

Principality Building Society

Governance and Nominations Committee Terms of Reference

Date of approval	21 March 2025
Role	The Governance and Nominations Committee is a committee of the Society's Board which assists the Board in leading the process for Board appointments and considering the governance framework.
Membership	Chair of the Board (Chair) and all of the Non-Executive Directors.
Chair	The Chair of the Society will chair the Committee. In the absence of the Committee Chair at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.
Secretary	The Secretary of the meeting will be agreed between the Chair of the Meeting and the Society Secretary.
Attendees	Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of the meeting, as and when appropriate such as but not limited to: <ul style="list-style-type: none"> • Chief Executive Officer • Chief People Officer • Other colleagues, as and when appropriate and necessary to present papers.
Frequency	The Committee shall normally meet on not less than four times per annum. Outside of the formal meeting programme, the Committee Chair, and to a lesser extent the other Committee members, will maintain a dialogue with key individuals involved in governance and nominations related matters.
Quorum	Three ¹ members. A member participating by way of conference call or other communications equipment shall be counted in the quorum accordingly.
Written Resolutions	Written resolutions may be used in accordance with the Society's Rules with written consent by all Directors.
Meeting papers and minutes	<p>The Secretary of the Committee shall circulate the Agenda and papers for each meeting of the Committee no less than five working days in advance of the relevant meeting.</p> <p>Minutes will record the proceedings, resolutions and decisions including recording the names of those present and in attendance and record any declarations of interest/conflicts of interest disclosed at meetings. The minutes of the meeting shall be approved at the next meeting.</p>

¹ The quorum will reduce by one if the committee membership reduces.

Mandate	The Committee is authorised to: <ul style="list-style-type: none"> • Perform such other oversight functions as the Board may request. • The Committee will receive reports and recommendations from time to time on any matter which it considers to be of sufficient significance. 		
Reports to	This Committee reports to the Society's Board. The Chair of the Committee shall attend the Annual General Meeting to answer member questions on the Committee's activities.		
Sub Committees	None.		
Responsibilities	Purpose	Matter	Frequency
1.	STRATEGY		
1.1	Responsible	Set and monitor diversity and inclusion objectives and strategies including setting the target for gender representation on the Board together with oversight of diversity and inclusion and the gender balance of direct reports of senior management.	Annually
2.	CULTURE & LEADERSHIP		
2.1	Oversight	Give full consideration to succession planning for members of the Board in the course of its work, taking into account the challenges and opportunities facing the Society, and what skills and expertise are therefore needed on the Board in the future.	As necessary
2.2	Oversight	Maintain and regularly review a policy promoting diversity on the Board and identify/nominate for approval to the Board, candidates to fill Board vacancies as and when they arise. Monitor progress against the targets set leading to an increase in diversity.	As necessary
2.3	Oversight	Before appointment is made by the Board, evaluate the combination of skills, knowledge, diversity, experience and tenures of service on the Board, the future challenges affecting the Society's business and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.	As necessary
2.4	Oversight	In identifying suitable candidates, the Committee shall normally: <ul style="list-style-type: none"> • Use open advertising and/or the services of external advisers to facilitate the search. • Consider candidates from a wide range of backgrounds. • Consider candidates on merit and against objective criteria, taking particular care that appointees have enough time available to devote to the position. • Consider other pre-existing demands on a candidate's time. 	As necessary

2.5	Oversight	Ensure that prior to appointment of a director, the proposed appointee is required to: <ul style="list-style-type: none"> disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest disclose any significant commitments with an indication of time involved. 	As necessary
2.6	Oversight	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.	As necessary
2.7	Oversight	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, duration of appointment, committee service and involvement outside Board meetings.	As necessary
2.8	Recommend	Make recommendations to the Board concerning: <ul style="list-style-type: none"> Suitable candidates for the role of Senior Independent Director and Board Whistleblowing Champion. Membership of the Audit, Remuneration, Board Risk Committees, in consultation with the Chairs of the same. The re-appointment of any Non-Executive Director at the conclusion of their specified term of office, having regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required. The re-election by members of any director under the “retirement by rotation” provisions in the Society’s rules having regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required. Any matters relating to the continuing 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. 	As necessary As necessary Annually Annually As necessary
3.	CORPORATE GOVERNANCE MATTERS		
3.1	Recommend	Annually review the structure, size and composition (including the skills, knowledge, qualities, competencies and experience) required of the Board of Directors compared to its current position and make recommendations to the Board with regard to any change.	Annually
3.2	Oversight	Review annually whether or not each non-executive director has been able to devote enough time to adequately fulfil their duties.	Annually

3.3	Oversight	Regularly review the adequacy of arrangements leading the development of; and monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the firm's governing body.	As necessary
3.4	Oversight	Not less than annually satisfy itself that appropriate corporate governance arrangements have been maintained having regard to the provisions contained in the UK Corporate Governance Code.	Annually
3.5	Oversight	To determine and lead the process for the annual Board Effectiveness Review, engaging external independent facilitators as required and overseeing the implementation of the action plan.	Annually
3.6	Oversight	Not less than annually review the Register of Directors' Interests.	Annually
3.7	Oversight	<p>The Committee is responsible for considering the succession plan for the Board, Non-Executive Directors, Executive Directors and members of the Senior Leadership Team. Specifically, the Committee will:</p> <ul style="list-style-type: none"> Consider at least annually the succession plan for the Board, Board Committees and the Senior Leadership Team to ensure that there is continuity of the collective capability and capacity to meet the Society's strategic priorities, comply with the Society's Rules and meet regulatory requirements. <p>At least annually assess the range of knowledge, skills and experience of individual members of the Board with the aim of identifying any skills gaps and make recommendations to the Board with regard to any changes having regard to the challenges and opportunities facing the Society.</p>	Annually
3.8	Recommend	The Chair of the Committee will review, triennially, Board Committee Membership and recommend changes where appropriate.	Triennially
3.9	Recommend	Not less than annually 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.	Annually
3.10	Oversight	Review annually the Board Composition Policy.	Triennially
3.11	Oversight	Ensure there are proper mechanism in place to for the communication of changes in Board composition to colleagues, the media, trade bodies and other external stakeholders.	As necessary
3.12	Oversight	Determine appropriate training and development for Committee Members both on appointment and on an ongoing basis to ensure that Members of the Committee are appropriately skilled.	As necessary