



# **AIB Group plc** *(Holding Company)*

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## Nomination and Corporate Governance Committee Terms of Reference

Approved by the AIB Group plc Board on 21 September 2017

Office of the Group Company Secretary

- (A) References in this document to “**Board**” mean the Board of Directors of AIB Group plc. References in this document to “**AIB**”, “**the Group**”, or “**the Company**” mean AIB Group plc, Allied Irish Banks, p.l.c and all of its subsidiary companies combined;
- (B) 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;
- (C) The above definitions apply throughout this document unless the context requires otherwise.



## AIB Group plc

# Nomination & Corporate Governance Committee Terms of Reference

### 1. Purpose

The Nomination & Corporate Governance Committee (the “Committee”) is appointed by the Board to assist the Board in fulfilling its oversight responsibilities in relation to composition of the Board and the Group’s Leadership Team, and the composition of the Boards of its licensed subsidiaries, and corporate governance compliance and related policies.

### 2. Duties in respect of Nominations

In relation to the Boards of the Holding Company and Allied Irish Banks, p.l.c., appointments to which are wholly-interlinked, the Committee shall in accordance with applicable CRDIV and Irish Central Bank and UK Corporate Governance Code requirements:

- 2.1 periodically, and at least annually, review the size, structure and composition of the Board, including its numerical strength, the ratio of executive to non-executive directors, 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;
- 2.2 review board membership at least once every three years; formally review the membership of the board of any person who is a member for nine years or more and document its rationale for any continuance, and so advise the Central Bank in writing;
- 2.3 identify persons who, having regard to the criteria laid down by the Board, and in accordance with the Policy for the Assessment of the Suitability of Members of the Board, appear suitable for appointment to the Board; the Committee shall evaluate the suitability of such persons and make recommendations to the Board;
- 2.4 in considering appointments, prepare a comprehensive job description, taking into account for board appointments, the existing skills and expertise of the board and the anticipated time commitment required;
- 2.5 review succession planning at Director and Senior Management levels and, if considered appropriate, make recommendations to the Board in that regard;
- 2.6 periodically review the policy of the Board for selection and appointment of senior management and make recommendations to the Board in that regard;
- 2.7 make recommendations to the Board in a timely manner concerning the succession to the positions of Chairman, Group Chief Executive Officer and Group Company Secretary; the Board is responsible for (a) appointing a Chief Executive Officer and Leadership Team with appropriate integrity and adequate

knowledge, experience, skill and competence for their roles, and (b) endorsing the appointment of people who may have a material impact on the risk profile of the institution<sup>1</sup>, and monitoring on an ongoing basis their appropriateness for the role; the Committee shall make recommendations to the Board in this regard as appropriate;

- 2.8 review annually the time required from non-executive directors and, through the performance evaluation process, assess whether enough time is being spent by those directors to fulfil their duties;
- 2.9 ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings, and that new Directors receive proper induction to facilitate them in updating their skills and their knowledge of, and familiarity with, the Company in order to fulfil their role, and to ensure that their on-going development needs are recognised;
- 2.10 review the results of the Board performance evaluation process that relate to the composition of the Board;
- 2.11 make recommendations to the Board concerning suitable candidates for the role of senior independent director;
- 2.12 make recommendations to the Board concerning the re-appointment of each Non-Executive Director at the conclusion of his/her specified term of office, having given due regard to applicable corporate governance provisions and to the Director's performance and ability to continue to contribute effectively to the Board;
- 2.13 decide on a target for the representation of the underrepresented gender in the management body and prepare a policy on how to increase the number of the underrepresented gender in the management body in order to meet that target;
- 2.14 address any other duties assigned to it by the Board;

In relation to AIB Group (UK) plc, the Committee shall:

- 2.15 consider and, if thought fit, approve proposals for the appointment of the Chairman of the Board and the Managing Director;
- 2.16 review board membership at least once every three years and consider advanced notifications of, and, if thought fit, endorse, any proposed appointments to the Board;

In relation to the Boards of licenced Irish subsidiaries, AIB Mortgage Bank, EBS d.a.c., and EBS Mortgage Finance:

- 2.17 consider and, if thought fit, approve proposals for the appointment of the Chairman of the Boards and the Managing Directors;
- 2.18 review board membership at least once every three years; formally review the membership of the board of any person who is a member for nine years or more and document its rationale for any continuance; such rationale should be advised to the Central Bank in writing by the subsidiary board;

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<sup>1</sup> The Remuneration Committee will approve the appointment of any other Material Risk Taker (not already referenced above) as may be defined by the Remuneration Committee (in accordance with EU Regulation No 604/2014) from time to time.

- 2.19 evaluate the suitability of persons identified for appointment to the subsidiary Boards and recommend their appointment to the subsidiary board and the Central Bank for approval.

