are referenced in this document, these may be used interchangeably for any job title being used for the individual holding the responsibilities normally associated with the specified job title and of the equivalent seniority.

1. Purpose

The Committee is appointed by the Board to assist and advise the Board in fulfilling its oversight responsibilities in relation to:

- the composition of the Board by ensuring it is comprised of individuals who are best able to discharge the duties and responsibilities of Directors to include leading the process for nominations and appointments to the Board and Board Committees as appropriate, and making recommendations in this regard to the Board for its approval;
- composition of the Company's Executive Committee (known as the UK Leadership Team ("UKLT")), including Managing Director, Senior Management Team and appointments with Systems & Controls Function responsibility as defined by the Financial Conduct Authority (namely Chief Finance Officer, Chief Risk Officer, Chief Operations Officer and Head of Group Internal Audit); and
- Review succession planning for the Board and UKLT.

The Committee works to ensure that this purpose is fully aligned to the Company's strategy and values and considers the interests of stakeholders while operating within all applicable regulatory and statutory requirements.

2. Duties & Responsibilities

The Committee shall:

Board Appointments & Renewals

- 2.1 lead the process for Board and Board Committee appointments to include establishing appropriate selection criteria, selecting an external search firm (if required), identifying, evaluating the suitability of and recommending suitable candidates to the Board and the AIB Nomination & Corporate Governance Committee for endorsement or approval (as required). Appointments will be based on merit, made against objective criteria and designed to ensure that the overall composition reflects an adequately diverse range of knowledge, skills and experience and is respectful of the principle of equal opportunities;
- 2.2 review applicants for the role of Chair, Executive Director ("ED") and Non-Executive Director ("NED") and the Committee will have the right to attend interviews in relation to such posts;
- 2.3 regarding Board appointments, consider and approve a comprehensive job description, taking into account the existing skills, independence, knowledge and diversity of the Board and/or any relevant committee and the anticipated time commitment required;
- 2.4 ensure that prospective NED Directors undertake that they will have sufficient time to fulfil duties and that any significant proposed new appointments outside the Group are subsequently disclosed to the Board prior to their acceptance;

- 2.5 support the Senior Independent Director (“SID”) in the search process for identification of a successor to the Chair and any identified successor should be independent on appointment to that role;
- 2.6 recommend to the Board, the Group Nomination & Corporate Governance Committee and the Prudential Regulation Authority for approval, endorsement or notification, as required and applicable, suitable candidates for the role of NED, ED, Board Chair, SID and Deputy Chair, Company Secretary, and various Board Committee Chairs (the latter in consultation with the respective existing Committee Chairs as appropriate), ensuring that all these candidates possess the appropriate integrity and adequate knowledge, experience, skills and competence for their roles, having due regard for diversity;
- 2.7 ensure that on appointment to the Board all Directors receive a formal letter of appointment which clearly details what is expected of them in terms of time commitment, committee service and involvement outside of scheduled board and committee meetings;
- 2.8 under the Board Chair’s guidance and with the support of the Company Secretary, ensure that new Directors receive a proper induction, monitor progress by new Directors in completing the induction process including identifying and monitoring any on-going development needs;
- 2.9 if considered appropriate, recommend to the Board the re-appointment of each NED at the conclusion of their specified terms of office, having given due regard to applicable corporate governance provisions and to the Director’s performance, independence and ability to continue to contribute effectively to the Board. NEDs are typically expected to serve two terms of three years but may be invited by the Board to serve for an additional period. Any additional term beyond six years will be subject to annual review by the Committee and onward recommendation to the Board for approval, and subject to the endorsement by the Group Nomination & Corporate Governance Committee. The maximum term that any NED may serve is nine years in totality;

Board Succession Planning

- 2.10 periodically, and at least annually, review the size, structure composition and succession plans of the Board and Board Committees, including numerical strength, the ratio of EDs to NEDs, the balance of skills, knowledge and experience of individual members of the Board and of the Board collectively, and the diversity and service profiles of the Directors, and make recommendations to the Board with regard to any changes considered appropriate;
- 2.11 ensure a Board Diversity Policy is maintained and reviewed annually to include the effectiveness of the policy, its objectives, including measurable objectives for achieving diversity;
- 2.12 assess on an ongoing basis that the Board’s and all Board Committees’ decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interest of the firm as a whole;
- 2.13 review annually the membership of the Committees of the Board and recommend to the Board any changes considered appropriate;

