



AIB Group plc

(Holding Company)

Nomination and Corporate Governance Committee

Terms of Reference

Approved by the Nomination and Corporate Governance Committee on 09 December 2020

Approved by the Board of AIB Group plc on 10 December 2020

- (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;
- (E) The above definitions apply throughout this document unless the context requires otherwise.



Nomination & Corporate Governance Committee Terms of Reference

1. Purpose

The purpose of the Nomination & Corporate Governance Committee (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 licensed subsidiaries;
- 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 corporate governance 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 appointments to include establishing appropriate selection criteria, selecting an external search firm (if required), identifying and nominating candidates, and recommending suitable candidates to the Board for approval;
- 2.2 in considering appointments, consider and approve for distribution, a comprehensive job description, taking into account for board appointments, the existing skills and expertise of the Board and the anticipated time commitment required;
- 2.3 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 ensure that prospective Non-Executive Directors undertake that they will have sufficient time to fulfil their duties and that any significant proposed new

appointments outside the Group are subsequently disclosed to the Board prior to their acceptance;

- 2.5 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;
- 2.6 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 recognized;
- 2.7 recommend to the Board 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, independence and ability to continue to contribute effectively to the Board. Non-Executive Directors 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;
- 2.8 review Board membership at least annually; to include formally reviewing the membership of the Board of any independent non-executive director who is a member for nine years or more and document its rationale for any continuance, and so advise the Central Bank in writing;
- 2.9 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 Meeting¹;

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 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. Succession plans shall set out the institution's plans, policies and processes for dealing with both sudden and unexpected absences and the planned departure of Board members;
- 2.11 support the Senior Independent Director in the search process for identification of a successor to the Chair, 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 the UK

¹ For clarity, the remuneration package of the Chair shall be considered by the Remuneration Committee with due consideration to the limitations and prior approvals required under the Covered Institution Remuneration Oversight Committee Report 2009.

Corporate Governance Code (“UK Code”) and Central Bank of Ireland Corporate Governance Requirements for Credit Institutions 2015 (the “Requirements”) independence criteria;

- 2.12 recommend to the Board suitable candidates for the role of deputy Chair (if required), Senior Independent Director and Chairs and Members² of the various Board Committees;
- 2.13 review succession planning for Executive Directors and succession planning and committee membership for the Group Executive Committee 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;
- 2.14 consider and, if deemed suitable, approve 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 Functions³ with the appropriate integrity and adequate knowledge, experience, skill and competence for their roles, having due regard for diversity;
- 2.16 review the Senior Selection Policy on a tri-annual cycle⁴ to include its effectiveness, design and implementation where appropriate and make recommendations to the Board in that regard;
- 2.17 review the ‘Policy for the Assessment of Suitability of Members of the Board’ on a tri-annual review cycle⁵ considering input from the human resources function as well as relevant internal control functions, where appropriate;

Board Effectiveness and Performance Evaluations

- 2.18 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 performance of the Board Committees, individual Board Directors and the Chair⁶;
- 2.19 every three years an evaluation by an external evaluator shall be 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

² Committee membership will be considered in line with the overall Board Succession Plan and in consultation with the respective Committee Chairs.

³ 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 final approval.

⁴ Tri-annual cycle in the absence of material changes in the interim.

⁵ Tri-annual cycle in the absence of material changes in the interim.

⁶ The annual evaluation of the Chair shall be led by the Senior Independent Director.

acceptable performance is noted; any such critical evaluation shall be provided to the Central Bank of Ireland;

- 2.20 review the results of the Committee's annual evaluation and the recommendations arising therefrom and ensure the conclusions are reported to the Board;
- 2.21 agree an action plan addressing the outcomes of the Committee's annual evaluation and periodically review progress against the plan;
- 2.22 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.

Subsidiaries

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

- 2.23 consider and, if thought fit, approve proposals for the appointment of the Chair of the Board and the Managing Director;
- 2.24 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 licenced Irish subsidiaries, AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance (the "respective subsidiary board"):

- 2.25 consider and, if thought fit, recommend proposals for any appointments of directors to the respective subsidiary boards;
- 2.26 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 non-executive director 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, in relation to the Group, including, where applicable, its licensed subsidiary companies, AIB Group (UK) p.l.c., AIB Mortgage Bank, EBS d.a.c. and EBS Mortgage Finance:

- 2.27 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;
- 2.28 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, and other relevant European statutory requirements and best practice guidelines, as appropriate;

- 2.29 annually review and assess the adequacy of the Company's corporate governance policies and practices, and its licensed subsidiaries, compliance with the Requirements and the UK Code, 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 appropriate⁷;
- 2.31 decide on a target for the representation of the underrepresented gender in the management body and prepare a policy (the “Diversity Policy”) on how to increase the number of the underrepresented gender in the management body in order to meet that target. Review the Diversity Policy at least annually to include its effectiveness and objectives, including its measurable objectives for achieving diversity;
- 2.32 review the Board’s Code of Conduct and Conflicts of Interest policy which applies to the Board on a tri-annual review cycle⁸. Perceived or potential material conflicts of interest that are not consistent with the Policy will be escalated to the Committee for consideration;

Other matters

- 2.33 review annually the time required from Non-Executive Directors 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 Non-Executive Directors and recommend to the Board whether the existing determination on independence remains valid;
- 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;

⁷ This requirement will be completed through the review and if appropriate, approval of the Governance and Organisation Framework which documents the matters reserved for the Board.

⁸ Tri-annual cycle in the absence of material changes in the interim.

- 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;
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- 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
- 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 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 Non-Executive Directors each having, individually and collectively, appropriate knowledge, skill and expertise concerning the selection process and suitability requirements. The Committee shall comprise the Chair 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.

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 Chair of the Board or an independent Non-Executive Director shall be the Chair of the Committee. 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.

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.

5. Voting

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

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.

The Secretary shall minute the proceedings of all meetings of the Committee. Notice shall be given to each Member of the venue, time and date of the meeting. 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 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.

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

7.2 Reporting to the Shareholders

The Committee shall compile the Corporate Governance Statement and a report describing its membership and its duties and activities during the year, 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) plc 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.