

Board Succession Planning Policy

Owner	Group Legal & Compliance Division
Approved by	Board of Directors
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I. POLICY STATEMENT

- (i) The Board of Directors of NCBFG is charged with ensuring that effective processes are in place to provide continuity on the board in respect of an appropriate mix of diversity, independence, skills and expertise.
- (ii) This Policy is intended to ensure that the board succession planning activities of NCBFG and its subsidiaries are current and consistent with laws and regulations, where applicable, as well as best practices and the needs of the respective boards within NCB Financial Group.

II. REVIEW AND UPDATE OF THE POLICY

This policy shall be reviewed at least every two years by the Board of Directors to ensure that:

- The business continues to meet its compliance obligations in respect of the policy
- The policy maintains its relevance to the current and future business environment

The Group Legal & Compliance Division is responsible for undertaking the technical review of this policy and submitting proposed revisions to the Corporate Governance & Nomination Committee for a recommendation for approval by the Board of Directors.

BOARD SUCCESSION PLANNING POLICY FRAMEWORK

1. INTRODUCTION & POLICY STATEMENT

- 1.1 Board succession planning is a key aspect of corporate governance. NCB Financial Group Limited (“NCBFG”), as the company (referred to as the Ultimate Holding Company or “UHC” in this and other policy documents including the NCB Group Reporting Framework for Board and Committees) under which all companies under the financial group are held, has a responsibility to ensure that there is a proper operating framework in place to ensure board effectiveness, which includes considering director and executive succession strategies.
- 1.2 The Board of Directors of NCBFG is charged with ensuring that effective processes are in place to provide for continuity on the board by maintaining an appropriate mix of skills and expertise and giving consideration to diversity and independence.
- 1.3 The Board of Directors has established the Corporate Governance and Nomination Committee (“CGNC”), which has the responsibility for identifying and assessing potential candidates for directorship as well as ensuring that an appropriate board succession plan is in place for NCBFG and periodically reviewed. The CGNC also has responsibility for ensuring that Director succession planning takes place within the holding companies and material subsidiaries within the NCB Financial Group.
- 1.4 This Policy is intended to ensure that the board succession planning activities of NCBFG and its subsidiaries (“The Group”) are current and consistent with laws and regulations, where applicable, as well as best practices and the needs of the respective boards within the NCB Financial Group.

2. ABOUT THIS POLICY

- 2.1 This policy was created to provide guidance to the NCBFG Board to ensure that it is, and will continue to be, effective by having board members who represent diversity, the desired attributes and the right mix of skills and experience.
- 2.2 This policy is intended to ensure the orderly identification and selection of new directors in the event of an anticipated or an unanticipated vacancy in such position. The activities associated with the identification of new nominees for Directors will be led by the Corporate Governance Committees of the Holding Companies (HC), in keeping with the authority delegated by the respective Boards of Directors.
- 2.3 This policy should be read in conjunction with the Corporate Governance Committee Charters of the Ultimate Holding Company (NCBFG) and HC, as appropriate, as well as the NCB Group Reporting Framework for Boards and Committees.
- 2.4 This policy will not address executive management succession planning. Executive management succession planning is governed under a separate policy.

3. WHAT IS SUCCESSION PLANNING?

- 3.1 Succession planning falls under the fiduciary ‘duty of care’, which means that the Board of Directors is responsible for ensuring the long-term sustainability of the organisation; this includes recruiting and maintaining effective leadership at the board level.
- 3.2 Succession planning refers the Board’s process and plans for replacing the members of the Board and the Company’s senior management over both the short and longer term, including

contingency planning for unexpected board departures. It also involves planning for Board refreshment.

The time horizons considered are described as follows:

- **Contingency planning:** for sudden and unforeseen departures, such as instances where the director has an unexpected conflict with other interests, or because of illness.
- **Medium-term planning:** the orderly replacement of current board members, such as in the event of directors indicating plans for retirement. This includes aiming to having staggered departure dates and involves considering what gaps, such as relating to skills and diversity, will be created as a result of the departure(s).
- **Long-term planning:** This refers to the relationship between (i) the delivery of the company strategy and objectives and (ii) the skills needed on the board now and in the future, rather than just replacing directors as they leave. It involves taking a holistic view of the size and shape of the board and of the skills, experience and diversity characteristics that it needs in the long-term, taking into account the company's strategy.

4. KEY FACTORS FOR CONSIDERATION IN SUCCESSION PLANNING

In the review of the board succession plan(s), the CGNC will need to consider a range of issues and factors including the length of tenure, skills and diversity of the members of the current Board, any skills gaps, internal talent management and the Board's diversity needs and objectives. This will then enable the Board to consider the type of skills, experience and diversity required for new Board appointments, and to plan the timings, in the medium and long-term, for Board recruitment.