### **3. Duties in respect of Corporate Governance**

The Committee shall, in relation to the Group, including, where applicable, its licensed subsidiary companies Allied Irish Banks, p.l.c., AIB Group (UK) plc, AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance:

- 3.1 develop and recommend to the Board the Corporate Governance principles that should apply to the Company, having regard for applicable laws and regulations, the Central Bank of Ireland's Corporate Governance Requirements for Credit Institutions, the Listing Rules of the Irish Stock Exchange, the Listing Rules of the London Stock Exchange and the provisions of the UK Corporate Governance Code, and the governance related provisions of the Capital Requirements Directive, and other relevant European statutory requirements and best practice guidelines, as appropriate;
- 3.2 annually review and assess the adequacy of the Company's corporate governance policies and practices, and its, and its licensed subsidiaries, compliance with the Central Bank of Ireland's Corporate Governance Requirements for Credit Institutions and the UK Corporate Governance Code, and recommend to the Board any changes considered appropriate;
- 3.3 review annually the formal schedule of matters reserved for decision by the Board and recommend to the Board any changes considered appropriate;
- 3.4 review the process by which the annual evaluation of the Board, its Committees and individual Directors is conducted, and advise the Chairman in that regard; at a minimum, the Board shall conduct an annual assessment of its own performance and compliance with relevant provisions; every three years an evaluation by an external evaluator shall be undertaken; 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; any such evaluation shall be provided to the Central Bank;
- 3.5 review annually (a) the membership of the Committees of the Board and advise the Chairman of the Board in respect thereof, and (b) the mandates of those Committees and recommend to the Board any changes considered appropriate;
- 3.6 propose the Chairman of the Board for election or reappointment on an annual basis to the Board, in the Chairman's absence, in advance of proposing his/her election or reappointment at the Annual General Meeting<sup>2</sup>;
- 3.7 support the Senior Independent Director in the search process for identification of a successor to the Chairman, for recommendation to the Board and the Central Bank for approval. Any identified successor should be independent on appointment to that role having been assessed in accordance with UK Corporate Governance and Irish Central Bank Corporate Governance Code independence criteria;
- 3.8 review best practice developments and evolution in respect of Corporate Governance to ensure that the Company's practices continue to be up-to-date;
- 3.9 review the Company's Corporate Governance Statement for inclusion in the Annual Financial Report;

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<sup>2</sup> The remuneration package of the Chairman shall be considered annually by the Remuneration Committee.

3.10 address any other duties assigned to it by the Board.

#### **4. Authority**

The Board authorises the Committee to:

- investigate any matter falling within its terms of reference or undertake or consider on behalf of the Chairman of the Board or the Board such other related tasks or topics as the Chairman of the Board 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;
- call on whatever resources (including external professional or legal services) and information it considers necessary to so do, and shall receive appropriate funding to that effect, and the Board directs that all Directors and all employees co-operate with any requests made by the Committee;
- seek any information it requires from any employee of the Organisation; and
- delegate any of its powers to one or more of its Members or the Secretary of the Committee.

In performing its duties the Committee shall, to the extent possible and on an ongoing basis, take account of the need to ensure that the Board's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the institution as a whole.

#### **5. Membership**

##### **5.1 Number of Members**

The members of the Committee shall be Non-Executive Directors and shall comprise the Chairman of the Board and at least two other Independent Non-Executive Directors, all of whom shall be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment.

##### **5.2 Quorum**

The quorum necessary for the transaction of business shall be two Members.

##### **5.3 Chairman**

The Chairman of the Board or an independent non-executive director shall be the Chairman of the Committee. In the absence of the Chairman from any meeting, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with matters relating to the election or reappointment of the current Chairman or the appointment of his/her successor.

##### **5.4 Secretary**

The Group Company Secretary, or a nominee if approved by the Chairman of the Committee, shall act as the Secretary of the Committee.

##### **5.5 Attendees**

In addition to the appointed members, the Chairman may invite other persons to attend for all or part of any meeting. The Group Chief Executive 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 Chairman for the

purpose of providing advice and assistance, and shall not participate in decision-making on this issue.

## **6. Voting**

Where the Chairman calls upon Members to vote on any issue, decisions will be by way of simple majority. In the event of a split decision, the Chairman shall exercise a casting vote to determine the outcome.

## **7. Meetings & Minutes**

The Committee shall meet at least twice a year and, additionally, as the Chairman of the Committee considers necessary or appropriate. The Chairman of the Committee or any other Member of the Committee may each request that a meeting of the Committee be held at any time.

Draft Minutes of meetings will be circulated to the Committee Chairman within nine working days of the holding of each meeting for review and comment in advance of their formal adoption by the Committee.

## **8. Reporting**

The Chairman will report formally 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. The Committee will report to the Board annually on how it has discharged its responsibilities and any other matters referred to it by the Board.

## **9. Responsibility of Management**

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.

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.

## **10. Review of Operations**

The Committee shall conduct, in line with agreed Board policy and processes, an annual review of the Committee's effectiveness and Terms of Reference and make recommendations to the Board for changes where it deems them appropriate.

**Approved by the Board on 21 September 2017**