

NOMINATIONS & GOVERNANCE COMMITTEE **TERMS OF REFERENCE**

1. Authority

The Board has established a Committee known as the Nominations & Governance Committee ('**Committee**') to assist it in fulfilling its responsibilities in relation to corporate governance and appointment processes for the Board. The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference and is authorised by the Board to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference.

2. Purpose

The role of the Committee is to:

- review the composition of the Board and lead the process on proposed appointments to the Board and senior management, The Committee shall make recommendations to the Board on this topic ensuring that both appointments and succession plans are based on merit and objective criteria and, within this context, promote diversity of gender, social and ethnic background, cognitive and personal strengths.
- keep the Board's governance arrangements under review and make appropriate recommendations to the Board to ensure that its arrangements are consistent with the relevant corporate governance standards and best practice;
- oversee the Board's compliance with the Senior Managers' Regime.

3. Meetings and membership

Chair	The Committee will be chaired by the Chair of the Board. The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession of the chair of the Board.
Membership	The Committee shall consist of four Non-Executive Directors including the Chair, Deputy Chair, the Senior Independent Director (if the roles are separate) and one other Non-Executive Director (or two if the roles of the Deputy Chair and Senior Independent Director are the same). The Committee may operate with a vacancy. Members of the Committee shall be appointed by the Board, on the recommendation of the Committee.
Attendance	The Chief Executive will attend meetings of the Committee except when Chief Executive succession planning is being discussed. The Chief People Officer will attend meetings of the Committee. Any other employee of the Society may be asked to attend meetings as required.
Frequency	The Committee shall meet twice a year at a minimum and otherwise as required. The Chair of the Committee may convene meetings of the Committee at any time to consider any matters falling within these terms of reference.
Quorum	Meetings of the Committee will be quorate if there are at least three Committee members present. If the Chair of the Committee is absent the remaining members present will elect one of their number to chair the meeting. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
Secretary	The Society Secretary, or their nominee, shall act as the secretary of the Committee.
Preparation	Agendas shall be provided to the Chair of the Committee for approval in advance of the meeting. The Secretary shall collate and circulate the papers to members and attendees at least six calendar days prior to the meeting.
Minutes	Formal minutes of the meetings of the Committee will be taken and circulated to members and other regular attendees for the relevant meeting. A summary of each meeting will be made available to the Board of Directors in the month following the meeting. The Committee Chair will be available at the Society's AGM to answer questions from members falling within the Committee's remit.

4. Duties of the Committee

The Committee shall have the following responsibilities:

4.1. Board effectiveness

- 4.1.1. Regularly review the structure, size, composition and ways of working (including the skills, knowledge, experience and diversity) of the Board and recommend changes to the Board, as appropriate, with a view to ensuring the continued ability of the Society to be successful.
- 4.1.2. Determine the methodology to review the effectiveness of the Board and its Committees on an annual basis.
- 4.1.3. Review the results of Board effectiveness assessments and determine what actions should be taken to further enhance the effectiveness of the Board and its Committees.
- 4.1.4. Oversee progress against action plans addressing the results of the Board and Board Committee effectiveness review.
- 4.1.5. Determine arrangements for externally facilitated board effectiveness reviews, where required under the UK Corporate Governance Code.
- 4.1.6. Determine the Board training programme on an annual basis.

4.2. Succession planning & Board appointments

- 4.2.1. Determine succession plans for Directors and Executives and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the board in the future.
- 4.2.2. Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. In identifying suitable candidates the Committee shall:
 - 4.2.2.1. use open advertising or the services of external advisers to facilitate the search;
 - 4.2.2.2. consider candidates from a wide range of backgrounds; and
 - 4.2.2.3. consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
- 4.2.3. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise and appointing directors who will have a strong commitment to the Society's culture and values.
- 4.2.4. Ensure that on appointment to the Board, Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of scope of responsibilities (including those under the Senior Managers' Regime), time commitment, committee service and involvement in Society activities outside Board meetings.
- 4.2.5. Ensure that prior to appointment to the Board, the prospective Director undertakes that:
 - 4.2.5.1. they will have sufficient time to fulfil their duties;
 - 4.2.5.2. they will disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
 - 4.2.5.3. they disclose any significant new appointments outside of the Society to the Board for approval prior to their acceptance; and
 - 4.2.5.4. any additional future commitments should not be undertaken without prior approval by the Board.
- 4.2.6. Make recommendations to the Board concerning suitable candidates for the role of Senior Independent Director, General Counsel and Society Secretary.
- 4.2.7. Review the composition of the Board Committees on an annual basis and make recommendations to the Board, in consultation with the chairs of those Committees.
- 4.2.8. Review the scope and completion of induction programmes for new Directors.
- 4.2.9. Ensure appropriate provisions are in place to prevent members and attendees of the Committee from discussing their own appointment.

4.3. Equality, Diversity & Inclusion

- 4.3.1. Oversee the Society's Diversity and Inclusion (D&I) commitment statement, its link to the Society's strategy and progress on implementation.
- 4.3.2. Review reports on the gender balance of the Executive and their direct reports.
- 4.3.3. Decide on a target for the underrepresented gender on the Board and a policy as to how to reach that target.

