

## SECURE TRUST BANK PLC (“STB” or “Company”)

## NOMINATION COMMITTEE

## TERMS OF REFERENCE

adopted by the Board on 6 October 2016<sup>1</sup>

References to the “**Committee**” means the Nomination Committee of the Board of STB.

References to the “**Board**” means the Board of Directors of STB.

References to the “**Group**” means STB and its subsidiaries.

Current Members: <sup>2</sup>	Lord Forsyth (Chairman)
	Mrs Ann Berresford
	Mr Paul Myers
	Mrs Victoria Stewart
	Mr Finlay Williamson

## 1. Membership

- 1.1 The Board shall appoint the Chairman of the Committee (the “**Chairman**”), who shall be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Chairman, the remaining members present shall elect one member to chair the meeting.
- 1.2 Members of the Committee shall be appointed by the Board of Directors of the Company (the “**Board**”) and shall comprise at least three members.
- 1.3 All members of the Committee shall be independent Non-Executive Directors.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two additional three year periods, so long as the director still meets the criteria for membership of the Committee.

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<sup>1</sup> As amended 18 January 2021

<sup>2</sup> As at 30 June 2021

## 2. **Secretary**

The Company Secretary, or their deputy, shall ordinarily act as the secretary of the Committee (the “**Secretary**”) and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

## 3. **Quorum**

3.1 The quorum necessary for the transaction of business shall be two members of the Committee.

3.2 A duly convened and quorate meeting of the Committee shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 4. **Frequency of meetings**

The Committee shall meet as frequently as the Chairman may require and also at regular intervals to deal with routine matters and, in any event, not less than twice in each financial year. Any member of the Committee may request a meeting via the Chairman if he/she considers that one is necessary or expedient.

## 5. **Notice of meetings**

5.1 Meetings of the Committee shall be called by the Chairman or by the Secretary at the request of the Chairman or any of its members.

5.2 Unless otherwise agreed by the Chairman, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and to other attendees as appropriate, no later than seven days before the date of the meeting. The Chairman shall have the sole discretion to reduce the above notice period to whatever the Chairman considers appropriate in the circumstances. So far as practicable supporting papers will be provided with the notice of meeting.

## 6. **Proceedings of the Committee**

6.1 Only Committee members have the right to attend Committee meetings. However, the Committee may invite any Directors or Executives of the Company, including the Chief Executive Officer, the HR Director and any external advisers, to attend all or part of any meeting as and when appropriate and necessary.

6.2 An Executive will not attend when his or her own nomination is being discussed.

6.3 Meetings may be held by telephone, or other electronic means, provided that those participating can hear and speak to each other.

6.4 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman having a second, casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.

## **7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and decisions of all Committee meetings and record the name of those present and in attendance.
- 7.2 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.
- 7.3 Draft minutes of Committee meetings shall, following review by the Chairman, be circulated to all members of the Committee as soon as practicable after each meeting. Once approved, minutes shall be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman.
- 7.4 Final signed copies of the minutes of the meetings of the Committee shall be maintained as part of the records of the Company.

## **8. Engagement with Shareholders**

- 8.1 The Chairman shall attend the Annual General Meeting of the Company to respond to any shareholder questions of the Committee's activities and responsibilities and the report of those activities included in the Annual Report and Accounts. In addition, the committee chair should seek engagement with shareholders on significant matters related to the Committee's area of responsibility.

## **9. Authority**

- 9.1 The Committee is authorised by the Board to:
  - (A) undertake any activity within its terms of reference;
  - (B) seek any information that it requires from any Group employee or contractor in order to perform its duties;
  - (C) obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference and invite those persons to attend meetings of the Committee.

## **10. Responsibilities**

- 10.1 The Committee shall:
  - (A) regularly review the structure, size and composition (including the skills, knowledge, independence, experience and diversity) required of the Board compared with its current position and make recommendations to the Board with regard to any changes;
  - (B) give full consideration to succession planning for Directors and other senior Executives, overseeing the development of a diverse pipeline for succession and taking into account the challenges and opportunities facing the Company, and the skills and expertise that will, therefore, be needed on the Board in the future;

- (C) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - (D) work and liaise as necessary with all other Board committees; and
  - (E) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- 10.2 The Committee will take into account the provisions of the UK Corporate Governance Code (the "**Code**") and any regulatory requirements that are applicable to the Company.
- 10.3 Before an appointment is made by the Board, the Committee will evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. (Prior to appointment any candidate for the role of Director should disclose their other significant commitments and any other changes to their commitments should be reported to the Board as they arise.
- 10.4 In identifying suitable candidates, the Committee shall:
- (A) use such means as it considers appropriate in the circumstances which may (but need not) include open advertising and/ or the services of external advisers.
  - (B) Consider candidates from a wide range of backgrounds; and
  - (C) Consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position.
- 10.5 Once a shortlist of potential candidates has been selected those candidates will be invited to participate in an interview process. This process will involve a minimum of two interviews. The Committee may conduct these interviews as it sees fit, either through attendance by all members of the Committee or delegation to a subcommittee constituted as deemed appropriate by the Committee or by any other means. All members of the Committee should, where practicable, participate in at least one of these interviews but the Committee may invite such other individuals as it sees fit (for example, Executive Directors and/or other Non-Executive Directors) to attend one or more of the interviews.
- 10.6 The Committee shall keep under review the leadership needs of the business, both executive and non-executive, to ensure the continued ability of the organisation to compete effectively in the marketplace.
- 10.7 The Committee will review the time required from Non-Executive Directors annually. Performance evaluation may be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.
- 10.8 The Committee shall, before the appointment of a Director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and require him/her to report any future business interests that could result in a conflict of interest. Any potential

conflicts must be authorized by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board. The Committee shall also arrange for background financial and criminal checks to be carried out before making any decision as to the preferred candidate.

