

# Nomination Committee

## Terms of Reference

### Head office

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**THE  
CAMBRIDGE**  
Building Society

<b>Location accessible</b>	CA Drive\General Filing\Board\Terms of Reference
<b>Owners full name and job title</b>	Jonathan Spence, Chairman
<b>Function</b>	Corporate Governance
<b>Last approved changes</b>	October 2018
<b>Next full review</b>	Quarter 3 2019 (annual review cycle)
<b>Committee approval required</b>	Yes
<b>Name of Committee(s)</b>	Nominations Committee Board

<b>Version</b>	<b>Date approved</b>	<b>Amendment / updates</b>
1.0	September 2017	<ul style="list-style-type: none"> <li>• Updated format and standardisation, in line with all Board/Committee Terms of References</li> </ul>
1.1	October 2018	<ul style="list-style-type: none"> <li>• Annual review</li> <li>• Removed circulation of agenda to full Board to reflect practice</li> <li>• Minor spelling and clarifications.</li> </ul>
1.2	September 2019	<ul style="list-style-type: none"> <li>• Annual review</li> <li>• Updated to reflect UK Corporate Governance Code 2018</li> </ul>

## **1. Membership**

- 1.1 The Committee shall comprise at least three Directors. The majority of the members of the Committee shall be independent Non-Executive Directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. The Company Secretary shall be an attendee. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 The Board shall appoint the Committee Chair who should be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

## **2. Secretary**

The Company Secretary, or their nominee, shall act as the secretary of the Committee.

## **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two both of whom must be independent Non-Executive Directors. 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. Frequency of meetings**

- 4.1 The Committee shall meet at least twice a year at appropriate times and otherwise as required.

## **5. Notice of meetings**

- 5.1 Meetings of the Committee are set annually by the Company Secretary and agreed by the Chair of the Committee. Additional meetings called under 4.1 shall be set by the secretary of the Committee.
- 5.2 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 and any other person required to attend, no later than three 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.

## **6. Minutes of meetings**

- 6.1 The Company Secretary, or an appropriate nominee in their absence, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, a summary of the meeting should be circulated to all other members of the Board at the subsequent Board meeting unless it would be inappropriate to do so.

## **7. Annual General Meeting**

7.1 The Committee Chair should attend the Annual General Meeting (AGM) to answer any shareholder questions on the Committee's activities.

## **8. Objectives and duties**

- 8.1 In line with the requirements of the Prudential Regulation Authority which expects that building societies will have regard to the UK Corporate Governance Code, the Committee shall:
- 8.1.1 undertake annual evaluation of the Board which should consider its composition, diversity and how effectively members work together to achieve objectives, including the skills, knowledge and experience required of the Board and make recommendations to the Board with regard to any changes. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed;
  - 8.1.2 give full consideration to succession planning for Executive Directors, taking into account the challenges and opportunities facing the Society;
  - 8.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
  - 8.1.4 before appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
    - 8.1.4.1 use open advertising or the services of external advisers to facilitate the search;
    - 8.1.4.2 consider candidates from a wide range of backgrounds;
    - 8.1.4.3 consider candidates on merit and against objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, taking care that appointees have enough time available to devote to the position.
  - 8.1.5 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 market place;
  - 8.1.6 review annually the time required from Non-Executive Directors. (Performance evaluation will assist in assessing whether the Non-Executive Directors are spending enough time to fulfil their duties - see 9.1); and
  - 8.1.7 review the results of the Board performance evaluation process that relate to the composition of the Board;
  - 8.1.8 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;
  - 8.1.9 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- 8.2. The Committee shall also make recommendations to the Board concerning:

- 8.2.1 formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key role of the Board Chair;
- 8.2.2 membership of the Audit; Risk; and Remuneration and Organisational Design Committees, in consultation with the chairs of those Committees;
- 8.2.3 suitable candidates for the role of Senior Independent Director (SID);
- 8.2.4 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;
- 8.2.5 the re-election by members of any Director under the 'retirement by rotation' provisions in the Society's rules having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 8.2.6 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of any Executive Director as an employee of the Society subject to the provisions of the law and their service contract;
- 8.2.7 the appointment of any Director or Executive or other office other than to the positions of Board Chair and Chief Executive, the recommendation for which would be considered at a meeting of the full Board;
- 8.2.8 determine and agree the strategic policy for the remuneration of the Society's Board Chair and Non-Executive Directors:
  - 8.2.8.1 the remuneration of the Non-Executive Directors shall be a matter for the Board Chair and the Executive Member of the Committee.
  - 8.2.8.2 the remuneration of the Board Chairman shall be a matter for the Vice-Chair and the Executive Member of the Committee.
- 8.2.9 determine the policy for authorising claims for expenses from the Directors.

## **9. Reporting responsibilities**

- 9.3 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters relating to its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

## **10. Other matters**

- 10.1 The Committee shall, at least once a year, review its own performance, 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.
- 10.2 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

10.3 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 members.

10.4 give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of any other applicable Rules, as appropriate.

## **11. Authority**

11.1 The Committee is authorised to seek any information it requires from any staff member of the Society in order to perform its duties.

11.2 The Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its Terms of Reference.

**Customer Contact Centre**

0345 601 3344

Open 8.30am-8.30pm Mon-Fri; 9.00am-5.00pm Sat

**The Cambridge Building Society**

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