

NOMINATIONS COMMITTEE

TERMS OF REFERENCE

1. Purpose

The Nominations Committee (the “Committee”) is a sub-committee of the Board of Chorley & District Building Society (the “Society”).

The purpose of the Committee is to assist the Board in discharging its oversight responsibilities in relation to the ongoing review, monitoring and assessment of:

- Board Composition & Succession Planning
- Board Review, Evaluation & Effectiveness
- Cultural Insight and People Strategy inc. Diversity & Inclusion
- Board Training & Development inc. Onboarding
- Committee Membership & Director Commitment

2. Membership

The Committee shall comprise at least three (3) Members, all of whom shall be independent Non-Executive Directors (NEDs) and include the Senior Independent Director.

The Board shall appoint the Chair of Board as the Chair of the Nominations Committee, holding SMF 13 responsibilities. In the absence of the Chair, the remaining Members present shall elect one of themselves to Chair the meeting.

Members of the Committee shall be appointed by the Board, on the recommendation of the Chair of the Nominations Committee.

Only Members of the Committee have the right to attend meetings. However, the Chief Executive, Customer Services Director, and Head of HR, Training, Facilities & H&S, will be invited to attend meetings on a regular basis.

Other individuals may be invited to attend all or part of any meeting as and when appropriate.

The Chair of Board should not chair or attend part of any meeting when their own role’s succession and nomination is under discussion.

The membership of the Committee is reviewed annually by the Society’s Board.

3. Secretary

The Company Secretary, or their nominee, shall act as the Secretary of the Committee and will ensure that Members receive information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum
The quorum necessary for the transaction of business shall be two (2) Members.
5. Frequency of Meetings
The Committee shall meet twice a year. It may meet in addition to scheduled meetings, as and when required.
6. Notice of Meetings
Meetings shall be called by the Secretary at the request of the Chair, its Members, or internal or external auditors if necessary. Notice of each meeting confirming the venue, date, and time along with an agenda of items to be discussed, shall be forwarded to each Member and any other person required to attend, no later than five working days before the date of the meeting, along with supporting papers. In the event that an urgent or interim meeting is required, notice of each meeting, along with supporting papers may be given at less than five working days before the date of the proposed meeting.
7. Minutes of Meetings
The Secretary or their nominee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance. Draft minutes of meetings shall be circulated to all Members and once approved, shared with the Board, unless it would be inappropriate to do so.
8. Engagement with Stakeholders
The Chair should attend the Annual General Meeting to answer any stakeholder questions on the Committee's activities. The Chair should also seek engagement with external stakeholders on significant matters related to the Committee's areas of responsibility.
9. Duties and Responsibilities of the Nominations Committee
9.1 Board Composition & Succession Planning
The Committee shall: <ul style="list-style-type: none"> 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. Periodically and at least annually consider Executive and Senior Management succession planning and talent management, considering the long-term strategic view of the challenges and opportunities facing the Society and the skills and experience required and make recommendations to the Board.

- Examine the director’s knowledge, skills, experience performance and the director’s contributions to the board at the conclusion of a director’s specified term of office.
- Make recommendations to the Board on the nominations (appointment and removal) of Non-Executive and Executive Directors, all Senior Management Functions, and all other roles within the Remuneration Code.
- Be responsible for Board recruitment (excluding the Chair of Board, as this is the SID’s responsibility). When identifying suitable candidates;
 - Consider using the services of a recruitment specialist.
 - Prepare a role description.
 - Define the capabilities required for a particular appointment.
 - Agree the process to be undertaken to identify, sift and interview suitable candidates.
 - Consider candidates on merit, against objective criteria and in accordance with the Society’s Diversity, Equity & Inclusion Policy and regulatory guidance.
 - Build a proper assessment of values and expected behaviours into the recruitment process.
 - Be satisfied that candidates demonstrate fitness and propriety and meet the competency and capability criteria.
 - Ensure candidates do not have any conflicts of interest.

9.2 Board Review, Evaluation & Effectiveness

The Committee shall:

- Review and evaluate the outcomes of the Board Annual performance reviews and evaluations including;
 - On-going fitness and propriety in role assessed annually.
 - Training and development progressed.
 - Objectives achieved and set.
 - Succession planning aspirations.
- Support the Chair of Board in managing any Non-Executive performance, conduct or capability issues, or managing the contract for service.
- Identify the Executive responsible for each strategic objective and subsequent operational objective of the Society at the start of each performance year, with the Executives defining the measures of success and delivery date, providing timely key updates.

The Chair of the Nominations Committee (who is also Chair of Board) shall;

- Set the Chief Executive’s objectives, enabling the CEO to set his reporting Executives’ objectives.
- Commission regular internally and externally facilitated board performance and effectiveness reviews.
- The externally facilitated board performance and effectiveness review is at least every three years. The external reviewer must be identified in the annual report and a statement made about any other connection it has with the Society or individual directors.
- Act on the results of all board performance reviews by recognising strengths and addressing weaknesses of the Board. Each Director will engage with the process and take appropriate action when development needs have been identified.