- 10.9 Before any offer is made to a candidate, the Committee shall liaise with the Remuneration Committee regarding the financial and other terms of the offer.
- 10.10 Once the preferred candidate has indicated that they accept the offer, the Committee will seek to obtain Board approval to the appointment of the candidate as a Director (subject to regulatory approval). A proposed Non-Executive Director's other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved, and the Board should be informed of subsequent changes as they arise.
- 10.11 Once Board approval has been obtained the Committee will instruct the Company's Human Resources team to issue a service contract (in the case of Executive Directors) and letter of appointment (in the case of Non-Executive Directors) setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings for review by the candidate. The service contract or letter of appointment will make clear that the offer is subject to regulatory approval (as set out in paragraph 10.12 below). Any questions/negotiations on the drafting of the service contract or letter of appointment will be forwarded to the Nomination Committee for instruction. Once agreed the contract or letter of appointment should not be signed until regulatory approval is obtained (see below).
- 10.12 In parallel with the actions in paragraph 10.11 the Committee will undertake the following process for obtaining regulatory approval for the appointment of the candidate:
  - (A) the Committee will direct the Group Head of Compliance to prepare an application for the appropriate regulatory approval to the appointment of the candidate. The candidate must not commence the activity for which authorisation is sought until such approval is obtained;
  - (B) the Committee will provide to the Group Head of Compliance such paperwork and evidence in support of the application as may be necessary. This includes (but is not limited to) a completed 'competency framework' mapping the candidate's role profile to their individual skills, qualities, knowledge, competencies, diversity and experience;
  - (C) if the regulator raises any questions in connection with the application the Nomination Committee will work with the candidate and the Group Head of Compliance to provide such information and documentation as the regulator may request;
  - (D) if the regulator decides to interview the candidate, the Nomination Committee and/or the Group Head of Compliance (along with any other third party adviser engaged for this purpose) will assist the candidate in preparing for such an interview;
  - (E) once the application is approved by the regulator the candidate and the Board will be notified and the service contract or appointment letter will be signed. A copy of the

signed service contract or appointment letter will be provided to the candidate and a further copy sent to the Human Resources team for safekeeping; and

- (F) the Secretary will be instructed to notify Companies House of the new appointment and to make such other filings, announcements, registrations and updates to company records as may be necessary in connection with such appointment.

**10.13** As soon as is reasonably practicable after joining the Board, the Nomination Committee will ensure that the new Director is given an induction pack containing information on Directors' duties, regulatory requirements and expectations, key Company policies and procedures and other relevant information. The new Director will be required to confirm that they have read and understood the material and to attend any training sessions organised on the material.

**10.14** Following their appointment, the Committee will ensure that the terms and conditions of the appointment of a Non-Executive Director shall be made available for inspection at the Company's offices during normal business hours and at the Company's Annual General Meeting.

**10.15** The Committee shall also make recommendations to the Board concerning:

- (A) formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of the Chairman of the Board and the Chief Executive Officer and proposing changes if its periodic assessment indicates the desired outcomes are not being achieved;
- (B) suitable candidates for the role of Senior Independent Director;
- (C) membership of the Audit Committee, the Remuneration Committee, the Risk Committee and any other Board committees as appropriate, in consultation with the Chairmen of those committees;
- (D) the re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (E) the re-election by shareholders of any Director having due regard to their performance and ability, and why their contribution is important to the Company's long term sustainable success in light of the knowledge, skills, experience and diversity required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the chair and the Board as a whole (particularly in relation to Directors being re-elected for a term beyond six years);
- (F) any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract; and
- (G) the appointment of any Director to Executive or other office.

10.16 The Committee shall be provided with the results of any evaluation of the Board. The Committee shall review the results of any Board performance evaluation process that relate to the composition of the Board. Any external facilitator of a Board evaluation shall be identified in the Annual Report and Accounts and a statement made confirming whether the external facilitator has any other connections with the Group.

## 11. Reporting responsibilities

11.1 The Chairman shall report formally to the Board on its proceedings after each meeting of the Committee on all matters within its duties and responsibilities including any recommendations or actions to be taken.

11.2 The Committee shall make whatever recommendation to the Board it deems appropriate on any area within its remit where action or improvement is needed. Any recommendation of the Committee shall take effect only if approved by the Board.

11.3 The Committee shall produce a report to be included in the Company's Annual Report and Accounts about its activities, including:

(a) the process used to make appointments and an explanation of whether external advice or open advertising has been used. Where an external search agency has been used, it shall be identified in the Annual Report and Accounts and a statement made confirming whether it has any connection with the Company. The Committee's approach to succession planning and how this, as well as its approach to appointments, support the development of a diverse pipeline;

(b) how Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has influenced or will influence Board composition; and

(c) the gender balance of those in the senior management team and their direct reports.

11.4 The report referred to in paragraph 11.3 above should include a statement of the Board's policy on diversity, including gender diversity, linkages to company strategy, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

## 12. Other matters

12.1 The Committee shall:

(A) have access to sufficient resources to carry out its duties, including access to the Company Secretary for assistance as required;

(B) 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;

(C) give due consideration to laws and regulations, the provisions of the Prudential Regulation Authority's Rulebook and the Financial Conduct Authority's Handbook, the

provisions of the Code and the requirements of the UK Listing Authority's Listing Rules and Disclosure and Transparency Rules and any other applicable rules, as appropriate;

- (D) have regard to regulatory requirements including any applicable rules and guidance issued by regulatory bodies;
- (E) oversee any investigation of activities which are within its terms of reference; and
- (F) arrange for periodic reviews of its performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

These terms of reference shall be made available on the Company's website in accordance with the Corporate Governance Code.