

## Yorkshire Building Society

### Board Governance and Nominations Terms of Reference

Role	<p>The Board Governance and Nominations Committee (the Committee) is a Committee of the Board of Yorkshire Building Society, from which it derives its authority. Its role is to oversee Board governance, including the composition, succession and appointment processes for the Board ensuring regulatory compliance and supporting the success, including the long-term success, of the Society.</p> <p>The Board may determine that any matter delegated to the Committee by these terms be considered, reviewed, overseen, approved or otherwise dealt with (as appropriate) by the Board itself.</p> <p>In providing oversight of the responsibilities in these terms of reference, the Committee will have regard to the interests of the Society's stakeholders and, in respect of customers and members, shall (where appropriate) consider whether the Society as a whole is delivering good customer outcomes.</p>
Membership	<p>The Committee will comprise at least three Non-Executive Directors and include the Chair of the Board and the Vice Chair. A majority of members will be independent Non-Executive Directors.</p> <p>Appointments to the Committee are made by the Board on the recommendation of the Committee based on the criteria for membership and will be reviewed at least annually.</p>
Chair	<p>The Board will appoint the Committee Chair who will be the Chair of the Board. In the absence of the Chair the Vice Chair will chair the meeting and in the absence of both the remaining members present shall elect one of their number to chair the meeting.</p> <p>The Chair of the Board shall not normally chair the Committee when it is dealing with the succession to the role of the Chair of the Society.</p>
Secretary	<p>The Secretary of the Committee will be agreed between the Chair of the Committee and the Group Secretary.</p> <p>The Secretary of the Committee shall record the proceedings and decisions of the Committee meetings and the minutes shall be circulated to all members of the Committee and attendees, as appropriate.</p>
Attendees	<p>Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chief Executive Officer, the Chief People Officer and the Group Secretary may be invited to attend for all or part of a meeting, as and when appropriate.</p>
Frequency	<p>The Committee will normally meet four times a year at appropriate times and otherwise as required. Meetings of the Committee will be called by the Secretary of the Committee at the request of any of its members.</p>
Quorum	<p>The quorum necessary for the transaction of business shall be:</p> <ul style="list-style-type: none"> <li>• Two members if the number of members who constitute the Committee is three.</li> <li>• Three Members if the number of members who constitute the Committee is four or more.</li> </ul> <p>A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all of or any of the authorities, powers and discretions vested in or exercisable by the Committee.</p> <p>In the event of equal votes the Chair of the Committee shall have a casting vote.</p>
Written Resolutions	<p>Written Resolutions must be undertaken in accordance with the requirements set out in the Society's Rules with written consent required from all Committee members for approval.</p>
Mandate	<p>The Committee is authorised to:</p> <ol style="list-style-type: none"> <li>1. Seek any information it requires from any employee of the Group in order to perform its duties.</li> <li>2. Obtain, at the Group's expense, outside legal or other professional advice on any matter within its terms of reference.</li> <li>3. Call any employee to attend a meeting of the Committee as and when required.</li> <li>4. Have the right to publish in the Society's Annual Report details of any issues that cannot be resolved between the Committee and the Board.</li> </ol> <p>The Committee may delegate any or all of its powers and authority as it sees fit, including to a sub-committee, in relation to specific issues and subject to reporting back to the Committee.</p> <p>The Committee is required to exercise independent judgement when evaluating the advice of external third parties and when receiving views from Executive Directors, Chief Officers and other senior managers.</p> <p>The Committee Chair and the Group Secretary are authorised by the Board to review and approve any non-material change required to be made to the Committee's Terms of Reference. Any such change should be reported to the Board.</p>
Responsibilities	<p>The Committee will carry out the duties below for the Society, and the Group as a whole, as appropriate. The Committee will support the Board, where appropriate and required, in fulfilling the Board's duty to i. be accountable to members of the Society, and ii. ensure the short and long-term interests of members are balanced.</p>

**1. Duties.**

The Committee shall:

**Composition and Succession**

- 1.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes, taking into account the Skills Matrix, succession plans and the Board's Diversity Statement together with any legal or regulatory requirements.
- 1.2 Ensure that effective succession plans are maintained for Executive and Non-Executive Directors, together with oversight of the plans for Chief Officer and Senior Leadership Team, and oversee the development of diverse pipelines for executive roles, taking into account the challenges and opportunities facing the Society, and the skills and expertise needed on the Board in the future.
- 1.3 Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace and, where a vacancy is identified, if appropriate make a recommendation to the Board.
- 1.4 Take into account the results of the Board effectiveness review that relate to the composition of the Board and succession planning.

