

ONESAVINGS BANK PLC

(THE "COMPANY")

NOMINATION AND GOVERNANCE COMMITTEE

TERMS OF REFERENCE

1. OBJECTIVES

The Nomination and Governance Committee (the Committee) is a Committee of the Board. The Board has delegated responsibility to the Committee to lead the process on appointment of new members of the Board and provide oversight and guidance to the Board on all matters of Corporate Governance relating to the Company and its subsidiaries ("the Group") not covered by other Committees. This includes, but is not limited to:

- 1.1 Ensuring that the Board sets the tone from the top in relation to the values, ethics and culture of the business leading to a sustainable business;
- 1.2 Ensuring that the Board operates effectively, including ensuring that the Board and its committees, and the boards of the subsidiaries, have an appropriate balance of diversity, skills, experience, availability, independence and knowledge of the Group to enable them to discharge their respective responsibilities effectively; and
- 1.3 Ensuring that the Group adheres to best practice in relation to Corporate Governance in a manner that is proportionate to the size and complexity of the Group, and is in line with the UK Code on Corporate Governance, the requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

2. MEMBERSHIP

- 2.1 The Committee shall comprise of at least three Directors.
- 2.2 All of the members of the Committee shall be non-executive Directors and a majority shall be independent non-executive Directors.
- 2.3 All appointments to the Committee shall be made by the Board.
- 2.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided the director still meets the criteria for membership of the Committee.
- 2.6 The Board shall appoint the Chair of the Committee who should be either the Chairman of the Board or an independent non-executive Director. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.7 The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

3. **SECRETARY**

The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. **QUORUM**

4.1 The quorum necessary for the transaction of business shall be two. 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.

4.2 Meetings of the Committee may be held telephonically or by any other means whereby the participants are able to communicate effectively with each other.

5. **VOTING ARRANGEMENTS**

5.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).

5.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.

5.3 Except where he has a personal interest, the Chair of the Committee shall have a casting vote.

6. **FREQUENCY OF MEETINGS**

6.1 The Committee shall meet at least three times a year and at such other times as the Chair of the Committee shall determine.

7. **NOTICE OF MEETINGS**

7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.

7.2 Unless otherwise agreed and except where a situation of urgency otherwise requires, wherever practicable, 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, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall, wherever practicable, be sent to Committee members and to other attendees as appropriate, at the same time.

7.3 Papers required by the Committee may be provided electronically.

8. **MINUTES OF MEETINGS**

8.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

8.2 Draft minutes of Committee meetings shall be circulated promptly to the Chair of the Committee and, once agreed, to all other members of the Board, unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

9. **ANNUAL GENERAL MEETING**

The Chair of the Committee should attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities.

10. **DUTIES**

10.1 The Committee should carry out the duties below for the Group, as appropriate.

10.2 Composition of the Board and succession planning

The Committee shall:

- (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity, including gender) of the Board and make recommendations to the Board with regard to any changes;
- (b) regularly review the composition (including the skills, knowledge, experience and diversity, including gender) of Committees of the Board, including consideration of rotation of membership of Committees and succession planning for chairs of the various committees and the Senior Independent Director, and make recommendations to the Board with regard to any changes;
- (c) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- (d) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (e) before any 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:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds;
 - (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
 - (iv) consider any other business interests and time commitments of candidates to determine whether there are any conflicts of interests, whether a candidate can be considered independent and also has sufficient time available to devote to the role;
 - (v) give due consideration to the FCA's and PRA's Fit and Proper test criteria;
- (f) 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;
- (g) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

- (h) review whether Directors continue to meet the independence criteria annually;
- (i) review annually the time required from non-executive Directors. Performance evaluation by the Chairman should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties;
- (j) work and liaise as necessary with all other board committees;
- (k) 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, service on committees of the Board and other involvement outside Board meetings and a satisfactory and appropriate induction programme is available.
- (l) 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;
- (m) the re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code (the "Code") and associated guidance or the retirement by rotation provisions in the Company's articles of association, 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 and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years);
- (n) 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 Company subject to the provisions of the law and their service contract;
- (o) the appointment of any Director to executive or other office.

