



## ARBUTHNOT BANKING GROUP PLC

[ ] [ ] 201[ ]

**PRIVATE AND CONFIDENTIAL**

[ ]

Dear [ ],

### **Letter of Appointment**

Following the recommendation of the nomination committee, the board of directors (**Board**) of Arbuthnot Banking Group PLC (**Company**) is pleased to hear that you have accepted our offer to join the Board as an independent non-executive director following completion of various regulatory and similar requirements.

This letter sets out the main terms of your appointment. The Schedule shall form part of this letter. If you are unhappy with any of the terms, or need any more information, please let me know.

By accepting this appointment, you agree that this letter is a contract for services and is not a contract of employment and you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

#### **1. APPOINTMENT**

1.1 Subject to the remaining provisions of this letter, your appointment shall commence on [ ] or as otherwise detailed in the announcement confirming your appointment by RIS and shall continue thereafter unless terminated earlier by either party giving to the other three months' prior written notice.

1.2 Your appointment is subject to the Company's articles of association, as amended from time to time (**Articles**). Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you as a director of the Company. Your appointment is subject to confirmation by the shareholders at the next AGM, which is in [ ], and at any subsequent AGM as required by the Articles or as the Board resolves.

- 1.3 Continuation of your appointment is contingent on your continued satisfactory performance and re-election by the shareholders and any relevant statutory provisions relating to removal of a director. If the shareholders do not confirm your appointment or re-elect you as a director, or you are retired from office under the Articles, your appointment shall terminate automatically, with immediate effect.
- 1.4 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 term renewal is subject to Board review and AGM re-election.
- 1.5 You may be required to serve on one or more Board committees. You will be provided with the relevant terms of reference on your appointment to such a committee.
- 1.6 Notwithstanding paragraph 1.1 to paragraph 1.5, the Company may terminate your appointment with immediate effect if you have:
- (a) committed a material breach of your obligations under this letter;
  - (b) committed any serious or repeated breach or non-observance of your obligations to the Company (which include an obligation not to breach your statutory, fiduciary or common-law duties or regulatory requirements);
  - (c) been guilty of any fraud or dishonesty or acted in any manner which, in the Company's opinion, brings or is likely to bring you or the Company into disrepute or is materially adverse to the Company's interests;
  - (d) been convicted of an arrestable criminal offence other than a road traffic offence for which a fine or non-custodial penalty is imposed;
  - (e) been declared bankrupt or have made an arrangement with or for the benefit of your creditors, or if you have a county court administration order made against you under the County Court Act 1984;
  - (f) been disqualified from acting as a director; or
  - (g) not complied with the Bribery Act 2010.
- 1.7 On termination of your appointment, you shall, at the Company's request, resign from your office as director of the Company and any offices you hold in any of the Company's group companies.
- 1.8 If matters arise which cause you concern about your role, you should discuss these matters with the Chairman. If you have any concerns which cannot be resolved, and you choose to resign for that, or any other reason, you should provide an appropriate written statement to the Chairman for circulation to the Board.

## **2. TIME COMMITMENT**

- 2.1 You will be expected to devote such time as is necessary for the proper performance of your duties. The base time commitment of a non-executive director of the Company is

estimated to be as set out in Schedule 1. This includes attendance at Board meetings which take place approximately every two months, the AGM, one annual Board away day a year, meetings with the non-executive directors, meetings with shareholders, meetings forming part of the Board evaluation process and updating and training meetings. In addition, you will be required to consider all relevant papers before each meeting. Unless urgent and unavoidable circumstances prevent you from doing so, it is expected that you will attend the meetings outlined in this paragraph.

- 2.2 The nature of the role makes it impossible to be specific about the maximum time commitment. You may be required to devote additional time to the Company in respect of preparation time and ad hoc matters which may arise and particularly when the Company is undergoing a period of increased activity. At certain times it may be necessary to convene additional Board, committee or shareholder meetings.
- 2.3 The overall time commitment stated in paragraph 2.1 will increase if you become a committee member or chair, or if you are given additional responsibilities. This additional time commitment is set out in Schedule 1. Details of the expected increase in time commitment will be discussed with you prior to confirming the additional responsibility.
- 2.4 By accepting this appointment, you confirm that, taking into account all of your other commitments, you are able to allocate sufficient time to the Company to discharge your responsibilities effectively. You should obtain the agreement of the Chairman before accepting additional commitments that might affect the time you are able to devote to your role as a non-executive director of the Company.