Key considerations for Board succession planning are as follows:

- (i) *The Composition of Board:* NCBFG Board composition is guided by the Articles of Incorporation of NCBFG and will take into account the right size and balance between independent and non-independent directors. The Articles stipulate the minimum and maximum number of Directors as well the required number of independent directors. Regulatory guidance is also followed.
- (ii) *Diversity:* Effective, well-functioning boards tend to have a composition that includes diversity in age, gender, ethnicity, experience, skills and backgrounds. This diversity is necessary to bring a multitude of perspectives into the boardroom, which will ultimately set the stage for the best possible decision-making and avoid 'group think'.
- (iii) *Competencies and Attributes:* An evaluation of the skills, experience and attributes required should be conducted against what currently obtains in order to determine what knowledge and experience gaps exist. This evaluation should also take into account any knowledge and experience which may be leaving as a result of a director stepping down from the organisation.
- (iv) *Nominations and Election:* This involves the identification and selection of nominees that meet the needed competencies, experiences and attributes. The details of the Nomination and Election process are set out in the Appendix to the CGNC Charter.
- (v) *Director Orientation and Ongoing Director Development:* It is recognised that new Directors need to be oriented to the organisation in terms of its business, its strategic plan, the governance duties, governance protocols and the expectations of a Director. All Directors require ongoing education on the sectors in which the organisation operates, the specific priorities of the organization, stakeholder needs, and governance evolution. Following on the competency and attribute evaluation, some training or mentorship may be specifically needed to bridge any specific learning opportunities or gaps identified.

- (vi) *Developing Board leaders:* The process of identifying persons to assume the leadership roles has the goal of achieving outcomes including:
- Providing opportunity for NCBFG to benefit from the experience of different Directors as leaders;
 - Providing opportunity for Directors to experience different roles on the Board for personal development; and
 - Providing succession planning for the Board leadership role and provide opportunity for fellow Directors to observe Directors in other leadership roles (where feasible) prior to being considered for the Board leadership role.
- (vii) *Board Assessment and Director Assessment:* Board evaluations consider its composition, diversity and how effectively members work together to achieve objectives. The individual director assessment demonstrates whether each Director continues to contribute effectively. Board and Director assessments are an effective tool in Board and Director continuous development. This helps identify changes needed in the Board composition and knowledge base which will provide input to the competencies and attributes evaluation and the ongoing director development programme.
- (viii) *Regulatory approval:* In planning, consideration must be given to any requirements relating to approval/non-objection of the regulators being required prior to the appointment of Directors.

There are tools, such as a Skills Matrix, Candidate Profile and Board Succession Planning Checklist, that may be used to assist with the succession planning exercise.

5. SUCCESSION PLANNING PROCEDURES FOR NCBFG

5.1 On at least an annual basis, the CGNC will review the status of the Board, using the Skills Matrix, results from Board and Peer evaluations conducted as well as due diligence assessments done as the base. It shall determine if there is reason to believe that one or more director slots shall become vacant within the next twelve months. The Committee will report its findings to the Board.

Where gaps have been identified and a training and/or mentorship plan has been developed, the CGNC will ensure that the necessary monitoring and/or review takes place. This may require an increase in the frequency of the review referenced above.

5.2 If the Board and/or the CGNC anticipates that a director position shall become vacant within the next twelve to fifteen months (whether by reason of an announced intent to retire or otherwise), or if a director position shall suddenly become vacant (whether by death or otherwise), the Committee shall, as soon as reasonably practicable, consider whether to recommend to the Board nominees for election as director using the procedure outlined in the Appendix to the CGNC Charter.

5.3 In identifying potential board candidates, the CGNC shall be cognisant of the Board's current needs and the potential needs of the board over the next three to five years and to use that information when recruiting Board candidates (as against evaluating the departing Director's skills and expertise and looking for someone with similar qualities to fill the vacancy). Before making a determination of the skills that the Board needs, the Board should consider the Company's overall direction. This may lead the Board to determine that what is required is to add a new board director, rather than replace one (subject to the maximum stated in the Articles of NCBFG). It is recommended that the CGNC review at least two candidates, in order to provide a recommendation to the Board as well as to build a talent pipeline.

5.4 When identifying potential candidates for nomination as Director, the CGNC may consult whatever sources it deems appropriate, including referrals from existing directors or officers or recommendations from a third-party search firm. The CGNC shall have the authority to retain whatever advisors (including search firms and professional advisors) it believes appropriate in its efforts to identify and evaluate potential nominees.

