



# PROVIDENT FINANCIAL plc and VANQUIS BANK Ltd

## Nomination Committee

### Terms of reference

<b>The Company</b>	each of Provident Financial plc (PF PLC) and Vanquis Bank Ltd (VBL). Where these Terms of Reference are used for either PF PLC or VBL then it shall mean the relevant company only.
<b>Board</b>	when used as a joint document, the Boards of both PF PLC and VBL. Where Terms of Reference are used as either of PLC or VBL then it shall mean the relevant Board only.
<b>Committee</b>	when used as a joint document, the Nomination Committees of both PF PLC and VBL. Where Terms of Reference are used as either of PLC or VBL then it shall mean the relevant Nomination Committee only.
<b>Director</b>	a director of the Board of each of PF PLC and VBL.
<b>Group</b>	PF PLC and its subsidiaries as defined by the Companies Act 2006. Should these Terms of Reference be used solely then the same definition shall apply but when used for VBL then this definition shall mean only those subsidiaries of the VBL.

**Major subsidiaries** Provident Financial Management Services Limited and Provident Personal Credit Limited (together known as “CCD”), Moneybarn No 1 Limited and Moneybarn Limited (together known as “Moneybarn”) and Cheque Exchange Limited.

**The Code** The UK Corporate Governance Code and any later version superseding this version.

## 1. Overview

- 1.1 The Boards and Committees of PF PLC and VBL have predominantly identical membership and sit jointly on most occasions. Where a joint meeting takes place these Terms of Reference for the Committee shall apply. Where the Committees of PF PLC or VBL sit separately, these Terms of Reference shall apply with the exception of those duties and responsibilities where due to statute, regulation or other reasons considered appropriate by the directors/executives they cannot or should not apply.
- 1.2 For the purpose of these Terms of Reference the term ‘Articles of Association’ shall mean, when the Committee is sitting as a joint Committee, the Articles of Association of each of PF PLC and VBL. Where the Committee is sitting as either a Committee of PF PLC or VBL then it shall mean the Articles of Association of the relevant company only.
- 1.3 For the avoidance of doubt reference to shares and share schemes are to shares and schemes of PF PLC only.
- 1.4 Paragraphs or provisions marked with “\*” are expected to apply primarily to the Committee of PF PLC and unless otherwise determined by the Committee that it should also apply to PF PLC, the paragraphs or provisions marked with a ‘†’ are expected to apply primarily to the Committee of VBL. Such matters are not exclusive and can be amended from time to time on an ad hoc or

continuous basis, separate to any agreement to amend these Terms of Reference, provided that a quorum of the relevant Committee agrees and this derogation is minuted as such.

- 1.5 Where a matter relating to VBL requires VBL Nomination Committee approval, this matter will not also require approval from the Nomination Committee of PF PLC.

2. Name

This Committee of the Board shall be known as the Nomination Committee (the "Committee").

3. Membership

*Basic membership*

- 3.1 The membership of the Committee shall comprise at least three members.

*Requirements of membership*

- 3.2 Members of the Committee shall be independent non-executive directors only.

*Appointment*

- 3.3 Members of the Committee shall be appointed by the Board, in consultation with the chairman of the Nomination Committee.
- 3.4 The Chairman of the Committee will be appointed by the Board and should be either an independent non-executive or the Chairman of the Board. In the absence of the Chairman of the Committee or an appointed deputy, at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Board.
- 3.5 Membership of the Committee will be reviewed by the Board on an annual basis.

*Attendance*

3.6 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited by the Chairman to attend for all or part of any meeting, as and when appropriate and necessary.

4. Secretary

4.1 The Company Secretary, or his or her nominee in consultation with the Chairman of the Nomination Committee, is the Secretary of the Committee.

4.2 The Committee Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5. Quorum

5.1 The quorum necessary for the transaction of business will be two members.

5.2 In determining whether the members are participating in the meeting, it is irrelevant where the member is and how they are communicating with other attendees.

