

Yorkshire Building Society

Board Governance and Nominations Terms of Reference

Role	The Board Governance and Nominations Committee (the Committee) is a Committee of the Board of Yorkshire Building Society, from which it derives its authority. Its role is to oversee Board governance, including the composition, succession and appointment processes for the Board.
Membership	The Committee will comprise at least three Non-Executive Directors and include the Chair of the Board and the Vice Chair. A majority of members will be independent Non-Executive Directors. If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another Non-Executive Director to serve as an alternate member. Appointments to the Committee are made by the Board on the recommendation of the Committee based on the criteria for membership and will be reviewed annually.
Chair	The Board will appoint the Committee Chair who will be the Chair of the Board. In the absence of the Chair the Vice Chair will chair the meeting or otherwise the remaining members present shall elect one of their number to chair the meeting. The Chair of the Board shall not normally chair the Committee when it is dealing with the succession to the role of the Chair of the Society.
Secretary	The Secretary of the Committee will be agreed between the Chair of the Committee and the Group Secretary .
Attendees	Only members of the Committee have the right to attend Committee meetings, however, other individuals, such as the Chief Executive Officer, the Chief People Officer and the Group Secretary may be invited to attend for all or part of the meeting, as and when appropriate.
Frequency	The Committee will normally meet four times a year at appropriate times and otherwise as required. Meetings of the Committee will be called by the Secretary of the Committee at the request of any of its members.
Quorum	The quorum necessary for the transaction of business shall be: <ul style="list-style-type: none"> • Two members if the number of members who constitute the Committee is three. • Three Members if the number of members who constitute the Committee is four or more. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all of or any of the authorities, powers and discretions vested in or exercisable by the Committee. In the event of equal votes the Chair of the Committee shall have a casting vote.
Written Resolutions	Written Resolutions must be undertaken in accordance with the requirements set out in the Society's Rules with written consent required from all Committee members for approval.
Mandate	The Committee is authorised to: <ol style="list-style-type: none"> 1. Seek any information it requires from any employee of the Group in order to perform its duties. 2. Obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference. 3. Call any employee to attend a meeting of the Committee as and when required. 4. Have the right to publish in the Society's Annual Report details of any issues that cannot be resolved between the Committee and the Board. The Committee may delegate any or all of its powers and authority as it sees fit, including to a sub-committee, in relation to specific issues and subject to reporting back to the Committee. The Committee is required to exercise independent judgement when evaluating the advice of external third parties and when receiving views from Executive Directors, Chief Officers and other senior managers.
Responsibilities	The Committee will carry out the duties below for the Society, and the Group as a whole, as appropriate. The Committee will support the Board, where appropriate and required, in fulfilling the Board's duty to i. be accountable to members of the Society, and ii. ensure the short and long-term interests of members are balanced. <ol style="list-style-type: none"> 1. Duties. The Committee shall: <p>Composition and Succession</p> <ol style="list-style-type: none"> 1.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes, taking into account any agreed succession plans and the Board's Diversity Statement. 1.2 Ensure that effective succession plans are maintained for Executive and Non-Executive Directors, together with oversight of the plans for Chief Officer and Senior Leadership Team, and oversee the development of diverse pipelines for executive roles, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the Board in the future.

1.3 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 and, where a vacancy is identified, if appropriate make a recommendation to the Board.

1.4 Take into account the results of the Board effectiveness review that relate to the composition of the Board and succession planning.

Recruitment and Appointments

1.5 Before any new appointment is made to 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.

1.6 Identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise, ensuring a formal, rigorous and transparent procedure, including:

- (a) conduct initial meeting(s) with a candidate with follow-up meetings by other directors as recommended.
- (b) at its discretion and where it considers it appropriate (taking into account the expertise required of those conducting the initial meetings with candidates) appoint a Selection Panel made up of at least three Non-Executive Directors (at least one of whom must be a member of the Committee). The Committee may delegate to the Selection Panel any of the duties of the Committee in respect of that vacancy and on such terms as to its operation, including the reporting requirements, as determined by the Committee.

1.7 In identifying suitable candidates:

- (a) where appropriate use open advertising or the services of external advisers (who as a minimum have signed up to the Standard Voluntary Code of Conduct for Executive Search Firms) to facilitate the search;
- (b) consider candidates from a wide range of diverse backgrounds;
- (c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board in the broadest sense, including but not limited to demographics, skills, experience, race, age, gender, disability, educational, professional background, cognitive diversity and other relevant personal attributes;
- (d) ensure candidates have enough time available to commit to the role and will not exceed the maximum number of directorships as set out in the FCA Handbook (SYSC 4.3A Management body and nomination committee);
- (e) consider candidates by reference to any 'fit and proper' test and competency and capability criteria as published from time to time by the Society's Regulator(s).

1.8 Ensure that prior to the appointment of a director, the proposed appointee is required to:

- (a) 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, in accordance with the Conflicts of Interest Policy.
- (b) disclose any significant commitments with an indication of the time involved.

1.9 Ensure that on appointment to the Board Executive and Non-Executive Directors receive a tailored induction plan, the completion of which will be monitored by the Committee.

Recruitment and Appointment of Chair of the Board

1.10 Except where a separate committee is established to manage the process, the recruitment and appointment of the Chair of the Board will be undertaken taking into account the requirements set out in Paragraphs 1.5 to 1.9 above.

1.11 The search will be led by the Senior Independent Director and neither the Chair of the Board or any director seeking appointment as Chair will be eligible to participate in the process.

1.12 For the appointment of Chair, confirm that the Chair is independent on appointment in accordance with the UK Corporate Governance Code.

