



AIB Group plc *(Holding Company)*

Nomination and Corporate Governance Committee Terms of Reference

Reviewed by the Nomination and Corporate Governance Committee on 14 December 2022.

Approved by the Board of AIB Group plc on 15 December 2022.

- (A) References in this document to “**Board**” mean the Board of Directors of AIB Group plc and to “**Committee**” mean the Nomination and Corporate Governance Committee that is a committee of the Board of AIB Group plc and Allied Irish Banks, p.l.c. from which it derives its authority and to which it regularly reports. References in this document to “**the Company**” mean AIB Group plc and Allied Irish Banks, p.l.c. combined. References to “**AIB**” or “**the Group**” 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) Allied Irish Banks, p.l.c. (“**AIB Bank**” or the “**Operating Company**”) 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) operating as subsidiaries of AIB Bank;
- (D) The Nomination and Corporate Governance Committee is replicated at both Holding Company and AIB Bank level and their Terms of Reference are identical. Any differences, should they be introduced in future iterations, will be highlighted; and
- (E) The above definitions apply throughout this document unless the context requires otherwise.



**Nomination & Corporate Governance Committee
Terms of Reference**

1 Purpose

The Nomination & Corporate Governance Committee (the “Committee”) is a committee of the Board of AIB Group and is established in accordance with the Company’s Articles of Association (power to delegate) with authority to operate and make decisions in accordance with the terms of reference set out below. The purpose of the Committee is:-

- 1.1** to support 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;
- 1.2** to support and advise the Board in fulfilling its oversight responsibilities in relation to the composition of the Group’s Executive Committee and the composition of the Boards of its material subsidiaries; and
- 1.3** to keep Board governance arrangements, corporate governance compliance and related policies under review and make appropriate recommendations to the Board to ensure corporate governance practices are consistent with best practice standards.

2 Duties & Responsibilities

The Committee shall:

Nominations and Renewals

(In relation to the Boards of the Holding Company and AIB Bank, appointments to which are wholly-interlinked)

- 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 for appointment as Directors of the Company and members of Board Committees. Appointments will be based on merit, against objective

criteria, designed to ensure that the overall composition reflects an adequately diverse range of knowledge, skills and experience and at the same time respects the principle of equal opportunities;

- 2.2** in considering appointments, consider and approve a comprehensive job description, taking into account the existing skills, independence, knowledge and diversity, on the Board or any Committee and the anticipated time commitment required;
- 2.3** ensure that prospective Non-Executive Directors (“NEDs”) undertake that they will have sufficient time to fulfil their duties and that any significant proposed new appointments outside the Group are submitted to the Board for approval prior to their acceptance;
- 2.4** ensure that on appointment to the Board, NEDs receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside scheduled Board and Committee meetings;
- 2.5** under the Board Chair’s guidance and with the assistance of the Corporate Governance function, ensure 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;
- 2.6** recommend to the Board the re-appointment of each NED 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, independence and ability to continue to contribute effectively to the Board. NEDs are typically expected to serve two three-year terms 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;
- 2.7** review Board membership at least annually, to include formally reviewing the membership of the Board of any independent NED who is a member for nine years or more and document its rationale for any continuance, and so advise the Central Bank in writing;
- 2.8** agree appropriate Committee membership to ensure no one individual or small group of individuals exercise excessive influence or control; and
- 2.9** propose the Chair of the Board for election or reappointment on an annual basis to the Board, in the Chair’s absence, in advance of proposing his/her election or reappointment at the Annual General Meeting.

Succession Planning

Succession planning shall ensure orderly Board and Executive Committee succession and the development of a diverse pipeline, bearing in mind the future demands of the business.

