

Terms of reference of the Nomination, Compensation & HR Committee

1 Definitions

In these Terms of Reference the following words and phrases shall have the meanings assigned to them below:

the “Bank”	means Abu Dhabi Commercial Bank PJSC;
the “Best Practices”	means best practices in corporate governance as determined by the Board from time to time and includes regulatory requirements applicable to the Bank;
the “Board”	means the Board of Directors of the Bank;
the “Committee”	means the Board’s Nomination, Compensation & HR Committee;
“Executive Director”	means a director who dedicates his activity on a full time basis to the management of or receives a monthly or yearly salary from the Bank;
“Independent Director”	means a director who is independent as defined by applicable legislation and the Best Practices, as determined by the Board; and
“Non-Executive Director”	means a director who neither dedicates his activity on a full time basis to the management of nor receives a monthly or yearly salary from the Bank.

2. Purpose

The purpose of the Nomination, Compensation & HR Committee (the “Committee”) is to enable the Board to fulfil its responsibilities in relation to the oversight of:

- 2.1 the appropriate composition of the Board;
- 2.2 the nomination of appropriate directors to the Board and its committees;
- 2.3 assessment of the performance of the Board and of individual directors and senior management;
- 2.4 succession plans for Board members and senior management;
- 2.5 remuneration policies for the Bank’s directors and senior management;
- 2.6 the Bank’s public reporting on remuneration matters; and
- 2.7 the Bank’s HR strategy (including Emiratization).

3. Membership

- 3.1 The members of the Committee will be appointed by the Board.

- 3.2 The Committee will comprise not less than three Non-Executive Directors and at least two of these directors shall be Independent Directors. The Chairman of the Board may be a member of the Committee.
- 3.3 The Committee shall comprise only members of the Board, but shall be permitted to require any members of the Bank'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.
- 3.4 Any member of the Committee may be removed or replaced at any time by the Board.
- 3.5 Where a director who is a member of the Committee leaves office, the Board shall appoint a new member to the Committee. Where a director who is a member of the Committee is no longer classified as an Independent Director such director shall, at the request of the Board, resign as a member of the Committee and be replaced with an Independent Director, as necessary to satisfy Best Practices' independence requirements.
- 3.6 A director shall cease to be a member of the Committee if he resigns, and shall be deemed to have resigned if he absents himself for more than three consecutive Committee meetings without a justifiable excuse acceptable to the Committee.

4. Meetings

4.1 Meetings

- 4.1.1 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 of the Committee. Committee meetings may also be convened by the Chairman of the Committee or the secretary at the request of 2 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.
- 4.1.2 The Chairman of the Committee will develop the agenda for each meeting, with contribution from the secretary, Board Secretary and Head of Human Resources, and circulate it to all members of the Committee sufficiently in advance of the meeting by the Board ipad portal, along with adequate supporting materials on the topics to be discussed.
- 4.1.3 The Committee may invite any staff members of the Bank, or any other person, to attend meetings and to assist in its discussions.
- 4.1.4 A Committee meeting will not be valid unless a majority of its members are in attendance or represented.

4.2 Resolutions

- 4.2.1 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 of the Committee shall have a casting vote.
- 4.2.2 An absent Committee member may authorize another member to vote on his behalf provided that the member present does not hold more than one proxy.
- 4.2.3 Without prejudice to the above clause, the Committee may exceptionally take some decisions based on resolutions by circulation, provided that:

- (a) the resolutions are delivered to the members in writing (which may include delivery by email) and accompanied by all the supporting documents and papers as necessary for reviewing it; and
- (b) any resolution by circulation must be unanimously agreed upon by the members and must be submitted to the succeeding meeting of the Committee to be included in the minutes of such meeting.

4.3 Minutes

4.3.1 Minutes of Committee meetings should be recorded and signed by the members attending the meeting and the secretary. A dissenting member may enter his objections in the minutes of the meetings.

4.3.2 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.

4.3.3 The Committee will keep minutes of its meetings, and these will be submitted to:

- (a) the Board for consideration at the next full Board meeting; and
- (b) the General Counsel and Board Secretariat for filing and publishing on the Bank's Board ipad portal.

4.3.4 A member of the Bank's Legal and Board Secretariat department shall act as secretary to Committee.

5. Reporting

5.1 The Committee shall report to the Board and will provide periodic updates on the matters which have been delegated to the Committee herein.