Other

1.13 In considering diversity on the Board the Committee shall:

- (a) be responsible for putting in place a statement promoting diversity on the Board;
- (b) where appropriate, agree targets for underrepresented groups on the Board; and
- (c) monitor progress against the diversity statement and report on this in the Annual Report and Accounts.

1.14 Review and approve the training and development plan for the Board on at least an annual basis.

1.15 Monitor any changes in the interests of Directors and Chief Officers, including any conflicts arising in accordance with the Conflicts of Interest Policy.

1.16 Monitor developments in relation to corporate governance issues and, where appropriate, review the potential impact on the Society and make recommendations to the Board on any changes to be implemented.

1.17 Review and maintain ongoing oversight of specific issues relating to the Group's arrangements for its employees and contractors to raise concerns in confidence, including whistleblowing, where delegated by the Board.

1.18 Agree the process to be undertaken for the annual Board, Committee and individual effectiveness reviews, including:

(a) whether an internal review will be completed or ~~undertaking~~ an external effectiveness review in accordance with the provisions of the UK Corporate Governance Code.

(b) appointment of facilitators as required for an external effectiveness review.

(c) overseeing progress against an effectiveness review action plan addressing the results of the Board and Committee effectiveness reviews.

1.19 Manage the appointment process for, and recommend to the Board where appropriate, any key Board roles which do not relate to the Statutory Directors.

1.20 Approve the appointment or removal of Directors on the Board of the Pension Scheme Corporate Trustee company.

1.21 Provide oversight of the effectiveness of the Executive Governance structure and its alignment with Board level governance.

1.22 Provide oversight of the effectiveness of Subsidiary Governance and approve the appointment of directors to any regulated subsidiary boards (except those not taking on new business).

1.23 Review and recommend to the Audit Committee any relevant governance sections and commentary within the Group's annual Environment Social and Governance (ESG) Report.

Senior Managers Regime and Conduct Rules

1.24 Consider and (if considered appropriate) approve recommendations made by the Society's 'Our Trust Code' panel pursuant to the 'Our Trust Code' investigation panel process in respect of:

(a) a potential failure of the fitness and propriety review by a Senior Manager (under the Senior Managers and Certification Regime (SMCR)) or Notified Non-Executive Director; and/or

(b) an alleged breach of a Conduct Rule by a Senior Manager or Notified Non-Executive Director.

1.25 Determine, or where appropriate make recommendations to the Board on the next steps, including consideration of the outcome for the individual in question (which may include but would not be limited to performance management, disciplinary action, dismissal, summary dismissal or termination of appointment), reporting to the regulators and any wider communication, and identification of those individuals tasked to undertake any actions considered to be necessary or desirable.

2. Recommendations to the Board

The Committee shall consider and make recommendations to the Board for approval in relation to the following matters:

2.1 The annual review of the Board's Statement of Diversity, including any Board level diversity targets.

2.2 The Conflicts of Interest Policy for Directors and Chief Officers including the process for identifying and managing conflicts.

2.3 Proposed membership of the Board Committees, in consultation with the chair of those committees where appropriate.

2.4 Nominated delegate for any Non-Executive Director who is the holder of a Senior Management Function (SMF) in accordance with the SMCR.

2.5 Appointments to any Non-Executive Director role, including the designated Non-Executive Director for Workforce Engagement and role responsibilities.

2.6 Re-appointment of any Non-Executive Director at the conclusion of their term of office and prior to re-election by members having considered the performance and ability of each Non-Executive Directors to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board.

2.7 The ongoing independence of the current independent Non-Executive Directors, including a clear explanation where any circumstances have been considered that may have, but the Committee has concluded do not, effect ongoing independence.

2.8 Any matters relating to the continuation in office of any Executive or Non-Executive 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 (with the exception of those matters delegated to the Remuneration Committee in accordance with its Terms of Reference);

2.9 The appointment of any Director to executive or other office.

2.10 Recommend to the Board and Audit Committee - Corporate Governance Report and BGNC Report for inclusion in the Annual Report and Accounts.

2.11 The appointment of any adviser to the Board.

3. Reporting Responsibilities

The Committee shall:

3.1 Report formally to the Board through the Committee Chair on its proceedings after each meeting on all matters within its duties and responsibilities.

3.2 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

3.3 Report to the Board on how it has discharged its responsibilities which will be included in the Committee's Report in the Annual Report and Accounts.

4. Senior Managers Regime Prescribed Responsibilities

4.1 The Committee shall assist the Senior Management Function (SMF) role holder in relation to the escalation of their Prescribed Responsibilities to the Committee in relation to:

	<ul style="list-style-type: none"> ▪ Prescribed Responsibility f - SMF Holder: Chair of the Board Responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firms governing body. ▪ Prescribed Responsibility u - SMF Holder: Chair of the Board Responsibility for the firm's performance of its obligations under Fitness and Propriety in respect of its Notified Non-Executive Directors. <p>5. Other Matters</p> <p>5.1 The Committee shall give due consideration to laws and regulations, the provisions in the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate. This will include having regard to the various matters set out in Section 172 of the Companies Act 2006 in promoting the success of the Society where relevant.</p> <p>5.2 The Committee shall annually arrange for reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.</p> <p>5.3 The Committee Chair will attend the Annual General Meeting to answer member questions on the Committees activities.</p> <p>5.4 The Committee shall make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.</p> <p>5.5 The Committee shall ensure that all new members receive an induction tailored to their requirements on joining the Committee.</p>
Sub Committees	None
Date of Approval	10 December 2024 (effective 1 January 2025)