

Nominations Committee Terms of Reference – (October 2023)



| 1. MEMBERSHIP | |
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| 1.1 | The Nominations Committee is a sub-committee of Furness Building Society’s Board of Directors. |
| 1.2 | <p>The Committee shall comprise at least four Directors. A majority of the Committee shall be independent Non-Executive Directors. Members of the Committee shall be appointed by the Board. The following shall be members of the Committee:</p> <p>Chair of the Board Chair of Remuneration Committee Chief Executive Non-Executive Director (as elected)</p> <p>If a regular member is unable to attend, the Chair of the Committee may appoint an alternative Non-Executive Director to attend during the period of absence.</p> |
| 1.3 | <p>Only members of the Committee have the right to attend Committee meetings.</p> <p>Other Directors, members of the Executive or Management team and/or representatives from the internal or external Auditors may also be invited to attend as and when appropriate and necessary.</p> |
| 1.4 | The membership of the Committee is reviewed annually by the Society’s Board of Directors. |
| 1.5 | <p>The Chair of the Board shall be appointed as the Committee Chair. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.</p> <p>The Chair of the Board shall not normally chair the meeting for any agenda item where there is a potential conflict of interest.</p> <p>The Chair appointment is subject to Prudential Regulation Authority approval for SMF13.</p> |
| 2. SECRETARY | |
| 2.1 | The Company Secretary shall act as the Secretary of the Committee or appoint a deputy with agreement of the Chair. |
| 3. QUORUM | |
| 3.1 | The quorum necessary for the transaction of business shall be 3 members, of which one must be the Society’s Chair or Deputy. A duly convened meeting of the |

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| | 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. In the event of equal votes, the Chair has the casting vote. |
| 4. FREQUENCY OF MEETINGS | |
| 4.1 | The Committee shall meet as often as it shall find necessary but shall hold a minimum of 4 meetings each calendar year. |
| 5. NOTICE OF MEETINGS | |
| 5.1 | Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members, the Society Board, or at the request of the Society's Auditors if they consider it necessary. |
| 5.2 | A notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall be forwarded to each member of the Committee and any other person required to attend, generally no later than five working days before the date of the meeting. |
| 6. MINUTES OF MEETINGS | |
| 6.1 | The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance and any conflicts of interest divulged at the meeting. |
| 6.2 | Draft minutes of Committee meetings shall be circulated to all members of the Committee and to all other members of the Board unless it would be inappropriate to do so. Private minutes may be recorded in some circumstances for limited distribution. |
| 6.3 | Final signed copies of the minutes of the meetings of the Committee shall be maintained for the Society's records. |
| 7. ANNUAL GENERAL MEETING | |
| 7.1 | The Committee Chair should attend the Annual General Meeting to answer members' questions on the Committee's activities however, all Committee members are expected to attend the Annual General Meeting as per the Board of Director's Terms of Reference. |
| 8. COMMUNICATION WITH MEMBERS | |
| These Terms of Reference shall be made available to the Society's members. A separate section in the Annual Report & Accounts will describe the work of the Committee in discharging its responsibilities. | |
| 9. DUTIES | |
| The Committee shall carry out the duties below for the Society, subsidiary undertakings and Group as a whole, as appropriate and work and liaise as necessary with all other Board Committees: | |

