

## **TERMS OF REFERENCE FOR THE CHAIRMAN'S AND NOMINATIONS COMMITTEE**

### **1. CONSTITUTION**

- 1.1 The Chairman's and Nominations Committee (Committee) was constituted as a committee of the Board of Directors (Board) of Suffolk Building Society (Society).
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

### **2. ROLE**

The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee has involvement in overseeing that appropriate succession plans are in place for the Executive Team. The Committee assists the Board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of members; and in doing so, the Committee shall work and liaise with other Board committees, as appropriate.

### **3. DUTIES AND TERMS OF REFERENCE**

The Committee shall carry out the following duties for the Society.

#### **3.1 Composition of the Board**

The Committee shall:

- (a) regularly review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board and make recommendations to the Board with regard to any changes that are deemed necessary
- (b) 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 in the marketplace
- (c) keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates

#### **3.2 Succession planning**

The Committee shall:

- (a) give full consideration to succession planning for Directors and other Senior Managers in the course of its work, taking into account the challenges and opportunities facing the Society, and the skills, experience, independence, knowledge and diversity needed on the Board in the future
- (b) satisfy itself that plans are in place for orderly succession for appointments to the Board and Senior Management.

#### **3.3 Appointments to the Board**

The Committee shall:

- (a) be responsible for identifying and nominating for the Board's approval, candidates from a wide range of backgrounds to fill Board vacancies as and when they arise
- (b) consider proposals for the re-appointment or promotion of Directors and also any proposal for their dismissal, retirement, non re-appointment or any substantial change in their duties or responsibilities or the term of their appointment
- (c) before the Board makes any appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - (i) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search
  - (ii) 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
- (d) for the appointment of a chairman, prepare a job specification, including the time commitment expected, and require a proposed chairman to disclose other significant commitments to the Board before appointment and disclose any changes to the chairman's commitments to the Board as they arise
- (e) 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 time commitment, committee service and involvement outside board meetings and the induction process
- (f) review the Directors' re-appointment at the conclusion of any specified term of office as appropriate under the Society Rules in respect of retirement by rotation having given due regard to their performance and ability to contribute to the Board in the light of the knowledge, skills and experience required; and
- (g) keep under review the number of external directorships held by each Director.

#### 3.4 Induction and training

The Committee shall:

- (a) ensure that all new Directors undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Society and the markets in which it operates as well as their duties and responsibilities as a Director; and
- (b) consider any training requirements for the Board as a whole.

#### 3.5 Conflicts of interest

The Committee shall:

- (a) before appointment of a Director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest
- (b) consider and, if appropriate, authorise situational conflicts of interest of Directors and potential Directors

- (c) keep under review potential conflicts of interests of Directors disclosed to the Society and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary

### 3.6 Board evaluation

The Committee shall:

- (a) assist the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its Committees, including consideration of balance of skills, experience, independence and knowledge of the Society, its diversity, how the board works together as a unit, and other factors relevant to the board's effectiveness
- (b) review the results of the Board performance evaluation process that relate to the composition of the Board
- (c) ensure that evaluation of the Board is externally facilitated at least every three years
- (d) review the results of the performance evaluation of the Committee; and
- (e) review annually the time required from Non-Executive Directors, including the Chairman and Senior Independent Director. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.

### 3.7 CEO's Appraisal

The Committee conducts the CEO's annual appraisal and sets objectives for the CEO which are aligned with the Society's corporate plan.

### 3.8 Service contracts

The Committee shall approve the terms of the service contracts, the duration of which shall not exceed one year's notice period, for Executive Directors and any material amendments to those contracts.

## 4. BOARD RECOMMENDATIONS

The Committee shall also make the following recommendations to the Board, as appropriate.

### 4.1 Nominations and succession planning

The Committee shall make recommendations to the Board on:

- (a) the appointment of any Director (other than to the positions of Chairman, the recommendation for which is to be considered at a meeting of the full Board)
- (b) suitable Non-Executive Directors for the role of Senior Independent Director
- (c) membership of the Audit, Board Risk and Compliance and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairman of those committees; and
- (d) formulating succession plans for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive.

### 4.2 Re-appointment of Directors

The Committee shall make recommendations to the Board on:

- (a) the re-appointment of any Non-Executive Director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required; and
- (b) re-election by members of Directors in accordance with the Society's Rules having regard to their performance and commitment to the role (particularly in relation to Non-Executive Directors being re-elected for a time beyond nine years).

#### 4.3 Continuation of office

The Committee shall make recommendations to the board on 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 as an employee of the Company, subject to the provisions of the law and their service contract.

### 5. MEMBERSHIP

5.1 The Committee shall comprise three Non Executive Directors and the Chief Executive.

5.2 Appointments to the Committee are made by the Board on the recommendation of the Committee, in consultation with the Committee chairman.

5.3 The Chairman of the Society shall be the Chairman of the Committee.

5.4 The Committee Chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

5.5 The Society Secretary or their nominee shall act as the secretary of the Committee and will provide all necessary support to the Committee including the recording of Committee minutes.

### 6. QUORUM

The quorum necessary for the transaction of business at a Committee meeting shall be three members, one of whom shall be the chairman, present in person or by audio or video conference. In the event of difficulty in relation to achievement of a quorum, non-executive directors who are not members of the Committee may be co-opted as members for individual meetings.

### 7. ATTENDANCE AT MEETINGS

7.1 The Committee shall meet at least once a year to consider whether or not directors should be put forward for re-appointment at the next Annual General Meeting and otherwise as required.

7.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as other Non-Executive Directors, human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

7.3 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.4 Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.

## 8. NOTICE OF MEETINGS

- 8.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee chairman
- 8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than three working days before the date of the meeting.

## 9. VOTING ARRANGEMENTS

- 9.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 9.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 9.3 Except where he has a personal interest, the Committee chairman shall have a casting vote.
- 9.4 The Committee chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## 10. MINUTES OF MEETINGS

- 10.1 The Society Secretary (or their nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 10.2 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## 11. ANNUAL GENERAL MEETING

The Committee chairman should attend the Society's annual general meeting to answer any member questions on the Committee's activities.

## 12. REPORTING RESPONSIBILITIES

The Committee shall

- 12.1 Report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall be available on request.
- 12.2 Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3 The Committee shall make available its terms of reference to any member on the Company's website.

### 13. GENERAL MATTERS

The Committee shall:

- 13.1 Have access to sufficient resources to carry out its duties, including access to the Society Secretary for assistance as required.
- 13.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 13.3 Work and liaise as necessary with all other Board Committees.
- 13.4 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.

### 14. AUTHORITY

The Board authorises the Committee to:

- 14.1 Carry out the duties set out in these terms of reference, to have unrestricted access to the Society's documents and information and to obtain, at the Society's expense, with prior approval from the Board, appropriate professional advice on any matter within its terms of reference, as it considers necessary.
- 14.2 Seek any information it requires from any employee or Director of the Society to perform its duties.