10.3 Board Effectiveness

The Committee shall:

- (a) consider and set the criteria for the objective and rigorous performance review of each non-executive Director, the Board and each Committee of the Board (including the Committee);
- (b) ensure that an annual performance evaluation of the effectiveness of the Board, and each committee of the Board, and the contribution of each Director is conducted, such evaluation to be externally facilitated at least once every three years;
- (c) ensure that the conclusions and recommendations arising out of the annual Board effectiveness review and the annual performance evaluations of the Chairman of the Board and Chief Executive Officer, by the Senior Independent Director and Chairman of the Board respectively, are reported to the Board;
- (d) agree an action plan addressing the results of the Board effectiveness review and periodically review progress against the plan; and
- (e) consider the effectiveness of each Board evaluation carried out.

10.4 Conflicts of Interest

The Committee:

- (a) may consider and authorise, subject to ratification at the next Board meeting, a situation in which a Director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company providing that the situation cannot reasonably be regarded as likely to give rise to a conflict of interest at the time that authorisation is sought;
- (b) when considering the authorisation of these situations, the Committee will have regard to the possible time required to fulfil this, and all other outside commitments notified by the Director, and whether it could impede the Director from spending sufficient time to fulfil his/her obligations to the Company; and
- (c) will conduct an annual review of the Conflicts Register and review any disclosure relating to conflicts of interest to be made public.

10.5 Corporate governance

The Committee shall:

- (a) review and approve changes to the Board's Corporate Governance guidelines, including role profiles, monitor the Group's compliance with such guidelines and with applicable legal, regulatory and listing requirements and recommend to the Board such changes or additional action as it deems necessary;
- (b) review and recommend to the Board for approval the Corporate Governance report for inclusion in the Annual Report;
- (c) monitor developing trends, initiatives or proposals in relation to legal developments, Board governance issues and best corporate governance practice in order to determine the extent to which these initiatives impact the Company and provide periodic updates to the Board; and
- (d) review and approve any material information of the Group made public or made available to any public body by the Group relating to corporate governance.

10.6 Sustainability

The Committee shall:

- (a) oversee the effectiveness of the Group's strategy, policies and practices that have the potential to materially affect the Group's business, brand or reputation, including the policies on:
 - (i) social matters including the promotion of equality of opportunity and diversity;
 - (ii) environmental matters;
 - (iii) health and safety;
 - (iv) reputational matters to the extent that they fall within the Committee's remit;
 - (v) lending to socially or environmentally sensitive industry sectors or customer segments; and any other matter of legitimate public concern.

- (b) The Committee shall arrange, using such internal or external resources as the Committee may consider appropriate, for such assurance as the Board or the Committee shall consider necessary or desirable that the Group's policies are being implemented and applied.
- (c) advise the Board on any Values Statements and Business Principles or Group Standards for reputational and environmental risks and the adoption of appropriate Corporate Sustainability targets and measures;
- (d) to review and advise the Board on the Group's Corporate Sustainability reporting;
- (e) to examine the annual assessment of the Group's environmental performance and progress, to consider and approve methods of measuring, assessing or validating Group Corporate Sustainability performance, and, where appropriate, to commission an external independent assessment of the direct and indirect impact of any aspect of the Group's operations;
- (f) to oversee the Group's charitable activities and any environmental partnerships;

11. **REPORTING RESPONSIBILITIES**

- 11.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 11.4 The report should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 11.5 The Committee shall be responsible for signing off the Corporate Governance Report and the Corporate Sustainability Report sections of the annual report and accounts.

12. **OTHER**

- 12.1 The Committee shall:
 - (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
 - (b) 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;
 - (c) give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
 - (d) 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.

13. **AUTHORITY**

13.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.

13.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice (including advice from external employment search engines) on any matters within its terms of reference.