

# Emirates NBD Bank PJSC

Board Nomination, Remuneration and ESG Committee

## **Terms of Reference**

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## 1. Objectives:

The purpose of the Committee is to enable the Board to fulfil its responsibilities, as stipulated in Corporate Governance Regulations, in relation to the oversight of:

### 1.1 Matters relating to ESG and the Group's Board of Directors:

- (a) the appropriate composition of the Board;
- (b) the nomination of appropriate Directors to the Board and its committees;
- (c) assessment of the performance of the Board, Board Committees and individual Directors;
- (d) succession plans for Board members;
- (e) remuneration policies for the Bank's Directors;
- (f) the Bank's Board performance evaluation and adoption and monitoring of action plans arising from it;
- (g) the Group's public reporting on corporate governance & remuneration matters;
- (h) the development of the Group's corporate governance framework, including policies, procedures, and systems and controls within the Group;
- (i) oversight of the Group's corporate sustainability strategy;
- (j) the Group's compliance with regulatory requirements relating to corporate governance; and
- (k) the Group's corporate culture and values, including its governance culture.

### 1.2 Matters relating to Human Resources and Senior Management

- (a) assessment of the performance Senior Management;
- (b) succession plans for Senior Management;
- (c) remuneration policies for Senior Management;
- (d) the Group's organizational structure, HR strategy (including Emiratization) and HR policies;

## 2. Membership

- 2.1 The members of the Committee shall be appointed by the Board. Any member of the Committee may be removed or replaced at any time by the Board.
- 2.2 The Committee shall comprise not less than three Non-Executive Directors or Independent Directors and collectively have the technical skills and experience in strategic decision-making, understanding of industry trends and familiarity with regulatory requirements
- 2.3 The Committee shall elect, from among its members, a Chairman who shall be a Non Executive or an Independent Director. The Chairman of the Board may be a member of the Committee.
- 2.4 The Committee shall comprise only members of the Board but shall be permitted to require any members of the Group's management, or third parties to attend meetings on a temporary or permanent basis, as shall be required to assist the Committee with its duties.
- 2.5 Any member of the Committee may be removed or replaced at any time by the Board.

- 2.6 The Committee members shall be appointed for an initial period of three (3) years. Following expiration of that period, the member may be reappointed by the Board. Where a Director who is a member of the Committee leaves office, the Board shall appoint a new member to the Committee.
- 2.7 Retirement/Resignation:
- a) A member of the Committee who wishes to retire or resign should provide sufficient written notice to the Committee so that a replacement may be appointed in a reasonable timeframe; and
  - b) In the event of any vacancy in the Committee due to retirement or resignation, the Committee shall fill the vacancy not later than three (3) months

### 3. Administration

#### 3.1 Meetings:

- (a) Meetings of the Committee shall be held at the head office of the Bank or at any other place deemed appropriate by the Committee. Meetings shall be convened upon a written notice of the Chairman. Committee meetings may also be convened by the Committee's Chairman or the Secretary at the request of two members of the Committee. The Head of Human Resources may also request meetings through the Committee's Secretary, who shall consult with the Committee Chairman to determine whether a meeting should be convened.
- (b) The agenda shall be developed for each meeting and circulated by the Committee's Secretary. The Chairman shall develop the agenda for each meeting, with contribution from the Committee's Secretary, Board Secretary and (where appropriate) Head of Human Resources, and circulate it to all members of the Committee sufficiently in advance of the meeting, along with adequate supporting materials on the topics to be discussed.
- (c) Other Directors of the Bank shall be permitted to attend meetings of the Committee, where they so wish, for the purposes of understanding the Committee's activities.
- (d) A Committee meeting shall not be valid unless a majority of its members are in attendance or represented.
- (e) Meetings may be held virtually, using any medium deemed appropriate by the committee.

