

Nominations Committee – Terms of Reference

1. Constitution

The Board, to support it in achieving its objectives and responsibilities, has established a sub-committee to be known as the Nominations Committee. The Committee reports directly to the Board.

2. Membership

The Committee shall comprise at least three Non-Executive Directors and include the Chair and the Vice-Chair of the Board. The Director of Legal and Compliance and Secretary, or any other person nominated to act from time to time, shall act as Secretary to the Committee.

The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent Non-Executive Director. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chair role, nor should they hold office for more than nine years except in exceptional circumstances.

Following recommendations from the Chair, the Board is responsible for appointing additional or replacement members of the Committee.

Only members of the Committee have the right to attend Committee meetings. However, as and when required, other individuals and external advisers may be invited to attend, for all or part of any meeting.

3. Quorum

The quorum necessary for the transaction of business shall be two of its members. If one member of the Committee is unavailable, another independent Non-Executive Director may attend.

In the event of equal votes, the Chair of the Committee shall have a casting vote.

4. Frequency of Meetings

The Committee shall meet at least four times per year and at such other times as the Chair considers appropriate, including to consider prospective candidates to the Board.

5. Notice of Meetings

Unless otherwise agreed, notice of each meeting, confirming the venue, time, and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person invited to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Minutes of Meeting

The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

Draft minutes of all Committee meetings shall be sent promptly to the Chair of the Committee. Once approved, minutes should be included in the Board pack for the next meeting unless otherwise agreed. If the minutes are not finalised in time, a verbal update can be given by the Chair, with minutes to be provided to the next meeting.

7. Duties

(i) Board Composition and Effectiveness

The Committee is accountable to the Board for ensuring that the Board and its Committees consist of Directors with the appropriate balance of skills, experience, background and opinions, to fully discharge their duties in a highly effective manner.

The Committee shall:

- I Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees, to ensure that they comprise a sufficient number of Executive and Non-Executive Directors who meet the requirements as set out by the Senior Managers Regime and Section 2, Provision 11 of the Code.
- II Lead the process and make recommendations to the Board regarding the appointment, reappointment, resignation and removal of Directors to the Board or the Board of any subsidiary. Appointments will be made in accordance with best practice, legislation, relevant regulation, the Society's rules and should be considered in light of business objectives and Strategy.
- III Keep up-to-date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates.
- IV On appointment to the Board, ensure all Non-Executive Directors receive:
 - A formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside of Board Meetings; and
 - A tailored induction plan.
- V Agree the inclusion and diversity targets for the Board and agree an approach on how to achieve those targets. Periodically and, at least annually, review and approve the Board Inclusion and Diversity Statement.
- VI Make recommendations to the Board on the suitability of any Director or Director's delegate to represent the Society, on Trusts, Trade Associations or other organisations, which are connected with the Society's business or reputation.

- VII Review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning and oversee any actions arising as a result.
- VIII At least once every three years, commission an external review of Board effectiveness, review the outcome and, if appropriate, propose and oversee a plan for remediation of any shortcomings.
- IX Review annually the time required from Non-Executive Directors. Performance evaluations should be used to assess whether the Non-Executive Directors have sufficient time available to fulfil their duties.
- X Ensure there are proper mechanisms in place for the communication of changes in Board composition to colleagues, the media, trade bodies and industry commentators.
- XI Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace for the long term.
- XII Be responsible for identifying and nominating for the approval by the Board, candidates from diverse backgrounds to fill Board vacancies, as and when they arise.
- XIII Before any appointment is made by the Board, evaluate the balance of skills, experience, independence, knowledge, diversity, opinions on the Board and future challenges facing the Society and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and assess the time commitment requirements. In identifying suitable candidates, the Committee shall:
- Use open advertising or the services of external advisers who have signed up to the Voluntary Code of Conduct for gender diversity and best practice, to facilitate the search;
 - Consider candidates from a wide range of backgrounds; and
 - Consider candidates on merit against objective criteria and with due regard for promoting the benefits of diversity on the Board, including gender, social and ethnic backgrounds and cognitive and personal strengths, taking care that appointees have enough time available to devote to the position.

(ii) **Succession Planning**

The Committee is responsible for the consideration of the succession planning of the Board, Non-Executive Directors and Executive Directors, and making appropriate recommendations to the Board for approval.

In particular, it shall:

- I Consider the succession planning for the Board, its Committees, and Senior Leadership Team, to ensure that there is continuity of the collective capability and capacity of the Board to meet the requirements of the Society's Rules, the Building Society Act 1986 (as amended) and the rules and guidance issued by the Regulators. It will ensure periodically and, at least annually, that the Board and its Committees are of sufficient size, structure, composition, and performance, to meet the business objectives and Strategy of the Society

and to ensure that succession, including the development of a diverse pipeline, can be undertaken without disruption and report this to the Board.

