

Terms of Reference – Nomination and Governance Committee (NGC)

1.	Authority and Purpose	<ul style="list-style-type: none"> • The Board has established a Committee known as the Nomination & Governance Committee (NGC) to assist it in fulfilling its responsibilities in relation to board and senior appointments, succession planning and corporate governance. • The purpose of the NGC is to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. • The additional purpose is to oversee the continuing effectiveness of the Society’s governance framework. 	
2.	Chair	<ul style="list-style-type: none"> • The Chair of the NGC will be the Chair of the Board. • If the Chair is absent, the Senior Independent Director (SID) will chair and, if the Chair and the SID are absent, a NED will be nominated by agreement between the members and will chair the meeting. • The Chair of the Board shall not chair the NGC when it is dealing with the matter of succession to the role of Chair of the Society. • The SID shall not chair the NGC when it is dealing with the matter of succession to the role of SID. 	
3.	Members	<ul style="list-style-type: none"> • Members of the NGC shall be appointed by the Board following consideration and recommendation by the NGC. • The NGC will comprise at least three further NEDs in addition to the Chair and shall include the SID. • Chief Executive (CEO) (except when CEO succession planning is being discussed). • Each member is appointed annually at the Board meeting following election/re-election at the Annual General Meeting. 	
4.	Standing Attendees	<ul style="list-style-type: none"> • Head of People & Culture (except when Head of People & Culture is being discussed). • Head of Legal & Secretary (except when Head of Legal & Secretary is being discussed). 	
5.	Additional Invitees	<ul style="list-style-type: none"> • NEDs may attend any Meeting without invitation (and where possible will give notice of their intention to do so to facilitate them receiving the Committee papers in advance) • The Head of Internal Audit may attend any Meeting without invitation (and where possible will give notice of their intention to do so to facilitate them receiving the Committee papers in advance). • All invitees will absent themselves whilst their own roles are being discussed. • Specialists may be requested to attend for specific items to 	

Terms of Reference – Nomination and Governance Committee (NGC)

		<p>provide advice and support or make presentations.</p> <ul style="list-style-type: none"> Other individuals may also be invited to attend meetings (or parts of meetings) by the Committee Chair. 	
6.	Quorum	<ul style="list-style-type: none"> For a meeting to be quorate, a minimum of 3 members must be present. 	
7.	Meeting Frequency	<ul style="list-style-type: none"> The NGC will meet as a minimum four times per year. The Chair of the NGC may convene additional meetings of the Committee as required. 	
8.	Secretary & Secretarial Functions	<ul style="list-style-type: none"> The Society’s Secretary (or their nominee) will be the Secretary of the NGC. 	
9.	The Committee receives its Authority from	<ul style="list-style-type: none"> The NGC is a committee of the Board without executive powers. It is authorised by the Board to investigate any activity within its terms of reference and seek any information that it requires from any employee of the Society or its subsidiaries. All employees are directed to cooperate with any request made by the NGC. 	
10.	Scope of this Committee’s Oversight & Responsibility	<p><u>Nominations</u></p> <p>Structure, size and composition</p> <ul style="list-style-type: none"> To regularly review, at least annually, the structure, size and composition (including skills, knowledge, diversity and experience) required of the Board’s and the Committees’ members to compete effectively in line with board risk appetites, and in support of the Society’s Corporate Plan, culture, Purpose and Values, strategy, business model and regulatory requirements, and make recommendations to the Board with regard to any changes. <p>Succession planning</p> <ul style="list-style-type: none"> Annually to give full consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Society, and what skills, knowledge, diversity and experience are therefore needed on the Board in the future. <p>Board nomination</p> <ul style="list-style-type: none"> To be responsible for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise. In identifying suitable candidates the Committee shall use open advertising or the services of external advisers, consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria. To be responsible for establishing that appointees have sufficient time to devote to a board position with the Society. To evaluate, before an appointment is made by the Board, the balance of skills, knowledge, diversity and experience on the 	

Terms of Reference – Nomination and Governance Committee (NGC)