**Recruitment and Appointments**

- 1.5 Be responsible for identifying, nominating and recommending for approval by the Board, candidates to fill Board vacancies as and when they arise, considering any regulatory requirements.
- 1.6 Before any new appointment is made to 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 and the time commitment expected. In identifying suitable candidates, the Committee shall:
  - (a) at its discretion, use open advertising or the services of external advisers to facilitate the search;
  - (b) ensure a formal, rigorous and transparent recruitment process;
  - (c) consider candidates from a wide range of diverse backgrounds;
  - (d) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board in the broadest sense, including but not limited to demographics, skills, experience, race, age, gender, disability, educational, professional background, cognitive diversity and other relevant personal attributes;
  - (e) ensure candidates have enough time available to commit to the role and will not exceed the maximum number of directorships as set out in the FCA Handbook (SYSC 4.3A Management body and nomination committee);
  - (f) ensure candidates disclose any significant interests, together with any business interests that may result in a conflict of interest, in accordance with the Conflicts of Interest Policy.

**Recruitment and Appointment of Chair of the Board**

- 1.7 Except where a separate committee is established to manage the process, the recruitment and appointment of the Chair of the Board will be undertaken taking into account the requirements set out above.
- 1.8 The search will be led by the Senior Independent Director and neither the Chair of the Board or any director seeking appointment as Chair will be eligible to participate in the process. In the event that the Senior Independent Director wishes to be considered for appointment as Chair of the Board, the Vice Chair or another Non-Executive Director selected by the Committee shall lead the search process.
- 1.9 For the appointment of Chair, confirm that the Chair is independent on appointment in accordance with the UK Corporate Governance Code.

**Other Roles**

- 1.10 Manage the appointment process for, and recommend to the Board where appropriate, any key Board roles which do not relate to the Statutory Directors, such as a Board Fellow, and manage the ongoing review and renewal as appropriate.
- 1.11 Manage the appointment process, and recommend to the Board where appropriate, the appointment of advisers to the Board and manage the ongoing review and renewal as appropriate.

**Board and Board Committee Effectiveness**

- 1.12 Agree the process to be undertaken for the annual Board, Committee and individual effectiveness reviews, including:
  - (a) whether an internal review will be completed or an external effectiveness review (an external review being at least every three years in accordance with the provisions of the UK Corporate Governance Code);
  - (b) appointment of facilitators as required for an external effectiveness review.
  - (c) recommend actions to address any findings and oversee progress against an effectiveness review action plan addressing the results of the Board and Committee effectiveness reviews.

**Induction, Training and Development**

- 1.13 Monitor the completion of induction plans for Executive and Non-Executive Directors.
- 1.14 Review and approve the training and development plan for the Board on at least an annual basis.

### **Corporate Governance**

- 1.15 Monitor developments in relation to corporate governance issues and, where appropriate, review the potential impact on the Society and make recommendations to the Board on any changes to be implemented.
- 1.16 In considering diversity on the Board the Committee shall:
  - (a) be responsible for putting in place a statement promoting diversity on the Board;
  - (b) where appropriate, agree targets for underrepresented groups on the Board; and
  - (c) monitor progress against the diversity statement and report on this in the Annual Report and Accounts.
- 1.17 Monitor any changes in the interests of Directors and Chief Officers, including any conflicts arising in accordance with the Conflicts of Interest Policy. Keeping under review the number of external appointments held by each director, ensuring they are able to dedicate sufficient time to their role, and ensuring that any new additional external appointments are approved in advance by the Board before being accepted.
- 1.18 Review and maintain ongoing oversight of specific issues relating to the Group's arrangements for its employees and contractors to raise concerns in confidence, including whistleblowing, where delegated by the Board.
- 1.19 Provide oversight of the effectiveness of the Executive Governance structure and its alignment with Board level governance.
- 1.20 Approve any loan to an Executive or Non-Executive Director or Connected Person of a Director (in accordance with the Building Societies Act) where a decision is required in between Board meetings.

### **Subsidiary Governance**

- 1.21 Provide oversight of the effectiveness of Subsidiary Governance and approve the appointment of directors to any regulated subsidiary boards (except those not taking on new business).
- 1.22 Approve the appointment or removal of Directors on the Board of the Pension Scheme Corporate Trustee company.

