

## Governance Committee

References within the Terms of Reference to “the Committee” means the Governance Committee and “Board” means the Main Board.

### 1 Membership and Attendance

- (1) The Committee is appointed annually by the Board and consists of at least five Directors. The Board has determined that the Company Secretary should be a member of the Committee.
- (2) The Committee shall appoint its own Chairman. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair.
- (3) Except as provided in (4) below, no person may serve on the Committee for more than nine years, unless otherwise approved by the Committee and the Board.
- (4) The maximum term of membership of the Committee shall not apply to the Company Secretary nor the CEO, so long as they hold that office. If an individual ceases to be Company Secretary/CEO but remains eligible to be appointed a member of the Committee, the maximum term shall apply, having regard to the total number of years they have been a member, in any capacity.
- (5) The Committee can include co-opted members subject to Board resolution. Voting rights of co-opted members shall be agreed by the Committee.

### 2 Secretary

The Company Secretary or his or her designee shall act as the Secretary of the Committee, and provide input and advice to the Committee on corporate governance and regulatory matters.

### 3 Quorum

The meeting will be deemed quorate providing at least a majority of members are present (in person or via electronic means). A duly convened meeting of the 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.

### 4 Meetings

- (1) The Committee shall meet at least four times a year.
- (2) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman or any two members.
- (3) 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 and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## 5 Reports of Meetings and reporting responsibilities

- (1) The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those in attendance.
- (2) Members of the Committee shall declare the existence of any actual and/or potential conflicts of interest prior to discussions on the subject matter and the Secretary of the Committee will record the conflict of interest in the minutes. If the conflict of interest is material, the Committee member may be asked to leave the meeting for that particular subject matter. For any conflicts of interest other than material ones the Committee member may remain in the meeting for that particular subject matter and take part in the discussions and decision.
- (3) Reports of the Committee meetings shall be circulated promptly to all members of the Committee and all Directors. They will also be sent to those individuals who are responsible for agreed actions contained in the report.
- (4) The Committee shall make a statement in the Directors Report in the Annual Reports and Financial Statements about its activities.
- (5) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## 6 Annual Movable Conference (AMC)

A member of the Committee shall attend the AMC to report on and respond to any questions from Deputies on the Committee's report and activities.

## 7 Duties

The Committee shall:

- (1) review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board / Sub-boards and Committee compared to its current position and make recommendations to the Board with regard to any changes;
- (2) give full consideration to succession planning for Executive Directors, Non-Executive Directors and other Senior Managers, taking into account the challenges and opportunities facing the Society, and what skills and expertise are therefore needed on the Board in the future;
- (3) ensure liaison with the Remuneration Committee so that adequate contingency and succession planning arrangements exist for the Executive Directors and Non-Executive Directors;
- (4) review any governance related changes to the Board, Sub Boards and Sub Committee terms of reference to ensure they remain appropriate and fit for purpose, and recommend any changes it considers necessary to the Board for approval;
- (5) undertake an annual review and assessment of all the Society's holders of <sup>1</sup>PRA/FCA Regulated Roles or Certification Regime to confirm their on-going fitness & propriety;
- (6) keep under review the effectiveness of the Society's internal controls and risk management systems in relation to corporate governance;
- (7) act as the Society's Nominations Committee with regard to the appointment of Member NEDs and External NEDs;
- (8) keep under review all legislative, regulatory and corporate governance developments that might affect the Society's operations, striving to ensure that the Society is at the forefront of best practice;

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<sup>1</sup> Individuals who hold PRA SIMR, FCA APR and/or Notified NED / Additional Key Function roles on behalf of the Society

- (9) ensure that the standards and disclosures required by the Association of Financial Mutuals (AFM) Corporate Governance Code (CGC) are observed and reflected in disclosures made in the Annual Reports and Financial Statements;
- (10) prepare and draft the Governance AMC Clause; and
- (11) receive and consider reports on views expressed by Members, and other interested parties in relation to corporate governance.

## **8 Other Matters**

The Committee shall:

- (1) have access to sufficient resources in order to carry out its duties;
- (2) be provided with appropriate and timely training on an on-going basis;
- (3) give due consideration to laws and regulations, and the provisions of the AFM CGC as appropriate;
- (4) arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating effectively and to recommend any changes it considers necessary to the Board for approval; and
- (5) oversee any investigation of activities which are within its terms of reference.

## **9 Authority**

The Committee is authorised:

- (1) to seek any information it requires from any employee of the Society in order to perform its duties;
- (2) to obtain, at the Society's expense, external legal or other professional advice on any matters within its terms of reference; and
- (3) to delegate certain elements of its duties, as appropriate, to the:
  - Chairman of the Committee;
  - Company Secretary;
  - Other Directors;
  - Other Sub Boards and/or Sub Committees.