		<p>Board and, in the light of this evaluation, prepare a job description and the capabilities required for the appointment (and where appropriate within the requirements of the Senior Managers and Certification Regime).</p> <ul style="list-style-type: none"> • Annually to consider the status of each NED with respect to their independence as defined in the UK Corporate Governance Code and to make recommendations to the Board. • Annually to consider the election and re-election of any director at the conclusion of their specified term of office, taking into account the director’s term of office and performance evaluations undertaken by the Chair and SID, and to make recommendations to the Board. <p>Diversity</p> <ul style="list-style-type: none"> • Appointments are made on merit and against objective criteria, whilst still giving consideration to diversity in respect of gender and other measures. • A key consideration for the NGC is the diversity of the Society’s workforce, especially at a senior executive and non-executive level. The Society recognises the benefits a diverse workforce can bring and is committed to a culture that attracts and retains talented people to deliver outstanding performance. <p>Formal appointment</p> <ul style="list-style-type: none"> • To ensure that, on appointment to the Board, NEDs receive a formal letter of appointment. <p>Committee memberships</p> <ul style="list-style-type: none"> • Recommend to the Board, membership of the Board’s Committees following consultation with the Chairs of those Committees. <p>Continuation of office</p> <ul style="list-style-type: none"> • 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, CRO or the Head of Internal Audit as an employee of the Society subject to the provisions of the law and their service contract. <p><u>Governance</u></p> <ul style="list-style-type: none"> • Keep under review the structure, size, composition and ways of working (including the skills, knowledge, diversity and experience) of the Board and its Committees (and its Executive Committees) and recommend changes to the Board and Committees, as appropriate, with a view to ensuring the continued ability of the Society to compete effectively in line with its risk appetites, and in support of its Corporate Plan, culture, Purpose and Values, strategy, business model and regulatory requirements. • Review annually: (i) the Board Training Policy; (ii) the Board 	
--	--	--	--

Terms of Reference – Nomination and Governance Committee (NGC)

		<p>training programme; (iii) the scope of induction for new Directors as required; (iv) Access to Independent Advice Policy; and (v) the Handover Policy.</p> <ul style="list-style-type: none"> • Consider annual reviews of terms of reference and effectiveness from the Board, the Board Committees, the Executive Committee, and other Management Committees, and recommend changes to the Board, as appropriate. • Review the Society’s Responsibilities Map as required under the Senior Managers’ and Certification Regime (SMCR) at least annually (and when there are any material changes) and review any proposed change to any Statement of Responsibility for any of the Society’s Senior Manager Function holders prior to recommendation to the Board. Also review any proposed change to any Certificate for any Certification Staff prior to recommendation to the Board. • Review the Board Governance & Procedures Manual at least annually, to assess its support for the effectiveness of the Board and Committee operating rhythm, their reporting approaches, and their decision-making effectiveness, and make recommendations to the Board with regard to any changes. • Approve any regulatory reference provided by the Society (or its regulated subsidiaries) under the SMCR. 	
11.	Reporting and Escalation	<ul style="list-style-type: none"> • The NGC reports directly to the Board. • The NGC may report to the Board by way of a written report or by verbal report following each meeting. The report will be delivered by the Chair of the NGC, assisted by the Head of People & Culture (on Nominations) and by the Head of Legal and Secretary (on Governance). A written report will append the committee minutes. A verbal report will be supplemented by the NGC minutes . • The Chair of the NGC may provide a verbal update report for any events subsequent to the BRC meeting. • The annual report should describe the work of the NGC including: <ul style="list-style-type: none"> ○ the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; ○ how the 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; ○ the policy on diversity and inclusion, its objectives and linkage to strategy, how it has been implemented and progress achieving the objectives; and 	

Terms of Reference – Nomination and Governance Committee (NGC)

		<ul style="list-style-type: none"> ○ the gender balance of those in the senior management and their direct reports. 	
12.	Authority Delegated by this Committee		
13.	Administration	<ul style="list-style-type: none"> • Meetings of the NGC shall be scheduled annually in advance. • Meetings will take place at least 10 working days before the Board meeting that it is to report to. • An agenda of items to be discussed and supporting papers shall be forwarded to each member of the NGC, no later than five working days before the date of the meeting. 	
14.	Head of People and Culture (Nominations) and Head of Legal & Secretary (Governance) Private Meeting with Members	<ul style="list-style-type: none"> • The members will meet with the Head of People and Culture (on Nomination), and separately with the Head of Legal and Secretary (on Governance), in the absence of Executive Directors, at every NGC meeting. 	
15.	Member Training	<ul style="list-style-type: none"> • Members shall 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. 	
16.	Effectiveness Review	<ul style="list-style-type: none"> • At least annually, the NGC will carry out a review of its own performance and its Terms of Reference to ensure it is operating effectively and recommend any changes to the Board for consideration and approval. 	
17.	Minutes	<ul style="list-style-type: none"> • Minutes of NGC meetings will be submitted For Noting to the Board following each meeting where relevant. 	
18.	ToR Last Approved on	<ul style="list-style-type: none"> • 18 December 2018 	