

# CYBG PLC

## Board Governance & Nomination Committee

### Charter

Committee Role	<p>The CYBG Board (Board) Governance &amp; Nomination Committee (Committee) is the Board level Governance &amp; Nomination Committee CYBG PLC (CYBG) and its subsidiaries including for the avoidance of doubt, Virgin Money Holdings (UK) plc and of its respective subsidiaries (together, the Group) and will be responsible for the governance, composition, skills, experience, knowledge, independence, diversity and succession arrangements under review and to make recommendations to the Board to ensure arrangements are appropriate and consistent with corporate governance standards and best practice. The Committee leads the process for appointments to the Board and ensures plans are in place for the orderly succession to both the Board and executive CYBG Leadership Team positions.</p> <p>The Committee also assists the Chairman of the Board in ensuring the effectiveness of the Board.</p> <p>In this Charter reference to Director means both a Non-Executive Director of CYBG and an Executive Director of CYBG unless otherwise stated.</p>
Ring-fencing obligations	<p>Where waivers or modifications from the Prudential Regulation Authority (PRA) Ring-fenced Bodies Rulebook have been granted by the PRA to operate common Boards across CYBG PLC, Clydesdale Bank PLC (CB) and Virgin Money plc (VM), all ring-fencing obligations relating to Board Committee composition, roles and independence criteria as defined in the CB Governance &amp; Nomination Committee and VM Nomination Committee Charters must be followed.</p>
Chair	<p>The Chair of the Committee (Chair) shall be appointed by the Board, on the recommendation of the Committee.</p> <p>The Chair shall be the Chairman of the Board except when the Committee is dealing with the appointment of their successor in which case, or if the Chairman of the Board is absent, the Senior Independent Director of CYBG will be Chair.</p> <p>The Chair does not have a casting vote.</p> <p>Independence shall be assessed with reference to provision B.1.1 of the UK Corporate Governance Code (Code) together with any relevant requirements of the Prudential Regulation Authority (PRA) and/or Financial Conduct Authority (FCA) (e.g. ring fencing).</p>
Members  Only members have a right of attendance	<p>Members, of whom a majority are to be independent Non-Executive Directors, shall be appointed by the Board on the recommendation of the Committee in consultation with the Chair, and shall as a minimum include:</p>

## CYBG PLC

### Board Governance & Nomination Committee

	<ul style="list-style-type: none"><li>• Chairman of the Board (Chair subject to the above)</li><li>• Senior Independent Director of CYBG</li><li>• at least one other independent Non-Executive Director of CYBG</li></ul> <p>'Independence' for these purposes will be assessed by reference to provision B.1.1 of the April 2016<sup>1</sup> UK Corporate Governance Code (Code).</p>
Standing Attendees	<ul style="list-style-type: none"><li>• Group Human Resources Director</li><li>• Secretary</li></ul>
Additional Invitees	At the invitation of the Chair
Quorum	Two members – one must be the Chair or the Senior Independent Director.
Meeting Frequency	Not less than two times per year
Secretary	Company Secretary or delegate
Source of Authority	CYBG Board; powers as set out in this Charter

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<sup>1</sup> July 2018 UK Corporate Governance Code will not apply to CYBG until financial year beginning 1 October 2019  
v2.0 – October 2018