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| 9.1 | To periodically and at least annually consider the structure, size and composition of the Board (including the skills, knowledge, experience and diversity) and make recommendations for changes to the Board as appropriate in accordance with SYSC 4.3A.9 (5). |
| | To periodically and at least annually consider Board, Executive and Senior Management succession planning taking into account the challenges and opportunities facing the Society and the skills and experience required on the Board for the future business needs and make recommendations to the Board in accordance with SYSC 4.3A.9 (6) & (7). |
| | To review the leadership needs of the organisation to ensure the continued success and sustainability of the Society and make recommendations to the Board SYSC 4.3A.9 (8). |
| | <p>To oversee the recruitment and selection process of Board appointments (including SMF functions, Chief Risk Officer as well as the Company Secretary) and be responsible for identifying suitable candidates (ensuring the evaluation of current/required skills, knowledge, experience and diversity has been undertaken) and make recommendations for preferred candidates to the Board in accordance with SYSC 4.3A.3(2), (3) & 4.3A.9 (2).</p> <p>Moreover, the Committee will make offers to the preferred candidates subject to Board approval.</p> |
| | <p>In identifying suitable candidates for vacancies covered by paragraph 9.4, the Committee shall:</p> <ul style="list-style-type: none"> • Consider using the services of a recruitment specialist; • Prepare a role description including an assessment of time commitment (SYSC 4.3A.9 (3)); • Consider candidates on merit, against objective criteria and in accordance with diversity, equity and inclusion and equal opportunities policies and guidance (SYSC 4.3A.9 (1)); • Be satisfied that candidates meet 'fit and proper' test and competency and capability criteria SYSC 4.3A.3 (1); • Ensure candidates do not have any conflict of interest SYSC 4.3A.3 (5) & 4.3A.5. |
| | To make recommendations to the Board on the appointment and removal of Non-Executive and Executive Directors or other Senior Managers with SMF responsibilities including the Chief Risk Officer as well as the Company Secretary. |
| | To oversee the performance appraisal of each Executive and Non-Executive Director in accordance with SYSC 4.3A.3A. |

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| | To review and evaluate the results of the annual Directors' performance evaluation process. |
| | To provide oversight for the allocation of SMF functions and prescribed responsibilities as documented in the Management Responsibilities Map and the Statements of Responsibility. |
| | To make recommendations to the Board regarding membership of the Board Committees, in consultation with the Chairs of those Committees and make recommendations to the Board regarding the proposed Committees Chairship. |
| | To approve the election and re-election of Directors, subject to the rotation and re-election provisions of the Code and the AGM voting. |
| | To ensure the members of the Board do not hold more Directorships than is appropriate taking into account individual circumstances and the Society's requirements (in accordance with SYSC 4.3A.5 & 4.3A.7. |
| | To provide oversight of compliance with relevant Regulatory requirements and guidance and the provisions of the UK Corporate Governance Code. |
| | To report significant issues in relation to governance, policy, recruitment, regulatory matters or performance to the Board. |
| | Approve the Society's Diversity, Equity and Inclusion policy (which shall include a target for under-represented gender in the Management body if appropriate) in accordance with SYSC 4.3A.9 (1) & (4). |
| | Oversight of internal and external Board and Committee evaluations. |
| 10. REPORTING RESPONSIBILITIES | |
| The Committee shall: | |
| 10.1 | Report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities (excluding sensitive or confidential information). |
| 10.2 | Make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. |
| 10.3 | Produce an annual report to the Board on its activities to be included in the Society's Annual Report & Accounts in accordance with SYSC 4.3A.1. |
| 10.4 | Ensure appropriate availability of Terms of Reference of the Committee to members and staff. |
| 10.5 | To ensure the Nominations Committee report for inclusion in the Annual Report & Accounts (available on the Society's website) complies with the provisions of the UK Code & reports compliance with SYSC 4.3A.11. |

11. AUTHORITY

The Committee is authorised to:

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| 11.1 | Seek any information it requires from any employee of the Group in order to perform its duties. |
| 11.2 | Obtain, at the Society's expense, external legal or other professional advice on any matter within its terms of reference. |
| 11.3 | Call any employee to a meeting of the Committee as and when required. |

12. OTHER MATTERS

The Committee shall:

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| 12.1 | Have access to sufficient resources in order to carry out its duties, including access to the Chief Risk Officer, Company Secretary and Head of HR for assistance as required and/or the commission of external expert advice. The Society will meet the reasonable cost of any external advice the Committee deems necessary. |
| 12.2 | 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 Committee members (in accordance with SYSC 4.3A.4). |
| 12.3 | Give due consideration to laws and regulations, the provisions of the Code and any other applicable rules, as appropriate. |
| 12.4 | Oversee any investigation of activities which are within its terms of reference. |
| 12.5 | Arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ascertain whether it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval (in accordance with SYSC 4.3A.9 (8)). |

APPENDIX 1 – KEY RISK DOCUMENTS AND GOVERNANCE

Policies for Approval

N/A

Policies for Review and Recommendation to the Board

Diversity, Equity and Inclusion Policy