5.2 The Committee shall submit a written report to the Board specifying with absolute transparency its actions, findings and recommendations. The report shall be submitted annually or more frequently as and when requested by the Board.

5.3 The Committee shall be required to make short presentations to the Board on a semi-annual basis, or when required by the Board, more regularly.

6. Powers of the Committee

The Committee shall have the authority appropriate 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.

7. Responsibilities: Board composition and nominations

The Committee will:

- 7.1 review the composition of the Board, its mix of skills, and the relative proportion of Executive and Non-Executive directors, and of Independent and Non-Independent directors;
- 7.2 review and revise the Board Secretary's job description and duties;
- 7.3 identify the ideal profile and future needs of the Bank's Board, and use gap analysis to identify complimentary candidate profiles based upon qualifications, experience and technical skills;
- 7.4 oversee the Bank's communication with shareholders to promote shareholder engagement and cooperation with respect to the Committees' oversight responsibility herein;
- 7.5 be available to consult with Abu Dhabi Investment Council regarding the qualifications, experience and technical skills of those candidates that Abu Dhabi Investment Council intends to appoint as directors of the Bank;
- 7.6 review proposed candidates for director, their qualifications, experience, and technical skills and, with due exercise of their judgment, make appropriate recommendations to the Board, and (where appropriate) Abu Dhabi Investment Council;
- 7.7 review the independence of a proposed director, according to the guidelines that the Bank has established;
- 7.8 ensure that Independent Directors remain independent on a continuous basis;
- 7.9 determine the required core executive management and employees and the basis for choosing them;
- 7.10 oversee the preparation of appropriate nomination documents and notifications proposing candidates for directorships;
- 7.11 oversee the preparation of appropriate appointment documents and notifications for new directors, setting out the terms and conditions of their directorships;
- 7.12 oversee the preparation of induction materials and orientation sessions for new directors, in consultation with senior management and with the Board Secretary;
- 7.13 oversee the organisation of regular briefing and updating sessions for all directors, in consultation with senior management and with the Board Secretary;
- 7.14 review the membership of Board committees to ensure compliance with Best Practices, and at the request of the Chairman of the Board, identify and review proposed candidates for committees;
- 7.15 review the Bank's succession plans for directors and senior management;
- 7.16 review the Bank's recruitment, retention, and termination policies and procedures for senior management; and
- 7.17 develop, control, apply and annually revise the Bank's Human Resource and training policies and procedures, and the operation and strategies (including Emiratization) of the HR function, on behalf of the Board.

8. Responsibilities: assessment

The Committee will oversee the design and regularly review procedures for annual assessment of the performance of the GCEO, senior management and other staff.

9. Responsibilities: remuneration

The Committee will:

- 9.1 make proposals to the Board for the remuneration of Non-Executive Directors, including performance or incentive linked remuneration if appropriate;
- 9.2 review and approve the remuneration of the bank's employees (including senior management but excluding the Group Chief Executive Officer and any Executive Directors), including performance or incentive linked remuneration;
- 9.3 review and approve any schemes for executive remuneration, including the Bank's variable pay framework, any long term incentive scheme, any retention schemes and make awards under those schemes to eligible members and regularly review the effectiveness of those schemes;
- 9.4 propose to the Board specific remuneration packages for each of the Executive Directors and the Bank's Group Chief Executive Officer;
- 9.5 develop and annually review the overall remuneration, benefits, bonus and salary policy within the Bank, including the proportion of incentive and performance-related pay; and
- 9.6 review the proposed public disclosure of the Bank's remuneration levels and policies, including the disclosed remuneration of individual directors, senior management, and other management both individually and in aggregate.

10. General responsibilities

The Committee will:

- 10.1 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
- 10.2 review and update its Terms of Reference annually.

11. Publicly available information

- 11.1 The following information will be made publicly available, and updated as required, by posting the material on the Bank's website:
 - (a) the Committee's Terms of Reference; and
 - (b) information on procedures for the selection and appointment of directors.
- 11.2 The following information will be included in the Bank's annual report:
 - (a) the names and details of the qualifications of the members of the Committee;

- (b) the number of meetings of the Committee and the names of those attending; and
- (c) a description of the Committee's responsibilities and how the responsibilities were fulfilled.

12. Self-assessment

The Committee will annually conduct an evaluation of its performance, to be conducted as prescribed by the Corporate Governance Committee of the Board and the Committee itself.

These Terms of Reference are dated 20 July 2017 and supersede any Nomination, Compensation & HR Committee Terms of Reference or charter previously in force.