**Board Governance & Nomination Committee**

<p>Responsibilities</p>	<p><u>Composition of the Board and its Committees</u></p> <p>(i) Regularly review the structure, size and composition of the Board and its committees (in consultation with each committee chair) and make recommendations to the Board about any necessary changes, having evaluated the balance of skills, experience, independence, knowledge and diversity on the Board currently and the requirements in the future and having regard to the need for effective succession planning and regular refreshing of Board membership.</p> <p>In carrying out this review the Committee shall take into account the results of the annual performance evaluation.</p> <p><u>Succession Planning</u></p> <p>(ii) Board Succession - regularly review plans for orderly succession to all Board (Non-Executive Director and Executive Director) and Board committee positions and make recommendations to the Board to ensure an effective succession plan is in place so as to maintain an appropriate balance of skills, experience, independence, knowledge and diversity on the Board and to ensure the regular refreshing of the Board and Board committees, taking into account the challenges and opportunities facing CYBG and its subsidiaries including for the avoidance of doubt, Virgin Money Holdings (UK) plc and of its respective subsidiaries (together, the CYBG Group) and the skills and expertise needed on the Board in the future.</p> <p>(iii) Leadership Team Succession – keep under review the leadership needs of the CYBG Group with a view to ensuring the continued ability of the CYBG Group to compete effectively in the marketplace and regularly review plans for orderly succession to executive Leadership Team roles within the CYBG Group to ensure an effective succession plan is in place.</p> <p>In considering the effectiveness of Leadership Team succession the Committee shall review at least annually a report on the CYBG Group’s talent management and development programme.</p> <p>For both the Board and the executive Leadership Team the Committee will oversee the development of a diverse pipeline for succession and will ensure that succession plans are based on merit and objective criteria and promote diversity in its broadest sense.</p> <p>(iv) Following an evaluation of the balance of skills, experience, independence, knowledge and diversity on the Board and the review of the Board succession plan, prepare a job specification for each specific Board appointment, including an assessment of the time commitment</p>
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## Board Governance & Nomination Committee

	<p>expected (in the case of the Chairman of the Board recognising the need for availability in the event of crises) and having regard to CYBG's purpose, culture, values &amp; behaviours and the Great Leadership framework.</p> <p><u>Board Appointments</u></p> <p>(v) Lead the selection and appointment process for new Directors (and for key Board and committee positions, in consultation with the relevant committee chair), establishing objective criteria and ensuring the process is formal, rigorous and transparent. Recommend appointments to the Board based on merit against the objective criteria set by the Committee and which promote diversity in its broadest sense.</p> <p>For Chairman and Non-Executive Director appointments, open advertising or an external search consultancy must be used so as to bring the existence of the vacancy to the notice of these members of the public who might reasonably be expected to seek nomination (other than an extraordinary vacancy arising in the case of the Chairman of the Board).</p> <p>(vi) Before making an appointment recommendation to the Board ensure that any proposed new appointee:</p> <ul style="list-style-type: none"><li>• meets the independence criteria of the Code, if they are to be appointed an independent Non-Executive Director</li><li>• undertakes that they will be able to allocate sufficient time to CYBG to discharge their responsibilities effectively</li><li>• discloses any significant commitments and the time involved and undertakes that they shall not undertake an external appointment without prior approval of the Board. Changes to these commitments, and the time involved, shall be reported to the Board as they arise.</li><li>• discloses any business interests that may result in an actual or potential conflict of interest with those of the Group and undertakes to report any future business interest that could result in a conflict of interest</li><li>• where applicable satisfies the requirements imposed by the Prudential Regulation Authority, Financial Conduct Authority and any other regulatory authority.</li></ul> <p>(vii) Ensure that each Non-Executive Director is provided with a Letter of Appointment setting out the terms and conditions of their appointment including the expected time commitment (fees for Non-Executive Directors shall be proposed by the Chairman of the Board to the Board for approval, and in the case of the Chairman of the Board</p>
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**Board Governance & Nomination Committee**

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	<p>shall be approved by the CYBG Remuneration Committee)</p> <p>(viii) Develop and oversee the full, formal and tailored induction of new Directors</p> <p><u>Serving Directors</u></p> <p>(ix) Make recommendations to the Board about:</p> <ul style="list-style-type: none"><li>• the time required from Non-Executive Directors</li><li>• the annual re-election by shareholders of Directors under the Code, including specific reasons why a Director's contribution is and continues to be important for the CYBG Group's long-term success</li><li>• the independence of Non-Executive Directors having regard to the independence criteria of the Code and the individual's ability to perform his or her duties independently without undue influence from other persons (the Chairman of the Board is to be considered independent on appointment)</li><li>• renewal of terms of office of Non-Executive Directors after three years based on a review of the Director's performance</li><li>• 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 applicable law and their service contract</li><li>• the appointment of any Director to executive or other office</li></ul> <p>In making these recommendations the Committee shall take into account the Director's performance and ability to contribute as well as the need for the progressive refreshing of the Board.</p> <p>Committee members must not be present at any meetings and must not participate in any decision or vote on any resolution of the Committee in relation to their own performance in or election, re-election, appointment or removal from the position of Director, Senior Independent Director or Chairman of a Board Committee.</p> <p>(x) Oversee the arrangements for the training and continuous professional development of Directors and the Board as a whole; ensure that the CYBG Group devotes adequate human and financial resources to Director induction and ongoing training</p> <p>(xi) Consider and authorise, subject to ratification by the Board, any situational conflict in which a Director may have a direct or indirect interest that conflicts, or possibly may conflict with the interests of the CYBG Group</p>
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## Board Governance & Nomination Committee

