

**NOMINATIONS & GOVERNANCE COMMITTEE**  
**TERMS OF REFERENCE**

**1. Membership**

- 1.1. The Committee shall consist of the Chairman, Deputy Chairman (or SID if the roles are separate) and two other Non-Executive Directors.
- 1.2. The Chief Executive shall have the right to attend Committee meetings except when Chief Executive succession planning is being discussed. Other individuals, such as the Human Resources Director and external advisers, may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Society.

**2. Secretary**

The Secretary and General Counsel, or their nominee shall act as the secretary of the Committee.

**3. Quorum**

The quorum necessary for the transaction of business shall be three Committee members.

**4. Frequency of meetings**

The Committee shall meet at least twice a year and otherwise as required.

**5. Minutes of meetings**

- 5.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee and circulated to all other members of the Board, unless it would be inappropriate to do so.

**6. Annual General Meeting**

The Committee Chairman should attend the Annual General Meeting to answer any member questions on the Committee's activities.

**7. Duties**

The Committee shall

- 7.1 regularly review the structure, size, composition and ways of working (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes with a view to ensuring the continued ability of the Society to compete effectively in the marketplace;
- 7.2 give full consideration to succession planning for Directors and other senior management at executive grade in the course of its work, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the Board in the future;
- 7.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 7.4 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. In identifying suitable candidates the Committee shall:
  - 7.4.1 use open advertising or the services of external advisers to facilitate the search;
  - 7.4.2 consider candidates from a wide range of backgrounds; and

- 7.4.3 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.
- 7.5 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 (ii) provided the Society with satisfactory proof of any qualifications;
- 7.6 if required, prior to the appointment of a Director, 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;
- 7.7 If required, prior to a Non-Executive Director becoming covered by the Senior Managers' Regime ensure such individual (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;
- 7.8 ensure that on appointment to the Board, Non-Executive 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;
- 7.9 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;
- 7.10 review (i) the Board Training Policy (ii) the Board training programme at least annually and (ii) the scope of induction programmes for new directors as required;
- 7.11 review and decide whether to recommend (i) the Board Fit and Proper Policy (ii) Access to Independent Advice Policy prior to consideration by the Board;
- 7.12 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 prior to recommendation to the Board;
- 7.13 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);
- 7.14 determine the handover arrangements for any member of the Board and receive any handover material created as part of such handover arrangements;
- 7.15 review the directors' independence annually prior to review by the Board;
- 7.16 determine conflicts of interests relating to a Director including those where Rule 24 (1) (h) applies, as set out in the Conflicts of Interest Policy detailed in the Board Governance Manual;
- 7.17 review the performance criteria and the results of the Board performance evaluation process that relate to the composition of the Board;
- 7.18 review annually the time required from Non-Executive Directors. Performance evaluation provided by the Chairman should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties;
- 7.19 decide on a target for female representation on the Board and a policy as to how to reach that target;
- 7.20 review the Board Governance manual at least annually; and
- 7.21 make recommendations to the Board concerning:
- 7.20.1 formulating plans for succession for both Executive and Non-Executive Directors and in particular for the roles of Chairman and Chief Executive;
- 7.20.2 suitable candidates for the role of Senior Independent Director and Secretary;

- 7.20.3 membership of the Audit, Remuneration and Risk Committees, and any other Board Committees as appropriate, in consultation with the chairman of those Committees;
- 7.20.4 the re-election by members of Directors under the Society's Rules relating to the retirement by rotation, having due regard to 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 (particularly in relation to Directors being re-elected for a term beyond six years);
- 7.20.5 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;
- 7.20.6 the appointment of any Director to Executive or other office;
- 7.20.7 the methodology used to review the effectiveness of the Board and its Committee in alternate years beginning in 2015; and
- 7.20.8 the matters reserved to the Board following a review of the same to take place at least annually.

## **8. Reporting responsibilities**

- 8.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall review a report, produced on its behalf by the Secretary, to be included in the Society's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

## **9. Other matters**

The Committee shall

- 9.1 have access to sufficient resources in order to carry out its duties;
- 9.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;; and
- 9.3 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **10. Authority**

- 10.1 The Committee 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.
- 10.2 These terms of reference were approved by the Committee at its meeting on 8 December 2015 and by the Board at its meeting on 18 December 2015.