



**Hanley**  
ECONOMIC  
Building Society

**2021**

## **Nominations Committee – Terms of Reference**

**Committee: Nominations**

**Date: January 2021**

**TABLE OF CONTENTS**

<b>TABLE OF CONTENTS</b>	<b>1</b>
<b>1 CHANGES SINCE LAST REVIEW</b>	<b>1</b>
<b>2 CONSTITUTION</b>	<b>1</b>
<b>3 PURPOSE</b>	<b>1</b>
<b>4 MEETINGS AND MEMBERSHIP</b>	<b>1</b>
4.1 CHAIR	1
4.2 MEMBERSHIP	1
4.3 ELECTION	2
<b>5 QUORUM</b>	<b>2</b>
<b>6 FREQUENCY OF MEETINGS</b>	<b>2</b>
<b>7 MINUTES</b>	<b>2</b>
<b>8 NOTICE OF MEETINGS</b>	<b>2</b>
<b>9 REPORTING</b>	<b>3</b>
<b>10 RESPONSIBILITIES/TERMS OF REFERENCE</b>	<b>3</b>
<b>11 SUCCESSION PLANNING</b>	<b>5</b>
<b>12 GOVERNANCE</b>	<b>5</b>
<b>13 AUTHORITY</b>	<b>6</b>

## 1 CHANGES SINCE LAST REVIEW

Date of change	Section	Description of change	Author
20/1/20	Compliance	Update to include guidance from Corporate Governance Code.	EG/AG

## 2 CONSTITUTION

The Nominations Committee is constituted as a Committee of the Board of the Hanley Economic Building Society. The Committee is authorised by the Board to act in accordance with its Terms of Reference.

## 3 PURPOSE

The Nominations Committee's purpose is to consider Board appointments and to ensure that appropriate arrangements are in place for the recruitment and selection of suitably qualified persons to act as Directors (both Non-Executive and Executive) of the Society.

To ensure that a Board Succession Plan is in place in order to facilitate that recruitment and that the Board remains fit for purpose in terms of skills, knowledge, expertise and experience required at any given time.

To periodically review the structure, size and composition of the Board including a review of the skills, knowledge and experience mix of the members of the Board in order to ensure that such mix remains relevant to the business of the Society at any given time.

To identify any role other than that of Director for which the Committee deems it appropriate to assume responsibility for the recruitment and selection of a suitable candidate for any and all such roles.

## 4 MEETINGS AND MEMBERSHIP

### 4.1 CHAIR

The Chair of the Society will act as the Chair for the Nominations Committee. The Chair of the Board or in his/her absence, the Vice-Chair, shall be the Chair of the Nominations Committee.

### 4.2 MEMBERSHIP

The Committee shall comprise the Chair and all Directors of the Society and Secretary as minute taker.

The Chair of the Board shall not chair the Committee when it is matter of succession to the chairmanship. The Board of Directors is responsible for appointing additional or replacement members of the Committee following recommendations from the Chair of the Board. Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisors it considers have relevant experience, expertise or knowledge, may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

In addition, at the Committee's invitation, the Head of Human Resources may attend meetings.

### **4.3 ELECTION**

The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.

### **5 QUORUM**

The quorum necessary for the Committee to transact business shall be two of its members, both of whom must be independent Non-Executive Directors.

### **6 FREQUENCY OF MEETINGS**

Meetings will be held as required to consider Board appointments.

### **7 MINUTES**

The Secretary shall minute the proceedings of all meetings of the Committee including recording the names of those present and in attendance. Draft minutes of all Committee meetings shall be sent to the Chair of the Committee promptly. Once approved, minutes should be included in the Board pack for the next meeting.

### **8 NOTICE OF MEETINGS**

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 invited 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.

## 9 REPORTING

The Committee shall produce a report of its activities to be included in the Society's Annual Report & Accounts.

The annual report should describe the work of the Nominations Committee, including:

- the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
- how the board evaluation has been conducted, the nature and extent of an annual Board effectiveness review, the outcomes and actions taken, and how it has or will influence board composition;
- the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and
- the gender balance of those in the senior management and their direct reports.

## 10 RESPONSIBILITIES/TERMS OF REFERENCE

The Committee is accountable to the Board for ensuring that the Board and its Committees consist of Directors (and Committee Members) with the appropriate balance of skills, experience, knowledge and diversity to fully discharge their duties.

The Committee shall:

- Review the composition of the Board and its Committees to ensure that it comprises a sufficient number of Executive and Non-Executive Directors who meet the Fit and Proper test for Approved Persons, as set out in the PRA/FCA Handbooks.
- Consider and make recommendations to the Board regarding the appointment, resignation and removal of Directors to the Board. Appointments will be made in accordance with best practice, legislation, relevant regulation and the Society's rules.

- Prepare a description of the roles and capabilities for a particular appointment and assess the time commitment required.
- On appointment to the Board, ensure that all 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; and
  - A tailored induction plan
- Ensure that there are proper mechanisms in place for the communication of changes in Board composition to staff, the media and trade bodies.
- Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the Society to compete effectively in the marketplace.
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity 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:
  - Consider the use of open advertising or the services of external advisers to facilitate the search
  - Consider candidates from all ethnicities and backgrounds to create an inclusive workplace
  - Consider the gender balance of the composition of the Board
- Formulate plans for contingency cover and succession for both Executive and Non-Executive Directors and in particular for the key roles of Chair and Chief Executive Officer.
- Consider the membership of all Board committees as appropriate, in consultation with the chairman of those committees.

## 11 SUCCESSION PLANNING

The Committee is responsible for the consideration of the succession planning of the Board, Executive Directors and Leadership Team. In particular, it shall:

- Consider contingency cover and succession planning for the Board, its Committees, and the Leadership Team to ensure that there is continuity of the collective capability and capacity of the Board to meet the requirements of the Society's and regulatory Rules. As part of these arrangements to meet this objective, the Committee will establish such lists of, and information about, potential eligible candidates as it considers appropriate. It will also ensure periodically and at least annually that the Board and its Committees are of sufficient size, structure, composition and performance to meet the business objectives of the Society and to be satisfied that succession is appropriately considered to ensure the uninterrupted operation of the Society and to report this to the Board.
- Periodically and at least annually, assess the knowledge, skills and experience of individual members of the Board and make recommendations with regard to any changes.
- Periodically and at least annually be informed and have oversight of the policy for the selection and appointment of the Leadership Team.
- Consider 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 knowledge, skills and experience required.

## 12 GOVERNANCE

The Committee is responsible for ensuring that the Board meets the principles of the UK Corporate Governance Code applicable to the Society. In particular, it shall:

- Investigate any matters concerning the 'independence' of a Director, including any conflicts of interest (past/current/future).
- Ensure that successful candidates for Controlled Functions covered under the SMCR are approved by the Regulator as required before taking office.

## 13 AUTHORITY

The Committee is authorised to:

- Seek any information it requires from any employee of the Society in order to perform its duties.

Obtain at the Society's expense, outside legal or other professional advice on any matter within its terms of reference. The committee makes recommendations to the Board, it does not have the authority to enter into any contract, whether actual or implied, for the appointment or removal of Directors.