- II Oversee the development of a diverse pipeline for succession, having regard to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- III Periodically and at least annually, assess the knowledge, skills and experience of individual members of the Board and make recommendations with regard to any changes.
- IV Periodically and, at least annually, review the policy of the Board for the selection and appointment of the Senior Leadership Team and make recommendations to the Board.
- V Formulate plans for succession for both Executive and Non-Executive Directors and, in particular, for the key roles of Board Chair and Chief Executive Officer.
- VI Consider suitable candidates for the role of Senior Independent Director.
- VII Consider the membership of all Board committees as appropriate, in consultation with the Chair of those committees.
- VIII Consider (i) the re-appointment of any Non-Executive Director at the conclusion of their specified term of office and (ii) the re-election by members of ALL Directors under the annual re-election provisions of the Code, having due regard to their performance and ability and why their contribution is important to the Society's long-term sustainable success in the light of the skills, experience and knowledge 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 whole.
- IX Consider 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 Society subject to the provisions of the law and their service contract.

(iii) Governance

The Committee is responsible for ensuring that the Board meets the Principles of the UK Corporate Governance Code (the Code) and regulatory sourcebooks relevant to the remit of the Committee e.g. Code of Conduct and SYSC and other appropriate requirements set out in various documents issued by the regulatory authorities. In particular, it shall:

- I Assist the Board to meet, wherever possible, the provisions and principles set out in the Code, Section 2 (Division of Responsibilities) and Section 3 (Composition, Succession and Evaluation), where applicable to the Society.
- II Periodically review any circumstances which may be likely to, or appear likely to, impair the 'independence' of a Director, including any conflicts of interest (past/current/future).
- III Prior to the appointment of a Director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised 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.

- IV Keep under review the number of external appointments and associated time commitment held by each Director and ensure that any additional external appointments are approved in advance by the Board before being accepted.
- V Ensure that candidates for Senior Manager Functions are approved by the Regulator before they commence SMF duties. There may be exceptions to this, where, due to unforeseen circumstances, non-approved colleagues are required to fill an SMF role temporarily or prior to approval. The Committee should agree this exception and appropriate regulatory dialogue should take place.
- VI In the event that a member nominated candidate is considered not to be fit or proper as a Director, ensure that this matter is brought to the immediate attention of the Society's Regulator(s) and to the Membership, prior to the election of the candidate.
- VII Should a membership candidate be elected by the membership, but the Committee consider the individual not to be fit and proper, it is the role of the Committee to bring this to the immediate attention of the Society's Regulator. Additionally, an immediate meeting of the Board of Directors should be convened to consider a request by the majority of Directors, under the Society's Rule 24, for the elected Director to cease to hold office.

NB: The Audit Committee is responsible for oversight of the Society's systems and controls, including the appropriateness of measures taken by the Committee in respect of the Corporate Governance structure of the Society.

- VIII In performing its duties, and to the extent possible, on an ongoing basis, ensure that the decision making of the Board is not dominated by one individual or group of individuals, in a manner that is detrimental to the interests of the Society as a whole.
- IX Periodically and at least annually:
 - Review and approve the Board Conflicts of Interest Standard;
 - Review and approve the Annual Corporate Governance and Nominations Committee Reports for the Annual Report and Accounts; Review and recommend to the Board, the Matters Reserved for the Board; and
 - Review the annual schedule of Board and Board Committee meetings to ensure sufficient meetings are tabled for the Board to discharge its duties fully and as outlined in the Schedule of Matters Reserved for the Board.

8. Authority

The Committee is authorised by the Board to:

- I Seek any information it requires from any colleague of the Society in order to perform its duties; and
- II Obtain, at the Society's expense, outside legal or other professional advice on any matter within its terms of reference.

The Committee makes recommendations to the Board. It does not have the authority to enter into any contract, whether actual or implied, for the appointment or removal of Directors.

The Committee may, from time to time, and acting in its absolute discretion, delegate any of the activities linked to its duties as set out within these Terms of Reference, but only to the holder(s) of a Senior Management Function under the Senior Managers and Certification Regime (as amended). Any delegated activities may at any time, be amended, revoked and/or otherwise modified by the Committee, acting in its absolute discretion.

9. Reporting Responsibilities

- I After each meeting, the Committee shall report to the Board regularly on its proceedings and on all matters within its duties and responsibilities.
- II The Committee shall make whatever recommendations to the Board it deems appropriate, on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary
- III The Committee shall produce a report of its activities to be included in the Society's Annual Report & Accounts and follow the criteria, as set out in the Code to the extent applicable.

10. Other Matters

The Committee shall:

- I Have access to sufficient resources in order to carry out its duties, including access to the Society's Secretariat or appropriate professional advisers, for assistance as required;
- II Be provided with appropriate and timely training, both in terms of an induction programme for new members and on an ongoing basis for all members; and
- III Arrange for a periodic review of its own performance and, at least annually, review its terms of reference and schedule of key matters, to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

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Addendum to the Nominations Committee Terms of Reference

PRA/FCA Prescribed Responsibilities and FCA Business Activities

PRA/FCA Prescribed Responsibilities	How evidenced
Prescribed Responsibility f) a) Leading the development of; and b) Monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the firms governing body.	Annual review of NED and SLT competency matrix and succession planning; Annual Board Diversity Report; and Annual report summarising the training and development of Board members.
FCA Business Activities	How evidenced
Not applicable.	Not applicable.