Non-Board Appointments & Executive Succession Planning

- 2.14 consider and, if deemed appropriate, approve UK LT appointments, with the exception of appointments that are also Board appointments and subject to paragraph 2.14 below which shall be recommended by the Committee to the Board for approval (subject to notification to, endorsement or approval by the Prudential Regulatory Authority, the Group Nomination & Governance Committee and/or Group Executive Committee as required and applicable);
- 2.15 consider and, if deemed appropriate, recommend to the Board appointments with Senior Managers Certification Regime (“SMCR”) responsibility for Systems & Controls functions as defined by the Financial Conduct Authority, namely the roles of Chief Finance Officer,¹ Chief Risk Officer,² Chief Operations Officer, and endorse the appointment of the Head of Group Internal Audit (which shall be recommended by the Board Audit Committee to the Board) (subject to notification to, endorsement or approval by the Prudential Regulatory Authority, the Group Nomination & Governance Committee and/or Group Executive Committee as required and applicable);
- 2.16 review succession planning for EDs and succession planning and committee membership for the UKLT, including UKLT level SMCR roles, to ensure they have the appropriate integrity, adequate knowledge, experience, skill and competence for their roles, based on objective criteria with due regard for diversity;

Board & Committee Effectiveness & Performance Evaluations

- 2.15 under the Chair’s guidance, oversee the annual evaluation of the performance of the Board including the arrangements and assessments aimed at ensuring the collective suitability of the Board and the annual evaluation of the performance of the Board Committees, individual Directors and the Chair;
- 2.16 ensure that every three years an evaluation by an external evaluator is undertaken and in the event that the external evaluation is critical of the performance of the Board, the frequency of subsequent evaluations shall be increased to annually until acceptable performance is noted;
- 2.17 review the results of the Board & Committees’ annual evaluations and the recommendations and action plans arising therefrom and ensure the conclusions are reported to the Board; and
- 2.18 review, every three years or more frequently in the event of material changes (as determined by the Company Secretary), the Board Governance Manual and recommend any changes to the Board for approval.

3. Committee Governance

3.1 Authority

- 3.1.1 The Board authorises the Committee to:

¹ The Board Audit Committee shall also advise the Board on the appointment of the Chief Finance Officer.

² The Board Risk Committee shall also advise the Board on the appointment of the Chief Risk Officer.

- investigate any matter falling within its Terms of Reference, undertake or consider on behalf of the Board Chair or the Board such other related tasks or topics as the Board Chair or the Board may from time to time entrust to it, and make any recommendations to the Board which it deems appropriate on any area within its remit where action or improvement is needed;
- sub-delegate any or all of its powers and authority as it sees fit to one or more of its Members or the Secretary, including, without limitation, the establishment of sub-committees to analyse particular issues or themes and to report to the Committee, to facilitate the effective discharge of its responsibilities;
- engage and provide advice on the appointment of external consultants, any firm of accountants, solicitors or other professionals as the Committee sees fit, in accordance with internal procurement policies, to provide independent advice or support and to assist in any review or investigation of such matters within these Terms of Reference as considered appropriate and the Committee shall receive appropriate funding for any such appointments,³ subject to the procedures and limitations set out in the Board Governance Manual;
- receive all relevant information and data necessary to perform its role; and
- request the attendance of and/or seek any information it requires from any employee of the Group in order to perform its duties and the Board directs that all Directors and employees co-operate with such requests made by the Committee.

3.2 Membership

3.2.1 The Committee shall comprise of the Board Chair and at least two other independent NEDs each having, individually and collectively, appropriate knowledge, skill and expertise concerning the selection process and suitability requirements.

3.2.2 Membership and succession planning will be reviewed each year by the Board, in consultation with the Committee Chair, and changes as required will be recommended to the Board.

3.3 Quorum

3.3.1 The quorum for the transaction of business shall be two Members. A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the powers exercisable by the Committee. A Member's participation in a meeting by electronic facility shall be valid for these purposes.

3.4 Committee Chair

3.4.1 The Committee Chair shall be appointed by the Board and shall either be the Board Chair or an NED.⁴ This appointment is subject to the SMCR.

³ If the proposed professional advisor provides statutory audit services to any part of the Group, the proposal shall be discussed with the Audit Committee Chair and the Group Audit Committee Chair before any appointment is agreed.

⁴ When the appointing the Committee Chair, any guidance and/or requirements set by the regulators shall be considered by the Board.

3.4.2 In the absence of the Committee Chair from any meeting, they shall nominate or, in the absence of such nomination, the remaining members present shall elect, one of their number to chair the meeting.

3.4.3 The Committee Chair will be responsible for leadership of the Committee and for ensuring its effectiveness in all aspects of its role. The Committee Chair should also facilitate the effective contribution of all Members.