6. ROLES AND RESPONSIBILITIES OF HOLDING COMPANIES IN SUCCESSION PLANNING

6.1 Under the NCB Group Reporting Framework for Boards and Committees, NCB Financial Group Limited has been designated as the Holding Company (“HC”) for the NCBFG wholly-owned subsidiaries with responsibility for ensuring that effective processes are in place to provide for continuity on those boards.

6.2 NCBFG shall ensure that the Board of Directors of each HC comprises at least one of the NCBFG directors. The number of appointees will be determined based on materiality. Materiality will also determine directorships on other boards in each HC’s group.

6.3 On an annual basis, the NCBFG CGNC will review the status of the Boards of the public and/or regulated subsidiaries using reports provided by HCs and every three years for other wholly-owned subsidiaries, giving consideration to the following:

- (i) the composition of each board using the skills matrix as a guide as against the skills and experience required based on the nature and/or future needs of the business to determine whether the composition remains appropriate or action is required;
- (ii) the responsibility to ensure that the fit and proper status of directors is maintained;
- (iii) the boards (also taking into account the number) on which Executives serve within the NCB Financial Group to ensure that their skills and experience continue to be most suited for the respective Boards and, as best as possible, to avoid situations involving possible conflicts of interest (impact on ability to make decisions especially where involves related parties) as well as to identify gaps and/or opportunities for directorship for other Executives;
- (iv) the results from Board and Peer evaluations, where applicable;
- (v) maintenance of diversity;
- (vi) information available from Executive Management Succession Plans to develop a talent pipeline where Executive Director appointments are appropriate or to fill vacancies as they arise as a result of an Executive leaving the employment of the Group (whether due to retirement or otherwise); and
- (vii) ensuring that the independence status of the relevant Directors is maintained.

6.4 Having reviewed the status of the Boards and obtained feedback from the respective Board Chairs, if deemed necessary, the CGNC will determine whether any Director slots will become vacant over the short-term (within the next 12 months) and report its findings to Board of NCBFG. Additionally, where gaps have been identified and a training and/or mentorship plan has been developed, the CGNC will ensure that the necessary monitoring and/or review takes place.

6.5 Where the Chairs of the public and/or regulated wholly-owned subsidiaries become aware of an immediate need for a Director (such as in the case of a resignation due an unexpected conflict of interest or a vacant position expected within the next 12 months), the Chair shall notify the Chair of the CGNC for a determination to be made on the most appropriate action, such as triggering the nomination process.

7. OVERSIGHT OF SUCCESSION PLANNING FOR SUBSIDIARIES

7.1 The CGNC is charged with reviewing the establishment, implementation and review of the succession planning activities of the other HCs and material subsidiaries of NCBFG, which may include:

- Considering reports on the reviews of skills and experience of directors of the entities; and
- Receiving and considering information on the succession strategies/planning for board positions of the holding companies and material subsidiaries, and overseeing the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed within the Group in the future.

7.2 The number of NCBFG Directors serving on the Board of Directors of each HC should be considered by the CGNC and Board of NCBFG periodically, based on materiality and subject to the requirement to have at least one of the NCBFG directors serving on the Board of each HC.

7.3 HCs have the responsibility for approving board appointments in their groups; however, NCBFG as UHC should be notified of such appointments in its next board cycle. However, appointments of persons who would have a conflict with any of the Group's major business lines within that jurisdiction should be referred to NCBFG for prior approval. HCs will confirm that the board succession activities are taking place through the escalation of minutes to the UHC, at a minimum.

7.4 The CGNC Chair will ensure that succession planning remains a standing agenda item on the annual meeting of Corporate Governance Committee Chairs.

8. REPORTS ON SUCCESSION PLANNING

The CGNC shall disclose details of activities carried out in relation to succession planning to the Board at least once per year.

9. FREQUENCY OF REVIEW OF POLICY

This policy shall be reviewed at least every two years by the Board of Directors to ensure that:

- The business continues to meet its compliance obligations in respect of the policy
- The policy maintains its relevance to the current and future business environment

The Group Legal & Compliance Division is responsible for undertaking the technical review of this policy and submitting it to the Corporate Governance & Nomination Committee for a recommendation of approval by the Board of Directors.

10. REVISION HISTORY

Rev.	Name	Description	Date (DD/MM/YYYY)
1.0		POLICY CREATED, REVIEWED BY THE CGNC & APPROVED BY THE BOARD OF DIRECTORS	29/09/2021