#### 3.2 Resolutions:

- (a) Resolutions of the Committee shall be adopted by a majority of votes of members present or represented. In the event of a tie, the Chairman shall have a casting vote.
- (b) An absent Committee member may authorize another member to vote on their behalf provided that the member present does not hold more than one proxy.
- (c) Without prejudice to the above clause, the Committee may exceptionally take some decisions based on resolutions by circulation, provided that:
  - (i) the resolutions are delivered to the members in writing (which may include delivery by email) and are accompanied by all the supporting documents and papers as necessary for reviewing it; and

- (ii) any resolution by circulation must be agreed upon by the majority of the members and must be submitted to the succeeding meeting of the Committee to be included in the minutes of such meeting.

### 3.3 Minutes:

- (a) Minutes of Committee meetings shall be recorded and signed by the members attending the meeting and the Secretary. The meeting minutes shall include details of issues discussed, recommendations made, decisions taken, dissenting opinions and the person responsible for completion of tasks discussed at the Committee meeting. In case one of the members refuses to sign, their objection shall be recorded in the minutes together with the reason(s) for their objection, if given, and a copy of the minutes.
- (b) Drafts of the minutes of Committee meetings shall be circulated to the members for comments, which shall be incorporated, and approved by the Committee at the subsequent Committee meeting.
- (c) Final copies of the meeting minutes shall be:
  - (i) Signed by attending Committee members;
  - (ii) submitted to the Board for consideration at the next full Board meeting;
  - (iii) submitted to the Board Secretariat for filing; and
  - (iv) published on the Bank's Board portal.
- (d) The Group Company Secretary, or his or her delegate, shall act as Secretary to Committee.

## 4. Reporting

- 4.1 The Committee shall report to the Board and shall provide periodic updates on the matters which have been delegated to the Committee herein.
- 4.2 The Committee shall submit a written report to the Board specifying its actions, findings and recommendations. The report shall be submitted annually or more frequently as and when requested by the Board.

## 5. Powers of the Committee

The Committee shall have the appropriate authority to discharge its duties and responsibilities as set out in these Terms of Reference and to delegate those duties and responsibilities as it considers appropriate. In addition, it is specifically empowered to appoint or retain external independent professionals and consultants for advising or assisting the Committee on legal, accounting, or other matters, to the extent it deems necessary or appropriate.

## 6. Responsibilities

### 6.1 Composition and Nomination

- (a) Matters relating to the Group's Board of Directors -The Committee will:
  - (i) experience, and the relative proportion of Independent and Non-Executive Directors;

- (ii) identify the ideal profile and future needs of the Bank's Board, including identifying complimentary candidate profiles based upon qualifications, experience and technical skills;
  - (iii) ensure that each member of the Board annually confirms that they have sufficient time available to manage the time commitments required from the role in the Bank;
  - (iv) review outside memberships of Directors on a periodic basis and ensure that a review and approval process takes place before a member of the Board accepts nomination to serve on another Board so as to ensure that the activity will not create a conflict of interest;
  - (v) oversee the establishment of a fit and proper process for identifying, assessing and selecting candidates for the Board;
  - (vi) review proposed candidates for the role of Director, their qualifications, experience, and technical skills and, with due exercise of their judgment, make appropriate recommendations to the Board;
  - (vii) oversee development of the Board's diversity policies. The percentage of female candidate for Board membership shall be as required by all relevant laws and regulations);
  - (viii) oversee the preparation of appropriate nomination documents and notifications proposing candidates for directorships;
  - (ix) oversee the preparation of appropriate appointment documents and notifications for new Directors, setting out the terms and conditions of their directorships;
  - (x) oversee the preparation of induction materials and the conduct of orientation sessions for new Directors are conducted, in consultation with Senior Management and with the Board Secretary;
  - (xi) review the independence of a proposed Director, according to the guidelines set by the Central Bank of the UAE and ensure that Independent Directors remain independent on a continuous basis;
  - (xii) review the membership of Board committees to ensure compliance with regulations and Best Practices, and at the request of the Chairman of the Board, identify and review proposed candidates for committees;
  - (xiii) review the Bank's succession plans for Directors
  - (xiv) oversee the Group's communication with shareholders to promote shareholder engagement and cooperation with respect to the Committees' oversight responsibility herein;
  - (xv) periodically review and revise the Board Secretary's job description and duties; and
  - (xvi) oversee the organisation of regular briefing and update sessions for all Directors, in consultation with Senior Management and with the Board Secretary.
- (b) Matters relating to HR and Senior Management – The Committee will:

- (i) Review findings and recommendations from the Board Risk Committee on Senior Management's outside memberships and conflicts of interest.
- (ii) review outside memberships of Senior Management on a periodic basis and ensure that a review and approval process takes place before a member of Senior Management accepts nomination to serve on another Board so as to ensure that the activity will not create a conflict of interest;
- (iii) establish a fit and proper process for the selection of Senior Management, including the heads of the Risk Management, Compliance and Internal Audit departments;
- (iv) oversee and approve the final candidate selection, performance ratings, promotions and exit terms for Senior Management.
- (v) review the succession plans for Senior Management;
- (vi) annually assess and review the criteria for the identification of Material Risk Takers (MRTs);
- (vii) annually review the Bank's organizational structure, ensuring it is consistent with the Bank's business strategy;
- (viii) review and approve significant or material changes in Group HR policies which are applicable to the Group; for subsidiaries with remuneration committees, policies which are required by regulation must be approved/ratified by the remuneration committee of the subsidiary.;
- (ix) oversee non-material changes in Group HR policies of the Group through annual reporting; and
- (x) oversee HR matters relating to subsidiaries through regular reporting from their Board Nomination and Remuneration Committees or otherwise.

## 6.2 Assessment and Evaluation

- (a) The Committee will oversee the design for assessment of the performance of Senior Management, including the Group Chief Executive Officer.
- (b) The Committee shall hold Senior Management accountable for their actions and educate them the consequences of not upholding the Bank's values, Risk Appetite and Risk Culture.
- (c) The committee shall assist the Board and all Board Committees with their annual self-assessment procedures and oversee the presentation of the results of those assessments

## 6.3 Compensation - The Committee will:

- (a) Annually review the Group's overall compensation framework and system and ensure that compensation is aligned with the Group's strategy, objectives, culture, values, and risk appetite as well as long-term interests. When reviewing the Group's compensation framework, the Committee will:
  - (i) regularly monitor and review compensation plans, outcomes and processes to assess whether the Group's compensation system is creating the desired incentives for managing risk, capital and liquidity and does not incentivize excessive risk taking;

- (ii) ensure that an independent assessment of the compensation framework and systems is conducted at least once every five years and oversee implementation of recommendations/action plans arising from the assessment. and oversee implementation of recommendations/action plans arising from the assessment;
  - (iii) propose to the Board specific remuneration packages for the Bank's Group Chief Executive Officer;
  - (iv) review and approve the remuneration of the Bank's Senior Management (including the Group Chief Executive Officer), including performance or incentive linked remuneration;
  - (v) Approve plans for general (inflation linked or otherwise) increments for the Bank's staff and suitably delegate to the Bank's senior management (including the Group Chief Executive Officer and the Group Head of HR) the right to make adjustments to remuneration for individual staff members (excluding the Group Chief Executive Officer and other members of Senior Management reporting to the Group Chief Executive Officer or the Board); and
  - (vi) review the disclosures of the Group's remuneration levels and policies.
- (b) regularly take input from the Board Risk Committee members on remuneration and compensation matters (from a risk, capital, liquidity and the likelihood and timing of earnings perspective) as and when required and/or when the Committee considers appropriate.
  - (c) propose to the Board remuneration packages for the Board and Board committees' chairmen and members.

#### 6.4 Governance, Sustainability and Culture – the Committee shall:

- (a) monitor developments in corporate governance frameworks and practices both in the local market amongst the Group's competitors, and in the international markets and propose to the Board any developments and improvements, as and when appropriate;
- (b) work closely with other Board committees and Senior Management, as necessary to monitor the implementation of such developments on behalf of the Board. Such corporate governance policies and procedures will include, amongst other things, the operations and functions of the Board and its committees, the structure of management committees, the relationship between the Board and management, the disclosure practices of the Group including Directors' conflicts of interest, measures to implement accepted culture and ethics within the Bank, and the governance of other areas and issues within the Group as the Committee may consider of importance from time to time (such as risk governance, remuneration governance, product and services governance, financial transparency, procurement governance, subsidiary governance, complaint-handling processes and IT governance);
- (c) work with management (as designated by the Group Chief Executive Officer) who shall be responsible for such day-to-day implementation or monitoring of the Bank's corporate governance framework (including policies, procedures, systems and controls) and code of conduct, as may be required;
- (d) support the Board in establishing the Bank's corporate culture. In particular, it shall create expectations that all business is conducted in an ethical manner and in compliance with laws, regulations and internal practices that will promote a strong governance culture. Furthermore, it