- 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 Executive 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. Make recommendations to the Board with regard to any changes considered appropriate;
- 2.11** support the Senior Independent Director (“SID”) in the search process for identification of a successor to the Chair, for recommendation to the Board for approval. Any identified successor should be considered independent on appointment as Chair having been assessed against applicable independence criteria;
- 2.12** recommend to the Board suitable candidates for the role of Deputy Chair (if required), SID and Chairs and Members of the various Board Committees, the latter in consultation with the respective Committee Chairs;
- 2.13** review succession planning for Executive Directors and succession planning and committee membership for the Group Executive Committee to ensure that members have the appropriate integrity, adequate knowledge, experience, skill and competence for their roles, based on objective criteria with due regard for diversity;
- 2.14** consider and, if deemed appropriate, approve the membership and composition of the Executive Committee and individual Executive Committee appointments noting the additional requirements for certain roles under Section 2.15 of these Terms of Reference;
- 2.15** recommend to the Board suitable candidates for the role of Chair, Group Chief Executive Officer, Group Company Secretary and Heads of Control Functions¹ with the appropriate integrity and adequate knowledge, experience, skill and competence for their roles, having due regard for diversity;
- 2.16** review the internal policies on the assessment of suitability of members of the Board and key function holders and recommend to the Board any changes considered appropriate;

Effectiveness and Performance Evaluations

- 2.17** under the Board 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

¹ Heads of Control Functions in line with relevant EBA Guidelines are considered to be the Heads of the Risk, Compliance and Internal Audit functions. In light of the reporting line to the Board Audit Committee Chair, the Board Audit Committee shall be the approval authority for the Head of Group Internal Audit, with the Board Audit Committee’s decision being endorsed by the Nomination and Corporate Governance Committee and recommended to the Board for approval.

performance of the Board Committees, individual Board Directors and the Chair. The annual evaluation of the Chair shall be led by the SID;

- 2.18** an external evaluator shall undertake the effectiveness evaluation at least once every three years 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; any such critical evaluation shall be provided to the Central Bank of Ireland;
- 2.19** review the results of the Committee's annual evaluation and the recommendations arising therefrom and ensure the conclusions are reported to the Board;
- 2.20** agree an action plan addressing the outcomes of the Committee's annual evaluation and periodically review progress against the plan; and
- 2.21** in respect of senior executive management performance, review annually the performance of Executive Committee members against performance objectives agreed between each individual and the CEO.

Subsidiary Board Composition

In relation to AIB Group (UK) p.l.c.:

- 2.22** consider and, if thought fit, approve proposals for the appointment of the Chair of the Board and the Managing Director; and
- 2.23** review board membership at least once every three years and consider advance notifications of, and if thought fit, endorse, any proposed appointments to the Board.

In relation to the Boards of material Irish subsidiaries, AIB Mortgage Bank EBS d.a.c. and Goodbody Stockbrokers UC. (the "respective subsidiary board"):

- 2.24** consider and, if thought fit, recommend proposals for any appointments of directors to the respective subsidiary boards; and
- 2.25** review subsidiary board and, where established, committee membership at least once every three years including a review of terms in office and making recommendations for re-appointment to the relevant subsidiary boards as appropriate. Formally review the membership of the board of any independent NED 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 of Ireland in writing by the subsidiary board.

Corporate Governance

The Committee shall ensure that appropriate governance arrangements are in place for the Group, including, on a proportionate basis, its subsidiary companies, and shall:

- 2.26** under the advice of the Group Company Secretary and senior management, monitor developments in corporate governance including regulatory developments which are relevant to the assessment of the suitability of holders of key roles within the Group, assess the implications for the Group and advise the Board accordingly;
- 2.27** 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 Euronext Dublin Listing Rules, 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, the State Agreements between the Company and the Minister for Finance and other relevant European statutory requirements and best practice guidelines, as appropriate;
- 2.28** annually review and assess the adequacy of the Company's corporate governance policies and practices, and its material regulated subsidiaries', compliance with applicable corporate governance requirements, and recommend to the Board any changes considered appropriate;
- 2.29** annually review the Group's Governance and Organisation Framework and recommend to the Board any changes considered appropriate;
- 2.30** annually review the formal schedule of matters reserved for decision by the Board and recommend to the Board any changes considered appropriate;
- 2.31** review the Code of Conduct and Conflicts of Interest Policy for Directors and recommend to the Board any changes considered appropriate. Perceived or potential material conflicts of interest that are not consistent with the Policy will be escalated to the Committee for consideration;

Diversity

- 2.32** Recommend to the Board a Board Diversity Policy and objectives (covering all aspects of diversity) and undertake an annual review of the Board Diversity Policy and objectives incorporating a target for the representation of the underrepresented gender in the management body and the policy on how to increase the number of the underrepresented gender in the management body in order to meet that target.