9.3 Cultural Insight and People Strategy inc. Diversity & Inclusion

The Committee shall:

- Approve the Society’s People Strategy and Diversity, Equity & Inclusion Strategy & policy.
- Work with HR to take an active role in setting and meeting diversity and inclusion strategies and objectives for the Society’s Board and the Society as a whole.
- Consider how it supports a diverse pipeline in its succession planning, gender balance and gender pay gap of those on the Board and their direct reports.
- Monitor the impact of diversity and inclusion initiatives.
- Review and approve recommendations from the Executive committee with regards to significant organisational structure amendments, senior management structure and remuneration code role profiles, to ensure the Society has appropriate senior management resources to achieve its business objectives.
- As required, request for review people-related cultural insights and metrics such as:
 - Diversity & Inclusion data
 - Employee surveys and direct engagement.
 - Board interaction with senior management and the wider staff population.
 - Health and safety incidents and near misses.
 - Absenteeism rates.
 - Retention rates and leavers service and exit interviews.
 - Learning and development information.
 - Recruitment, reward and promotion decisions.
 - Use of non-disclosure agreements.
 - Whistleblowing, grievance and ‘speak-up’ arrangements and findings.

9.4 Board Training & Development inc. Onboarding

The Committee shall:

- Be responsible for ensuring all newly appointed directors receive a full, formal and tailored induction on joining the board. This is shared responsibility with the Chair and company secretary.
- Ensure the induction includes the following, but not limited to:
 - The Society's business model, purpose, culture & values.
 - The Society's strategy, risk management and internal controls framework, and principal risks of the Society.
 - Directors' rights, duties and responsibilities.
 - Senior Management Regime & Individual and Senior Manager Conduct Rules.
 - The role of the Society's committees.
- Seek assurance that the terms and conditions of appointment of all non-executive directors are completed, signed and available for inspection if required. Letters of appointment should set out the expected time commitment.
- Whilst the Chair of Board is ultimately responsible for organising suitable training for all appointees of the board, this committee will review ongoing training and development of their board members to ensure they are adequately trained.

9.5 Committee Membership & Director Commitment

The Committee shall:

- 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 Committee Chairs.
- Approve the election and re-election of Directors, subject to the rotation and re-election provisions of the Society's Memorandum and Rules and AGM voting.
- Ensure Members of the Board do not hold Directorships in number or scale that compromise their effectiveness, considering the Society's requirements of their role.

9.6 Other Areas Reported to Board

The Committee shall:

- Report significant issues in relation to committee governance, people strategy, board recruitment, remuneration code nominations, and strengthening accountability regime to the Board.

10. Reporting Procedures

The Committee shall:

- Report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- Ensure the Terms of Reference are made available to employees and Society Members. In the event audit services have not been provided, the Committee will explain in the annual report and accounts how objectivity and independence had been safeguarded.

11. Other Matters

The Committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the Chief Risk Officer, Head of Compliance and Company Secretary for assistance as required.
- 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 existing Members.
- Act within the PRA rulebook and FCA handbook.
- Oversee any investigation of activities which are within its Terms of Reference.
- Arrange for periodic reviews of its own performance.
- Review its Terms of Reference at least annually to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

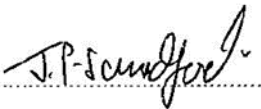
12. Authority and Delegated Responsibilities from the Board

The Committee is authorised to:

- At least annually, review and/or approve the Society's policies/processes for the
 - KSI 6 – People, Cultural and Organisational development Strategy
 - Board Succession plan inc. Exec
 - SMT Succession Plan
 - Diversity, Equity & Inclusion Policy
 - Nomination Committee Terms of Reference
 - Senior Independent Director / Vice Chair Role Description & Individual Statement of Responsibility
- Request the attendance of any employee at a meeting of the committee and/or seek any information it requires from any employee of the Society in order to perform its duties.

- Delegate any matter or matters to another committee or person(s) as it deems appropriate.
- Obtain, at the Society's expense, independent legal or other professional advice on any matter within its terms of reference, if it believes it necessary to do so.

Signed:



Chair: John Sandford

Review History

Date of Issue	Author	Purpose	Date of Approval	Version: CDBS – NRC TOR	Date of Next Review
29 Nov 2023	Board Governance Officer	Review and update in line with governance restructure.	29 Nov 2023	1.4	27 Nov 2024
4 th Mar 2024	Head of HR, Training, Facilities & H&S	Developed ToR into a singular Nominations Committee & added requirements from the Corporate Governance Code (FRC)	27 March 2024	1.5	March 2025