shall ensure that fair treatment of customers is an integral part of the Group's good governance and corporate culture;

- (e) The Committee will coordinate a regular review of the Terms of Reference for the committees of the Board and ensure that the publication of appropriate and up-to-date information relating to such committees is contained on the Bank's website and in the annual report;
- (f) assisted by the Board Secretary, will oversee the availability of professional development schemes to the Board and specialist training to committee members or individual Directors, to enable Directors to regularly update and refresh their skills and knowledge, as determined by the Board;
- (g) review and approve the sustainability strategy as presented by the management and assess management's progress in implementing the sustainability strategy;
- (h) review the annual corporate governance report to ensure compliance with the Central Bank's Regulations and Standards and Best Practices;
- (i) review and monitor related party transactions to ensure they are conducted on an arm-length basis; and
- (j) ensure corporate governance related matters (including related party transactions) are disclosed to the regulators and shareholders in a timely and comprehensive manner.

#### 6.5 General Responsibilities – The Committee will:

- (a) report its actions to the Board, making appropriate recommendations where the relevant actions do not fall within the Committee's authorities as set out in these Terms of Reference; and
- (b) review this Terms of Reference on a regular basis and at least once every two years and amend it, if and when required.

#### 6.6 Publication

The following information will be made publicly available, and updated as required, by posting the material on the Bank's website or inclusion in the Bank's annual report:

- (a) the Committee's Terms of Reference;
- (b) information on procedures for the selection and appointment of Directors;
- (c) the names and details of the qualifications of the members of the Committee;
- (d) the number of meetings of the Committee and the names of those attending;
- (e) a description of the Committee's responsibilities and how the responsibilities were fulfilled;
- (f) Corporate governance manual;
- (g) disclosure of the Directors' code of conduct; and
- (h) the Board's performance evaluation..

### 7. Self-Assessment

The Committee shall annually conduct an evaluation of its performance and report the assessment results to the Board of Directors.

## 8. Updates

This policy shall be revised should any of the above regulation requirements be amended or replaced.

## 9. Definitions

In this Policy: :

“Bank”	means Emirates NBD PJSC;
“Best Practices”	means best practices in corporate governance as determined by the Board from time to time
“Board”	means the Board of Directors of the Bank;
“Central Bank”	means the Central Bank of the United Arab Emirates;
“Chairman”	means the Chairman of the Board;
“Committee”	means the [Board Nomination, Remuneration & ESG Committee]
“Corporate Governance Regulations”	means all applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank’s Corporate Governance Regulations and Standards for Banks (Circular No.: 89/2019 dated July 18, 2019) and the Securities and Commodities Authority (SCA) Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020, regarding the Approval of the Public Joint-Stock Companies Governance Guide;
“Companies Law”	means UAE Federal Law No. 32 of 2021 concerning Commercial Companies (and its amendments from time to time);
“Director”	means a member of the Board;
“Independent Director”	means a member of the Board who is assessed as independent pursuant to the Corporate Governance Regulation;;
“Group”	means a group of entities which includes: <ul style="list-style-type: none"> <li>(a) the Bank;</li> <li>(b) any Controlling Shareholder of the Bank;</li> <li>(c) any subsidiary of the Bank; or</li> </ul>

	(d) any affiliate, sister company, or joint venture of the Bank;
“Non-Executive Director”	means a Director who does not have any management responsibilities within the Bank, and may or may not qualify as an Independent Director;
“Senior Management”	means the executive management of the Bank responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank; and
“Staff”	means all persons working for a Bank including the members of Senior Management, except for the members of its Board.