### **3. ROLE AND DUTIES**

- 3.1 The Board as a whole is collectively responsible for the success of the Company. The Board's role is to:
- (a) provide entrepreneurial leadership to and oversight of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - (b) set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
  - (c) set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- 3.2 As a non-executive director you shall have the same general legal responsibilities to the Company as any other director. You are expected to perform your duties (whether statutory, fiduciary or common law) and meet your regulatory requirements faithfully, diligently and to a standard commensurate with the functions of your role and your knowledge, skills and experience.

- 3.3 You shall exercise your powers in respect of the role of the Board and in your role as a non-executive director having particular regard to relevant obligations under prevailing law and regulation, including, without limitation, the Companies Act 2006, the Financial Reporting Council's UK Corporate Governance Code (**UK Corporate Governance Code**) and associated guidance and the Company's guide to Corporate Governance and the AIM Rules for Companies (**AIM Rules**) and the NEX Exchange Growth Market – Rules for Issuers (**NEX Rules**).
- 3.4 You shall have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to promote the success of the Company under which all directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:
- (a) the likely consequences of any decision in the long term;
  - (b) the interests of the Company's employees;
  - (c) the need to foster the Company's business relationships with suppliers, customers and others;
  - (d) the impact of the Company's operations on the community and the environment;
  - (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
  - (f) the need to act fairly as between the members of the Company.
- 3.5 In your role as a non-executive director, you shall also be required to:
- (a) constructively challenge and help develop proposals on strategy;
  - (b) scrutinise the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
  - (c) satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
  - (d) be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;
  - (e) devote time to developing and refreshing your knowledge and skills;
  - (f) uphold high standards of integrity and probity and support the Chairman and executive directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond;
  - (g) insist on receiving high-quality information sufficiently in advance of Board meetings;
  - (h) take into account the views of shareholders and other stakeholders where appropriate;

- (i) make sufficient time available to discharge your responsibilities effectively;
- (j) exercise relevant powers under, and abide by, the Articles;
- (k) disclose the nature and extent of any direct or indirect interest you may have in any matter being considered at a Board or committee meeting and, except as permitted under the Articles you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest;
- (l) immediately report your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company of which you become aware to the Chairman;
- (m) exercise your powers as a director in accordance with the Company's policies and procedures and internal governance framework and the Bribery Act 2010; and
- (n) not do anything that would cause you to be disqualified from acting as a director.

3.6 Unless the Board specifically authorises you to do so, you shall not enter into any legal or other commitment or contract on behalf of the Company.

3.7 You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary to enable you to discharge your responsibilities as a non-executive director.

#### **4. FEES AND EXPENSES**

4.1 You shall be paid an annual fee of £[ ] gross (current at the date of this letter), which shall be paid in equal instalments monthly in arrears through PAYE after deduction of any taxes and other amounts that are required by law. This fee covers all duties, including service on any Board committee.

4.2 The Company shall reimburse you for all reasonable and properly documented expenses that you incur in performing the duties of your office.

4.3 On termination of your appointment, you shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred before that date.

#### **5. INDEPENDENT PROFESSIONAL ADVICE**

In some circumstances you may consider that you need professional advice in the furtherance of your duties as a director and it may be appropriate for you to seek advice from independent advisers at the Company's expense. Prior to obtaining such advice, please discuss and agree the reimbursement of the cost or expense of any such advice with the Chairman.

## **6. OUTSIDE INTERESTS**

- 6.1 You have already disclosed to the Board the significant commitments you have outside your role in the Company. You must inform the Chairman in advance of any changes to these commitments. In certain circumstances, you may have to seek the Board's agreement before accepting further commitments which either might give rise to a conflict of interest or a conflict with any of your duties to the Company, or which might impact on the time that you are able to devote to your role at the Company.
- 6.2 It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. If you become aware of any further potential or actual conflicts of interest, these should be disclosed to the Chairman and Company Secretary as soon as you become aware of them and again you may have to seek the agreement of the Board.
- 6.3 The Board has determined that you are independent according to the provisions of the UK Corporate Governance Code.

## **7. CONFIDENTIALITY**

- 7.1 You acknowledge that all information acquired during your appointment is confidential to the Company and should not be released, communicated or disclosed to third parties or used for any reason other than in the interests of the Company, either during your appointment or following termination (by whatever means), without prior clearance from the Chairman.
- 7.2 This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.
- 7.3 You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions.
- 7.4 Nothing in this paragraph 7 shall prevent you from disclosing information which you are entitled to disclose under the Public Interest Disclosure Act 1998, provided that the disclosure is made in accordance with the provisions of that Act.

## **8. INSIDE INFORMATION AND DEALING IN THE COMPANY'S SHARES**

- 8.1 Your attention is drawn to the requirements under both law and regulation as to the disclosure of inside information, in particular to section 52 of the Criminal Justice Act 1993 on insider dealing, section 118 of the Financial Services and Markets Act 2000 on market abuse, the Market Abuse Regulation (2014/596/EU), the AIM Rules and the NEX Rules. You should avoid making any statements that might risk a breach of these requirements. If in doubt, please contact the Chairman or Company Secretary.