6. Meetings

*Frequency*

6.1 Meetings will be held at least twice a year and otherwise as required at appropriate intervals.

6.2 Outside of the formal meeting programme, the Committee Chairman, and to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in the Group's governance, including the Board Chairman, the Chief Executive Officer, the Heads of the divisional Human Resources departments and external advisers.

*Notice*

6.3 Meetings of the Committee shall be called by the Committee Secretary at the request of the Chairman of the Committee.

- 6.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and the relevant supporting papers, shall be made available to each member of the Committee and any other person required to attend, as soon as reasonably practical and by five working days before the date of the meeting.

#### *Voting and conflicts*

- 6.5 The members of the Committee, at the beginning of the meeting, shall declare the existence of any conflicts arising and the Committee Secretary shall minute them accordingly.
- 6.6 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman of the Committee having the casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote is taken, can ask for his or her dissent to be noted in the minutes.

#### *Minutes*

- 6.7 The Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.8 Draft minutes of Committee meetings shall be agreed with the Committee.
- 6.9 Once finalised, minutes will be made available to all members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 6.10 Final signed copies of the minutes of the meetings of the Committee should be maintained for the company's records, in hard and soft copy where possible.

### 7. Engagement with Shareholders

- 7.1 The Chairman of the Committee should attend the annual general meeting to answer any shareholder questions on the Committee's activities
- 7.2 In addition, the Chairman of the Committee should seek engagement with

shareholders on significant matters related to the Committee's areas of responsibility, as and when required.

## 8. Duties

8.1 The Committee should carry out the duties detailed below for the parent Company, subsidiary undertakings and the Group as appropriate.

8.2 The Committee shall:

8.2.1 periodically review the Directors' skills matrix to ensure it reflects the skills that the Group requires from its Directors;

8.2.2 regularly review the structure, size and composition (including the skills, knowledge, length of service, experience and diversity) of the Board and committees and make recommendations to the Board with regard to any changes, taking into account, where appropriate, the Group's strategic priorities, matters affecting the Group and the board evaluation findings;

8.2.3 ensure plans are in place for orderly succession to the Board and senior management positions to maintain an appropriate balance of skills and experience within the Group and on the Board, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board and in senior management in the future;

8.2.4 review and determine any changes needed to the succession planning process if periodic assessment indicates the desired outcomes have not been achieved;

8.2.5 formulate plans for succession for both executive and non-executive directors and in particular, for the key roles of Chairman and Chief Executive Officer;

8.2.6 † oversee the adoption of internal policies and procedures on the assessment of the suitability of anyone performing senior management functions under the Prudential Regulation Authority (PRA) Senior Managers & Certification Regime;

8.2.7 keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;

8.2.8 keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;

8.2.9 ensure workforce policies and practices, which fall in the scope of the Committee, are consistent with the Group's values and support long term

sustainable success;

- 8.2.10 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 8.2.11 review and approve a policy promoting diversity on the Board and agree a target for the representation of the underrepresented groups on the Board, including actions on how to increase representation in order to meet that target on the Board;
- 8.2.12 review and approve the Group's equality and diversity policy applicable and the diversity action plans which relate to senior management and the wider workforce and recommend changes as required;
- 8.2.13 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 and the time commitment expected. In identifying suitable candidates the committee shall:
  - 8.2.12.1 use open advertising or the services of external advisers to facilitate the search;
  - 8.2.12.2 consider candidates from a wide range of backgrounds;
  - 8.2.12.3 ensure a rigorous, formal and transparent process of appointment is followed; and
  - 8.2.12.4 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the board and taking care that appointees have enough time available to devote to the position;
- 8.2.14 for the appointment of the Chairman of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- 8.2.15 prior to the appointment of a director, other significant time commitments should be disclosed and, in line with the Board's policy on conflicts of interest, the proposed appointee should be required to 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 as prior approval from the Board will be required;
- 8.2.16 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, committee service and involvement outside

