

**Nominations and
Governance Committee**



Nominations and Governance Committee (NomCo)

Terms of Reference

**Connecting our communities
with a better financial future**



Nominations and Governance Committee (NomCo) - Terms of Reference

The Terms of Reference detailed below set out the scope and objectives of the Nominations and Governance Committee (NomCo).



Purpose

The Board has established a Committee of the Board to be known as the Nominations and Governance Committee (“NomCo”).

NomCo reports to the Board and its overarching purpose is to:

- (a) assist the Chair in keeping the composition and succession of the Board, its committees and the Group’s subsidiary company Boards under review;
- (b) lead in the appointments process for nominations to the Group Board and its Senior Management appointments;
- (c) review the Board’s governance arrangements and make recommendations to the Board to ensure governance arrangements are consistent with best practice; and
- (d) oversee the implementation of the Society’s Diversity and Inclusion policy, its objectives and linkage to Group Strategy and Purpose.



Authority

NomCo is authorised by the Board to:

- Investigate any activity within these terms of reference
- Seek any information that it requires from any employee in order to perform its duties, and all employees are directed to co-operate with any request made by the committee; and
- Obtain external legal or other independent professional advice where it deems this necessary on any matter within its terms of reference.

The Committee may sub-delegate appropriate powers and authority as it sees fit, including the establishment of sub-committees to analyse particular issues themes and to report back to the Committee.



Membership and attendance at meetings

Members of NomCo shall be appointed by the Board. NomCo shall comprise at least three non-executive directors.

Membership of NomCo will be reviewed annually by the Board.

The Chair of the Board serves as Chair of NomCo.

The Chair of the Board shall not chair the Committee when discussing matters on the Chair of the Board’s succession. In such cases, the other members of the Committee will elect a chair of the meeting.

A quorum shall be a majority of members. In the absence of the Chair, the other members of the Committee will elect a Chair for the meeting from among their number.

The members of the Committee shall be deemed to meet together if they are in separate

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locations, but are linked by video or telephone conference or other communication equipment.

Other regular attendees at meetings of NomCo will include the CEO and the Human Resources Director. The Company Secretary or their nominated representative shall be secretary of NomCo.

Other non-executive directors may attend meetings by invitation of NomCo.



Frequency of meetings

Meetings shall be held not less than two times a year.



Responsibilities

NomCo's key functions are to:

1. Board Composition and Succession Planning

- Keep under regular review the structure, size, diversity and composition (including the skills, knowledge and experience) of the Board, its committees and subsidiary company Boards and make recommendations to the Group Board with regard to any change with appropriate emphasis on succession planning;
- Keep under review the leadership needs of the Society, both Executive and Non-Executive with a view to ensuring the continued ability of the Society to compete effectively within the market place;
- Give full consideration to succession planning for members of the Board, its committees and the Groups subsidiary companies. The Committee shall take into account the challenges and opportunities facing the Society, and what skills and expertise are needed in the future for both executive and non-executive Directors and, in particular, for key roles such as Chair of the Society and the Chief Executive Officer;
- To ensure effective processes are in place for succession planning and recruitment for key Executive roles.
- To conduct a full review of executive talent and succession at least once a year, identifying development needs and succession considerations.

2. New Appointments

- Conduct an evaluation, prior to any new appointments being made to the board, of the balance of skills, knowledge, experience and diversity of the Board and its future needs.
- To approve the recruitment process and supporting information e.g. role/person specifications for any Board vacancies including time commitment required;
- In identifying suitable candidates NomCo will:
 - Use open advertising and/or the services of external advisors to facilitate the search
 - Consider candidates from a wide range of backgrounds
 - Consider candidates on merit against objective criteria but paying regard to other interests so as to avoid conflicts and to ensure that appointees are able to devote sufficient time to the role
- Identify and nominate for approval to the Board, candidates to fill Board vacancies as and when they arise;

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- To review membership of each of the Board Committees and, in consultation with the Chairs of the relevant Committees as appropriate, make recommendations to the Board as to any changes required to ensure that the Committees possess the necessary capabilities, experience, knowledge and behaviours and a commitment to delivering good customer outcomes for customers;
- To assess at least annually the appointment process and induction programme for members of the Board and any person performing designated senior management functions;