Other matters

- 2.33** review annually the time required from NEDs and, through the performance evaluation process, assess whether sufficient time is being dedicated by those directors to fulfil their duties;
- 2.34** annually assess the independence status of NEDs and recommend to the Board whether the existing determination on independence remains valid; and
- 2.35** address any other duties assigned to it by the Board.

Committee Governance

3 Authority

The Board authorises the Committee to:

- investigate any matter falling within its Terms of Reference or undertake or consider on behalf of the Chair of the Board or the Board such other related tasks or topics as the Chair 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. If the proposed professional advisor provides statutory audit services to any part of the Group, the proposal will be discussed with the Chair of the Audit Committee before any appointment is agreed;
- where it applies to the remit of the Committee, receive regular reports, ad hoc information, communications and opinions from the heads of internal control functions in relation to the current risk profile of the institution and its risk culture and decide on the information on risk to be provided to them;
- have access to all relevant data and seek any information it requires from any employee of the Group to perform their role; and
- sub-delegate any of its powers and authority as it sees fit, 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.

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 Committees' 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.

4 Membership

4.1 Number of Members

The members of the Committee shall be Independent NEDs each having, individually and collectively, appropriate knowledge, skill and expertise concerning the selection process and suitability requirements². The Committee shall comprise the Chair of the Board and at least two other Independent NEDs, 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.

² In accordance with paragraph 124 of the Suitability Guidelines

Membership of the Committee shall be reviewed by the Chair (to include consideration of rotation of its members) each year to ensure an optimal mix of expertise, competencies and experience. The general aim is to refresh the membership from time to time to ensure an appropriate balance between continuity and fresh perspectives. These reviews shall be submitted to the Committee for consideration and recommendation to the Board.

4.2 Quorum

The quorum necessary 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 video link or audio link shall be regarded as valid for these purposes.

4.3 Chair

The Board shall appoint the Committee Chair, who shall be either the Chair of the Board or an Independent NED.

The Committee shall be chaired by an independent member in accordance with the principles set out in paragraph 91 of the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) (the "Suitability Guidelines").

This appointment is subject to the satisfactory completion of the Central Bank of Ireland fitness and probity assessment. In the absence of the Chair from any meeting, the remaining members present shall elect one of their number to chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with matters relating to the election or reappointment of the current Chair or the appointment of his/her successor.

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

4.4 Secretary

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

4.5 Attendees

The Chief Executive Officer and Chief People Officer will normally attend meetings. In addition, the Committee may invite any Director, executive or any other person to attend any meeting(s) of the Committee as it sees fit. The Group Chief Executive Officer and Chief People Officer 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 decision-making on this issue.

4.6 Training

The Committee shall be provided with appropriate and timely training and this may form part of the wider Board Continuous Education Programme.

5 Voting

Each Member present shall have one vote and will be entitled to vote on all matters, save for those where a perceived, potential or actual conflict of interest exists. All decisions will be by way of simple majority. In the event of a split decision, the Chair shall exercise a casting vote.

6 Meetings & Minutes

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

Notice shall be given to each Member of the venue, time and date of the meeting. As a general rule, the agenda and papers shall be circulated to Members five business days in advance of the meeting.

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and the existence of any conflicts of interest. 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 if appropriate, approval.

7 Reporting

7.1 Reporting to the Board

The Chair will 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.

Outside of this reporting cycle, the Committee shall ensure the Board is informed promptly of all matters of material concern to the Committee. Committee papers will be made available to all Board Members via Diligent, the online Board portal.

7.2 Reporting to the Shareholders

The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's responsibilities. In addition, the

Committee Chair should seek engagement with shareholder(s) on significant matters related to the Committee's areas of responsibility.

The Committee shall compile the Corporate Governance Statement and a report describing its membership and its duties and activities during the year including the process used for any appointments, to be included in the Group's Annual Financial Report.

7.3 Reporting from Subsidiaries

The Committee shall receive an annual update from the AIB Group (UK) p.l.c. Nomination Committee on its work throughout the previous calendar year and any horizon matters.

8 Responsibility of Management

The Committee shall be entitled to rely on the integrity and expertise of persons providing information to it 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.

9 Review of Operations

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