Board meetings;

- 8.2.17 where requested by the Chairman of the Board, assist with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its committees;
  - 8.2.18 review the results of the board performance evaluation process that relate to the composition of the Board and succession planning, or those which relate to the Committee itself;
  - 8.2.19 ensure that the Senior Independent Director leads the Directors in evaluating the Chairman;
  - 8.2.20 review annually the time required from non-executive directors, including the Chairman. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
  - 8.2.21 work and liaise as necessary with all other Board committees.
- 8.3 The Committee shall also make recommendations to the Board concerning:
- 8.3.1 suitable candidates as new directors and, where deemed appropriate by the Committee or requested by the Board, succession and succession planning processes for existing directors;
  - 8.3.2 suitable candidates for the role of Senior Independent Director;
  - 8.3.3 membership of the Audit, Risk, Remuneration and \*Customer, Culture and Ethics committees, and any other Board committees as appropriate, in consultation with the chairman of those committees
  - 8.3.4 the re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their independence, performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required;
  - 8.3.5 \* the re-election by shareholders of directors under the annual re-election provisions of the Code 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, length of service 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), taking into account the length of service of individual directors, the Chairman and the Board as a whole;
  - 8.3.6 the evaluation of the independence of each non-executive director on an annual basis using the principles outlined in the Code;

8.3.7 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 Group, subject to the provisions of the law and their service contract; and

8.3.8 the appointment of any director to executive or other office.

9. Reporting responsibilities

9.1 The Committee Chairman shall formally report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The report shall include any other issues on which the Board has requested the Committee's opinion.

9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The Committee shall produce a report to be included in the Company's annual report and financial statements about:

9.3.1 its activities;

9.3.2 the process used to make appointments, its approach to succession planning and how both support the development of a diverse pipeline; and

9.3.3 how 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 Group.

9.4 The report referred to in 9.3 above should include a statement of the Board's policy on diversity and inclusion, including gender balance in the senior management team and their direct reports, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

10. Other matters

The Committee shall:

10.1 have access to sufficient resources in order to carry out its duties, including

access to the Company Secretariat, HR and independent control functions for advice and assistance as required;

- 10.2 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;
- 10.3 give due consideration to all relevant laws and regulations, in particular, the directors' duties contained in the Companies Act 2006, the provisions of the Code and published guidance, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, the Prudential Regulation Authority and the Financial Conduct Authority's Senior Managers and Certification Regime and any other applicable rules, as appropriate;
- 10.4 oversee any investigation of activities which are within this terms of reference;
- 10.5 work and liaise as necessary with all other Board committees; and
- 10.6 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

## 11. Authority

- 11.1 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports;
- 11.2 The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee;
- 11.3 The Committee is concerned with the business of the whole Group and accordingly its authority extends to all relevant matters relating to PF PLC and its subsidiaries; and
- 11.4 The Committee Chair is authorised to request remedial action be taken in relation to any matter, within the Committee's Terms of Reference, which the Committee Chair considers has not been addressed promptly or sufficiently.

The Committee is authorised to:

- 11.5 seek any information it requires from any employee of the Group in order to perform its duties;
  - 11.6 obtain, at the Group’s expense, independent legal or other professional advice on any matter within its terms of reference it believes it necessary to do so, providing the cost of the advice in relation to a specific matter does not exceed £20,000 (exclusive of VAT). Should it exceed this figure, approval from Board is to be obtained in advance;
  - 11.7 call any employee to be questioned at a meeting of the Committee as and when required; and
  - 11.8 have the right to publish in the Company’s annual report, details of any issues that cannot be resolved between the Committee and the Board.
12. Change Control

<b>Date</b>	<b>Summary of Changes</b>	<b>Approved by</b>
10 October 1997 – Jan 2019	Various amendments predominantly of membership.	Approved by the Board
January 2022	Combined with VBL Nomco and updated with best practice for combined committees	Committee