- 8.2 During your period of appointment, you are required to comply with the provisions of AIM Rules, the NEX Rules and the Market Abuse Regulation (2014/596/EU) in relation to dealing in the Company's publicly traded or quoted securities, and any such other code as the Company may adopt from time to time which sets out the terms for dealings by directors in the Company's publicly traded or quoted securities. Please contact the Company Secretary for a copy of the Share Dealing Code and Share Dealing Request Form.

## **9. INDUCTION**

After the commencement of your appointment, the Company will provide a comprehensive induction package. In terms of personally tailoring your induction, we will arrange for you to meet relevant members of management and the Company's auditors, as appropriate. We will also afford you the opportunity of meeting major shareholders, again as appropriate.

## **10. TRAINING**

On an ongoing basis, and further to the annual evaluation process, the Company will arrange for you to develop and refresh your skills and knowledge in areas which are mutually identified as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should try to make yourself available for any relevant training sessions which may be organised for the Board.

## **11. REVIEW PROCESS**

The performance and fitness and propriety, of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chairman as soon as you can.

## **12. INSURANCE AND INDEMNITY**

The Company has directors' and officers' liability insurance and it intends to maintain such cover for the full term of your appointment. The indemnity limit is £20 million (current at the date of this letter). A copy of the policy document is available from the Company Secretary.

## **13. CHANGES TO PERSONAL DETAILS**

You shall advise the Company Secretary promptly of any change in your address or other personal contact details.

**14. RETURN OF PROPERTY**

On termination of your appointment with the Company however arising, or at any time at the Board's request, you shall immediately return to the Company all documents, records, papers or other property belonging to the Company or any company in the Company's group which may be in your possession or under your control, and which relate in any way to the Company's or a group company's business affairs and you shall not retain any copies thereof.

**15. DATA PROTECTION**

15.1 The Company will collect, hold and process information relating to you in accordance with its HR Privacy Notice which is enclosed with this letter. By signing this letter, you consent to the Company collecting, holding and processing information about you for legal, regulatory, personnel, administrative and management purposes and in particular to the processing of any 'special categories' of personal data' (as defined in the Data Protection Act 2018, incorporating the General Data Protection Regulation (EU) 2016/679) including, as and when appropriate:

- (a) information about your physical or mental health or condition in order to monitor any absence due to ill health and take decisions as to your fitness to perform your duties;
- (b) information about you that may be relevant to ensuring equality of opportunity and treatment in line with the Company's equal opportunities policy in compliance with equal opportunities legislation; and
- (c) information relating to any criminal proceedings in which you have been involved for insurance purposes and in order to comply with legal requirements and obligations to third parties.

15.2 You consent to the transfer of such personal information to other offices the Company may have, and to any of its group companies, or to other third parties, whether or not outside the European Economic Area, for administrative purposes and other purposes in connection with your appointment, where it is necessary or desirable for the Company to do so.

15.3 You will comply at all times with the Company's Personal Data Protection Policy, a copy of which will be provided to you.

**16. THIRD PARTY RIGHTS**

No one other than you and the Company shall have any rights to enforce the terms of this letter.



**17. ENTIRE AGREEMENT**

- 17.1 This letter and any document referred to in it constitutes the entire terms and conditions of your appointment and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and the Company, whether written or oral, relating to its subject matter.
- 17.2 You agree that you shall have no remedies in respect of any representation, assurance or warranty (whether made innocently or negligently) that is not set out in this letter and you shall not have any claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this letter.

**18. VARIATION**

No variation of this letter shall be effective unless it is in writing and signed by you and the Company (or respective authorised representatives).

**19. GOVERNING LAW AND JURISDICTION**

Your appointment with the Company and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales and you and the Company irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this appointment or its subject matter or formation (including non-contractual disputes or claims).

Please indicate your acceptance of these terms by signing and returning the attached copy of this letter to me.

Yours sincerely

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Sir Henry Angest

Chairman & CEO

For and on behalf of Arbutnot Banking Group PLC

I confirm and agree to the terms of my appointment as a non-executive director of Arbutnot Banking Group PLC as set out in this letter.

Signed on [ ] 201[ ] by [ ]

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### Schedule 1: Base Time Commitment

Basic NED time commitment	3 days per month
Membership of a Board Committee	1 day per month
Chairman of a Board Committee	2 days per month
Senior Independent Director	1 day per month (variable)
Chairman of the Board	4 days per month