3. Serving Directors

- To assess at least annually the performance and development of Non-Executive Directors members of the Board;
- To assess at least annually the independence of each of the non-executive directors to ensure that they continue to meet the independence requirements of the UK Corporate Governance Code and to make recommendations to the Board concerning the independence of non-executive Directors;
- Evaluate any conflicts of interest notified by the directors, recommending to the Board whether any such conflict of interest should be permitted or whether other safeguarding measures should be adopted;
- When deemed appropriate by the Committee, to recommend to the Board the reappointment of any non-executive at the conclusion of their specified term of office, having regard for their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- To recommend to the Board for re-election by members, any director under the annual re-election provisions recommended by the UK Corporate Governance Code;
- To consider any matters relating to the continuation in office of any director at any time including the suspension or termination of service of any executive director as an employee of the Society subject to the provisions of the law and their service agreement;
- To approve, in principle, any loan to any Director or connected person of a director;

4. Board Effectiveness

- In consultation with the Chair, to determine the process for the annual Board Effectiveness Review including:
 - a. to set the criteria for the evaluation of the performance and effectiveness review of the Board, its committees and each non-executive Director;
 - b. to consider having regular externally facilitated board evaluation, ensuring that external facilitators are engaged at least every three years for an independent evaluation of the effectiveness of the Board;
 - c. to agree and oversee progress against action plans to address the outcomes of the effectiveness review; and
 - d. to ensure that the conclusions and recommendations arising from these reviews are reported to the Board.

5. The Society's Governance Arrangements

- To keep the governance arrangements under review and make recommendations to the Board to ensure that the Societies arrangements are consistent with best practice corporate governance standards and the Society's mutual status. In doing this NomCo will have regard to the UK Corporate Governance Code, any relevant standards applicable to mutual societies and any guidance issued from the Building Society Association from time to time;
- To monitor the policies and practices in relation to Board governance to ensure that the Board and its Committees operate effectively and efficiently and to make

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recommendations to the Board on board governance issues, including the establishment of new policies and practices or amendments to existing arrangements;

- To review and recommend to the Board for approval, the Directors' Report on Corporate Governance for inclusion in the Annual Report & Accounts. This Report on Corporate Governance shall include but not limited to:
 - a. The process used in relation to appointments, its approach to succession planning and how both support developing 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 or will influence board composition;
 - c. The policy on diversity and inclusion, its objectives and linkage to the Society's strategy and Purpose, how it has been implemented and progress on achieving the objectives; and
 - d. The gender balance of those in senior management and their direct reports.

- To receive and review, on an annual basis, an assessment of the continued fitness and propriety of Senior Management Function (SMF) holders (including notified non-executive Directors);
- To review periodically the Society's Board composition and succession arrangements and plans, including an annual review of the appointment of the role of Senior Independent Director and Consumer Duty Champion;
- To oversee the implementation of the Society's Diversity and Inclusion policy, its objective and linkage in Group Strategy and to receive reports, at least annually, on the progress.

NomCo will review and update these Terms of Reference to reflect best practice at least annually, requesting Board approval for all proposed changes. The Committee will evaluate, on an annual basis its own effectiveness and make recommendations to the Board.

NomCo's work will be supported by the maintenance of a rolling agenda covering regular activities undertaken by the Committee in the fulfilment of its responsibilities.

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Senior Manager Regime Prescribed Responsibilities & Key Functions

NomCo will assist the Senior Manager Function (SMF) role holders detailed below in fulfilling the following Prescribed Responsibilities:

Chair of the Nomination Committee (SMF13)

The Chair of the Committee holds responsibility for:

- overseeing the development of and monitoring the effective implementation of the policies and procedures for the induction, training and professional development of all members of the firms' governing body
- the firms' performance of its obligations under Fitness and Propriety in respect of its notified NEDs

The Chief Executive (SMF1)

The Chief Executive holds responsibility for:

- monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing designated senior management functions on behalf of the firm other than members of the governing body



Reporting

The Chair of NomCo shall update the Board on the Committee's business, at its monthly meetings.

The Chair of NomCo shall, at their discretion elevate any matter in the remit of the Committee to the Board where they feel it appropriate to do so.