4.4. Senior Manager Regime Compliance

- 4.4.1. Prior to the appointment of a Director, receive assurance that the proposed appointee (i) is compliant with the requirements detailed in the Society's Fit and Proper Policy and has accepted in writing their obligation to comply with the terms of this policy and (ii) has provided the Society with satisfactory proof of any qualifications.
- 4.4.2. If required, prior to the appointment of a Director undertaking a role covered by the Senior Managers' Regime, receive assurance that the proposed appointee (i) has accepted in writing the Statement of Responsibility relevant to their role and (ii) has been approved by the PRA/FCA to undertake the role of Director of the Society.
- 4.4.3. Ensure Directors of the Society achieve and maintain a suitable standard for compliance purposes as a Senior Manager as detailed in the Society's Fit and Proper Policy. This include ensuring compliance with all applicable policies, procedures and guidance, and completion of mandatory training in appropriate timescales and maintaining an appropriate level of competence at any point in time, as required by the relevant role, the Society's Fit and Proper Policy and status as a Senior Manager.
- 4.4.4. Review the Society's Responsibilities Map as required under the Senior Managers' Regime at least annually and review any change to any Statement of Responsibility for any member of the Society's Board.
- 4.4.5. Review and approve any arrangements to appoint any other person or persons to act jointly with an existing member of the Board (in the event that an individual is not performing their duties for a prolonged period such as extended sickness absence).
- 4.4.6. Determine and recommend to the Board any matters relating to the continuation in office of any Director at any time including in relation to the continued compliance with the FCA/PRA conduct rules issued under sections 64A and 64B of the Financial Services and Markets Act 2000 and the Society's Fit and Proper Policy, 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.

4.5. Director oversight

- 4.5.1. Review the independence of Directors annually to ensure that they continue to meet the independence requirements of the UK Corporate Governance Code, prior to review by the Board.
- 4.5.2. Determine, subject to ratification by the Board, any conflicts of interests relating to a Director, that conflicts or possibly may conflict with the interests of the Society, including those where Society Rule 24(1)(h) applies.
- 4.5.3. Assess whether the appointment of any Director to another office should be approved.
- 4.5.4. Determine whether Directors should be recommended to the Board for election/re-election by members under the Society's Rules, having due regard to their ability to meet the requirements detailed in the Fit and Proper Policy concerning fitness and propriety, their performance and ability to continue to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board.
- 4.5.5. Review annually the time required from Non-Executive Directors to effectively discharge their role.

4.6. Key documentation

- 4.6.1. Review annually (i) the Board Training Policy, (ii) the Access to Independent Advice Policy, (iii) the Handover Arrangements Policy, (iv) the Fit and Proper Policy, (v) the Board Governance Manual, (vi) the Succession Policy, (vii) the Breach Arrangements Policy, (viii) the Attestations Policy, (ix) the Conflicts of Interest Policy (x) the Regulatory References Policy (xi) the Human Rights Policy, (xii) the Director Equity Policy and (xiii) the Political Donations and Responsible Lobbying Policy.
- 4.6.2. Review and recommend to the Board the matters reserved to the Board.

4.7. Reporting and disclosures

- 4.7.1. The Committee shall compile a report detailing how it discharged its responsibilities for inclusion in the Society's Annual Report & Accounts, including:
 - 4.7.1.1. a description of the significant issues dealt with by the Committee and other matters required to be disclosed under the Corporate Code;
 - 4.7.1.2. the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;
 - 4.7.1.3. 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 influenced or will influence board composition, if relevant;
 - 4.7.1.4. the policy on diversity and inclusion, its objectives and linkage to Society strategy, how it has been implemented and progress on achieving the objectives, and
 - 4.7.1.5. the gender balance of those in the senior management team and their direct reports.
- 4.7.2. If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the Society or individual director.

4.8. Performance review

- 4.8.1. Arrange annual assessments of Committee effectiveness and report the output of this activity to the Board.
- 4.8.2. Review periodically these Terms of Reference and recommend any changes to the Board for approval.

4.9. Corporate governance

- 4.9.1. Keep the Board's governance arrangements under review and make appropriate recommendations to the Board to ensure that its arrangements are consistent with applicable laws and regulations, including the PRA and FCA's Principles and Rules, the UK Listing Authority's Listing Rules and Disclosure Guidance and Transparency Rules, the Building Societies Act 1986 and relevant corporate governance standards and best practice.
- 4.9.2. Review periodically developments in corporate governance and ensure the Society responds as required.
- 4.9.3. Review AGM resolutions and recommend to the Board for approval.
- 4.9.4. To review and recommend to the Board for approval, the Directors' Report on Corporate Governance for inclusion in the Annual Report & Accounts.
- 4.9.5. Review whether changes are required to Society's Rules and recommend any changes to the Board for approval.

These terms of reference were approved by the Committee at its meeting on 13 December 2023 and by the Board at its meeting on 24 January 2024.