

Terms of reference

NOMINATION COMMITTEE

Reviewed by the Committee on 27 November 2025 and approved by the Board of Directors of Dudley Building Society (the **Society**) on 28 November 2025.

1. PURPOSE

The role of the Nomination Committee (the **Committee**) is to lead the process for appointments; ensure plans are in place for orderly succession to the Board and Executive; and oversee a diverse pipeline for succession, promoting inclusion and equality of opportunity. The Committee also monitors and seeks to enhance the effectiveness of the Board and its committees through regular evaluation and oversees the Board's compliance with the Senior Managers Regime.

2. RESPONSIBILITIES

Board composition

- 2.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and (in consultation with committee chairs) its committees; and if thought fit recommend changes to the Board for approval.

Board effectiveness

- 2.2 Ensure that appropriate arrangements are in place to evaluate the performance of the Board and of its committees annually.
- 2.3 Engage an external facilitator to undertake a triennial independent performance evaluation.
- 2.4 Review the results of board performance evaluations and oversee action plans to address any recommendations that the Board decides to implement.

Succession planning

- 2.5 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 in the marketplace.
- 2.6 Ensure plans are in place for orderly succession to director and executive positions and oversee the development of a diverse pipeline for succession, considering the challenges and opportunities facing the Society, and the skills and expertise needed on the board in the future.

Appointments

- 2.7 Identify and nominate candidates to fill Board vacancies, as and when they arise, considering candidates from a wide range of backgrounds, for approval by the Board, ensuring the process is formal, rigorous and transparent.
- 2.8 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board together with future requirements and, in the light of this evaluation, prepare a description of the role and responsibilities (including a Statement of Responsibilities as required under the Senior Managers Regime), and capabilities required for the appointment.

- 2.9 Agree the process and criteria for selection including the use of open advertising and/or engage an external search agency as appropriate, and in any event using search methods that are consistent with attracting candidates from a range of backgrounds.
- 2.10 Consider candidates on merit and as against objective criteria, giving due regard to the benefits of diversity on the Board.
- 2.11 Assess candidates' fitness and propriety as against the regulators' rules and the Society's Fitness & Propriety Policy.
- 2.12 Ensure that, on appointment to the Board, non-executive directors:
 - (1) receive a formal letter of appointment setting out clearly what is expected of them (including under the Senior Managers Regime), in terms of the time commitment, committee service and involvement outside Board and Board committee meetings;
 - (2) undertake that they will have sufficient time to fulfil their duties and 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.

Directors in office

- 2.13 Consider and make recommendations to the Board concerning:
 - (1) the re-appointment of directors on expiry of their term (as the case may be) having given due regard to their performance (including compliance with the Fit & Proper Policy), commitment; and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - (2) the re-election of directors by the Society's members under the annual re-election provisions of the UK Corporate Governance Code having given due regard to their performance (including compliance with the Fit & Proper Policy), commitment; and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - (3) any matters relating to the continuation in office of any 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 Society's Rules, law and their letter of appointment and/or service contract;
- 2.14 Consider and authorise subject to ratification by the Board, any situational or potential conflict in which a director may have a direct or indirect interest that conflicts or potentially may conflict with the Society's interests.
- 2.15 Review annually the time commitments required of the Society's non-executive directors. Individual performance evaluations should be used to consider whether directors have sufficient time to fulfil their duties.

Equality, diversity and inclusion

- 2.16 Oversee the Society Equality, Diversity & Inclusion Policy, and its link to the Society's strategy.
- 2.17 Recommend to the Board for approval a target for the underrepresented gender on the Board and a policy for achieving the target.
- 2.18 Keep under review the representation of underrepresented demographic groups more widely as appropriate for the circumstances of the Society and recommend targets and plans for achieving those targets to the Board for approval if thought fit.

Senior Manager Regime

- 2.19 Ensure that all candidates for Senior Management Functions are approved by the appropriate regulator(s) prior to performing their duties unless in exceptional circumstances e.g. where unforeseeable temporary vacancies arise.
- 2.20 Receive an annual report on whether the Society's Senior Management Function-holders and 'notified' non-executive directors comply with the requirements of the Senior Managers Regime, as set out in the Society's Fit & Proper Policy.
- 2.21 Review the Society's Responsibilities Map at least annually and assess any changes to any Statement of Responsibility for members of the Society's Board.

Other

- 2.22 Review and approve, or review and recommend to the Board for approval (as the case may be), the policies as set out in the Board Policy Schedule.

3. MEETINGS AND MEMBERSHIP

Committee Chair

- 3.1 The Chair of the Board will chair the Committee. If the Committee Chair is absent, or unable to chair the meeting due to a conflict of interests, the other members will elect a Committee Member who is a Non-executive Director to chair the meeting. No person may chair a meeting when the Committee is considering their own succession.

Members

- 3.2 The Committee will comprise the Non-executive Directors and Chief Executive Officer.

Quorum

- 3.3 Meetings will be quorate if there are present at least three members. A duly convened meeting 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.

Attendees

- 3.4 Only members have the right to attend meetings.
- 3.5 The People Director will attend meetings of the Committee.
- 3.6 The Committee may invite other people to attend all or part of any meeting.

Frequency

- 3.7 The Committee will meet at least two times per year and otherwise as required. The Committee Chair may convene meetings at any time to consider any matter that is within the scope of these terms of reference.

Secretary

- 3.8 The General Counsel & Secretary or their nominee will be secretary to the Committee.

Agenda and papers

- 3.9 The Secretary will send notice of each meeting, an agenda and supporting papers to members, and (as appropriate) attendees at least seven days before the date of the meeting.

Minutes and reporting

- 3.10 The Secretary will take minutes of meetings and send them to the Committee Chair within a reasonable timeframe after the meeting. Following the Committee Chair's approval, the draft minutes will be made available to other Committee members and submitted to the Committee for approval at the next meeting.

4. OTHER MATTERS

Reporting

- 4.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting.
- 4.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 4.3 The Committee shall produce a report to be included in the Society's annual report that describes its work including in relation to appointments, board performance, diversity and inclusion and the gender balance on the board and in senior management.

Performance review

- 4.4 Assess the Committee's performance periodically and report the outcome to the Board.
- 4.5 Review these terms of reference periodically and (if thought fit) recommend any changes to the Board for approval.

Authority

- 4.6 The Board has delegated to the Committee authority in respect of the functions and powers set out in these terms of reference. The Committee is authorised to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference. The Committee may investigate any activity within its terms of reference, seek any information it requires from any employee, and all employees shall co-operate with any reasonable request made by the Committee.