3.4.4 The Committee Chair (be that the Board Chair or an Independent NED) shall not chair or participate in the Committee when it is dealing with matters relating to the appraisal, election or reappointment of themselves or the appointment of their successor.

3.5 Secretary

3.5.1 The Company Secretary, or a nominee if approved by the Committee Chair, shall act as the Committee Secretary and attend all meetings.

3.6 Attendees

3.6.1 While not Members of the Committee, the Managing Director will normally attend meetings as a permanent invitee. The Managing Director shall not attend meetings of the Committee when it is dealing with matters relating to the appointment of his/her successor, except at the invitation of the Chair for the purpose of providing advice and assistance, and shall not participate in the decision making on this issue.

3.6.2 Permanent invitees may only send a delegate to attend a meeting on their behalf in exceptional circumstances and with prior agreement of the Committee Chair.

3.6.3 The Company's External Auditors may attend any meeting and have access to meeting minutes at their request.

3.6.4 The Committee may also invite any Director, or any other person to attend any meeting(s) as it sees fit.

3.6.5 The Committee may at its discretion decide to meet in private or with specified attendees only.

3.7 Voting

Each Member present shall have one vote and will be entitled to vote on all matters, save for where a perceived, potential or actual conflict of interest exists (subject to the Company's Articles of Association). All decisions will be by way of simply majority. In the event of a split decision, the Committee Chair shall exercise the casting vote.

3.8 Meetings

3.8.1 The Committee shall meet at least twice a year and additionally as the Committee Chair considers necessary and appropriate.

3.8.2 The Committee Chair, members of the Committee or the Board Chair may each request that a meeting be held at any time.

3.8.3 The Committee Secretary shall convene meetings of the Committee. Notice shall be given to each Member of the venue and/or electronic facility details, time and date of the meeting. As a general rule and unless not reasonably practicable, the agenda and papers shall be circulated to Members five business days in advance of the meeting.

3.9 Minutes

3.9.1 The Committee Secretary shall minute the proceedings and resolutions decisions of all formal committee meetings, including recording the names of those present and in attendance and the existence of any conflicts of interest.

3.9.2 Draft minutes of meetings will be circulated to the Committee Chair within a reasonable timeframe following the holding of each meeting for review and comment in advance of their formal circulation to the Committee at the time of the next scheduled meeting for review and thereafter approval.

3.10 Reporting

Reporting to the Board

3.10.1 The Committee Chair shall report verbally or in writing on the key aspects of the proceedings of the Committee to the subsequent full meeting of the Board, and the Minutes of the Committee should be tabled at the Board as soon as possible for noting and/or discussion as necessary and appropriate.

3.10.2 Outside of the above reporting cycle, the Committee shall ensure the Board is informed promptly of all matters of material concern to the Committee.

3.10.3 Committee papers will be made available to all Board Members where appropriate.

Reporting to the Group

3.10.4 The Committee Chair will attend the Group Nomination & Governance Committee on at least one occasion annually, in response to an invitation, to present a written report on matters and issues considered by the Committee.

Annual Financial Report

3.10.5 The Committee shall compile a report describing its membership and its duties and activities during the year, to be included in the Company's Annual Financial Report.

3.11 Other Matters

The Committee shall:

3.11.1 have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required;

3.11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members, as part of the Board Training Programme;

- 3.11.3 to the extent possible and on an ongoing basis, take account of the need to ensure that the Committee's decision-making and discussions are not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the Company as a whole;
- 3.11.4 provide oversight of and challenge to Management;
- 3.11.5 give due consideration to all relevant laws and regulations, the SMCR, the UK Corporate Governance Code and published guidance, and any other applicable rules, as appropriate;
- 3.11.6 work and liaise as necessary with all other Board Committees ensuring interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls on the work of other committees;

4. *Responsibility of Management*

- 4.1 The Committee shall be entitled to rely on the integrity and expertise of persons providing information to the Committee and on the accuracy and completeness of such information.
- 4.2 Management will ensure that all information relevant to the discharge by the Committee of its responsibilities is provided to the Committee. Management will also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought to the attention of the Committee promptly.

5. *Review of Operations*

The Committee shall conduct annually, in line with agreed Board policy and processes, to ensure it is operating at maximum effectiveness:

- 5.1 an evaluation of the Committee's work and effectiveness with the results and action plan to address any issues raised submitted to the Board; and
- 5.2 a review of these Terms of Reference, including performance against the Terms of Reference and recommend any proposed changes to the Board for approval.