	<p>(xii) Conduct an annual review of the Conflicts Register and review any disclosure relating to conflicts of interest to be made public.</p> <p><u>Board Evaluation</u></p> <p>(xiii) Set the criteria for and oversee the formal and rigorous annual evaluation of the performance of the Board, its committees and each Director (the Senior Independent Director will set the criteria for and lead the annual evaluation of the Chairman's performance). The evaluation of the Board should consider the balance of skills, experience, independence, knowledge and diversity and how effectively Directors works together. Individual evaluation should demonstrate whether each Director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for Board and committee meetings and any other duties). Such evaluation should be externally facilitated at least every three years.</p> <p>(xiv) Ensure that the conclusions are reported to and reviewed with the Chairman then the Board; recommend an action plan to the Board to address areas identified for improvement; oversee the implementation of the action plan and periodically report progress to the Board.</p> <p><u>Corporate Governance</u></p> <p>(xv) Monitor developing trends, initiatives or proposals in relation to legal developments, regulatory changes, board governance issues and corporate governance best practice in the UK and other relevant jurisdictions; determine the impact on the CYBG Group and periodically update the Board making recommendations on any improvements or changes required to the CYBG Group's corporate governance arrangements, including the establishment of policies and practices; oversee the implementation of improvements or changes</p> <p>(xvi) Develop and recommend to the Board the Board's Diversity Policy, including a target for the representation of the under-represented gender on the Board and in relation to broader diversity considerations, monitor implementation of and progress against that policy including any measurable objectives the Board has set in respect of Board diversity.</p> <p><u>Reporting &amp; Disclosure</u></p> <p>(xvii) Compile, review and recommend for approval by the Board any material corporate governance information for inclusion in public disclosures or regulatory responses including the Corporate Governance Report for inclusion in the CYBG Annual Report &amp; Accounts having regard to the Code, the FCA Disclosure and Transparency Rules and the FCA Listing Rules</p>
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# CYBG PLC

## Board Governance & Nomination Committee

	<p>(xviii) Compile, review and approve an annual report of the work of the Committee for inclusion in the CYBG Annual Report &amp; Accounts including covering the matters set out in the Code</p>
Reporting	<p>The Chair will report to the Board on the Committee's proceedings after each meeting and shall report annually to the Board on how the Committee has discharged its responsibilities.</p> <p>The Committee will make recommendations to the Board as appropriate on matters within its responsibility including where action or improvement is needed.</p> <p>The Minutes of the Committee shall be made available to the Board.</p> <p>The Chair shall attend the CYBG Annual General Meeting to answer questions from shareholders on matters within the Committee's remit.</p>
Escalation	<p>The Committee can, at the discretion of the Chair, refer any matter to the Board. The Committee will receive reports from the CB Governance and Nomination Committee and the VM Nominations Committee after each meeting.</p>
Committee Governance	<p>Ensure new Committee members receive a suitable induction and that existing Committee members receive ongoing training and continuous professional development.</p> <p>At the close of each Committee meeting consider the effectiveness of the meeting and the quality of the papers.</p> <p>Conduct a formal and rigorous annual evaluation of the Committee's performance, that of the Chair and of each member of the Committee.</p> <p>The Committee shall have access to sufficient resources to undertake its duties and may engage, at the CYBG Group's expense, any appropriate independent professional advice it considers necessary to discharge its responsibilities.</p> <p>Annually review the Charter for approval by the Board, however, amendments of a non-material nature (as determined by the Chair) in the period between annual reviews shall be approved by the Committee without reference to the Board. The Charter shall be made available on the CYBG website.</p>