### **Senior Managers Regime and Conduct Rules**

- 1.23 Provide oversight of compliance with the Senior Managers and Certification Regime.
- 1.24 Consider and (if considered appropriate) approve recommendations made by the Society's 'Our Trust Code' panel pursuant to the 'Our Trust Code' investigation panel process in respect of:
  - (a) a potential failure of the fitness and propriety review by a Senior Manager (under the Senior Managers and Certification Regime (SMCR)) or Notified Non-Executive Director; and/or
  - (b) an alleged breach of a Conduct Rule by a Senior Manager or Notified Non-Executive Director.
- 1.25 Determine, or where appropriate make recommendations to the Board on the next steps, including consideration of the outcome for the individual in question (which may include but would not be limited to performance management, disciplinary action, dismissal, summary dismissal or termination of appointment), reporting to the regulators and any wider communication, and identification of those individuals tasked to undertake any actions considered to be necessary or desirable.

## **2. Recommendations to the Board / Other Board Committees**

The Committee shall consider and make recommendations to the Board for approval in relation to the following matters:

- 2.1 The annual review of the Board Diversity Statement, including any Board level diversity targets.
- 2.2 The following policies:
  - Conflicts of Interest Policy for Directors and Chief Officers including the process for identifying and managing conflicts.
  - Inside Information and Disclosure Policy.
- 2.3 Proposed membership of the Board Committees, in consultation with the chair of those committees where appropriate.
- 2.4 Nominated delegate for any Non-Executive Director who is the holder of a Senior Management Function (SMF) in accordance with the SMCR.
- 2.5 Appointments to any Non-Executive Director role, including the designated Non-Executive Director for Workforce Engagement and role responsibilities.
- 2.6 Re-appointment of any Non-Executive Director at the conclusion of their term of office and prior to re-election by members having considered the performance and ability of each Non-Executive Directors to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board.
- 2.7 The ongoing independence of the current independent Non-Executive Directors, including a clear explanation where any circumstances have been considered that may have, but the Committee has concluded do not, effect ongoing independence.
- 2.8 Any matters relating to the continuation in office of any Executive or Non-Executive Director at any time including the suspension or termination of service of an Executive Director as an employee of the Society subject to the provisions of the law and their service contract (with the exception of those matters delegated to the Remuneration Committee in accordance with its Terms of Reference);.

	<p>2.9 The appointment of any Statutory Director to executive or other office.</p> <p>2.10 Role responsibilities of Board Chair, Vice Chair, Senior Independent Director, Committee Chairs and other Non-Executive Directors. The Committee shall review and recommend to the Board and Board Audit Committee the following:</p> <p>2.11 The Corporate Governance Report and Board Governance and Nominations Committee Report for inclusion in the Annual Report and Accounts.</p> <p>2.12 Any relevant governance sections and commentary within the Sustainability Report (or any future iterations of that report).</p> <p><b>3. Reporting Responsibilities</b> The Committee shall:</p> <p>3.1 Report formally to the Board through the Committee Chair on its proceedings after each meeting on all matters within its duties and responsibilities.</p> <p>3.2 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p> <p>3.3 Report to the Board on how it has discharged its responsibilities which will be included in the Committee's Report in the Annual Report and Accounts.</p> <p><b>4. Senior Managers Regime Prescribed Responsibilities</b></p> <p>4.1 The Committee shall assist the Senior Management Function (SMF) role holder in relation to the escalation of their Prescribed Responsibilities to the Committee in relation to:</p> <ul style="list-style-type: none"> <li>▪ Prescribed Responsibility f - SMF Holder: Chair of the Board Responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firms governing body.</li> <li>▪ Prescribed Responsibility u - SMF Holder: Chair of the Board Responsibility for the firm's performance of its obligations under Fitness and Propriety in respect of its Notified Non-Executive Directors.</li> </ul> <p><b>5. Other Matters</b></p> <p>5.1 The Committee Chair, or a deputy chosen from the Committee membership, will attend the Annual General Meeting to answer member questions on the Committees activities or any matter within the remit of the Committee. The Committee shall:</p> <p>5.2 Give due consideration to laws and regulations, the provisions in the UK Corporate Governance Code (the Code) and the requirements of the Financial Conduct Authority's Listing Rules-and Disclosure and Transparency Rules, the Building Societies Act 1986 and any other applicable rules, as appropriate and applicable to a building society. This will include having regard to the various matters set out in Section 172 of the Companies Act 2006 in promoting the success of the Society where relevant and as set out in the Code and applicable to a building society.</p> <p>5.3 Annually arrange for reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.</p> <p>5.4 Make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.</p> <p>5.5 Ensure that all new members receive an induction tailored to their requirements on joining the Committee.</p> <p>5.6 Work and liaise as necessary with all other Board Committees as required.</p>
Sub Committees	None
Date of Approval	25 March 2026 (Board)