

Nominations Committee – Terms of Reference

Membership

- 1) The Committee shall consist of not less than three members of the Board, appointed by the Board. A majority of the members of the Committee shall be independent non-executive directors.
- 2) The Chairman of the Committee shall be a Non-Executive Director appointed by the Board. The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairman of the Society.

In the absence of the Chairman the remaining members may appoint another non-executive director to chair a particular meeting.

- 3) The current Committee members are:

D R Lewis – Chairman
WJ Carroll
N Hingorani-Crain

A quorum will be two members. The Secretary or their nominee shall act as Secretary to the Committee.

Only members of the Committee have the right to attend Committee meetings. However, other directors and members of staff the Committee feels appropriate and necessary may be invited to attend all or part of any meeting, including the Head of People and Culture.

Frequency of Meetings

- 1) The Committee shall meet at least twice a year and otherwise as required, including at such other times as the Chair considers appropriate to consider prospective candidates to the Board
- 2) The Secretary may convene a meeting of the Committee at the request of the Chairman of the Committee, a member of the Committee, the Chief Executive or the Chairman of the Board.

Authority

- 1) The Committee is authorised to investigate any activity within its terms of reference and seek any information it requires from any employee of the Society in order to perform its duties.
- 2) The Committee is authorised to obtain, at the Society's expense, external legal or other professional advice on any matters within its terms of reference.

Responsibilities

The Committee is responsible for board recruitment and will conduct a continuous and proactive process of planning and assessment, taking into account the Society's strategic priorities and the main trends and factors affecting the long-term success and future viability of the company. The Committee will lead the process for appointments, ensuring plans are in place for the orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession. The Committee shall be responsible for the following activities:

- 1) review the structure, size and composition of the Board and endeavour to ensure that the Board and its Committees have the capabilities required to be effective and to oversee the Society and make recommendations to the Board with regard to any changes. This will include an appropriate range and balance of skills, experience, knowledge, diversity, behaviours and personal attributes;
- 2) give full consideration to succession planning for members of the Board and other senior executives in

the course of its work, taking into account the challenges and opportunities facing the Society, its leadership needs and what skills and expertise are therefore needed on the Board in the future;

- 3) give consideration to the length of service of the Board as a whole and membership is regularly refreshed;
- 4) be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise;
- 5) 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. In identifying suitable candidates the Committee shall:
 - agree the process to be undertaken to identify, sift and interview suitable candidates building a proper assessment of values and expected behaviours into the process;
 - ensure appointments to the Board are subject to a formal, rigorous and transparent procedure;
 - ensure that prior to the appointment of a Director, a job specification is prepared for the role, including the time commitment required;
 - use open advertising, including the Society website and member newsletter and/or the services of external advisers to facilitate the search;
 - consider candidates from a diverse range with regard to background;
 - consider candidates on merit and against objective criteria, and within this context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
 - consider candidates by reference to the regulator's 'fit and proper' test and the competence and capability criteria set out;
 - if required, prior to the appointment of a Director undertaking a role covered by the Senior Managers' Regime, receive assurance that the proposed appointee has accepted in writing the Statement of Responsibility relevant to their role and has been approved by the PRA/FCA to undertake the role of Director of the Society;
 - take care to ensure during the recruitment process that potential appointees have enough time available to devote to the position, requiring disclosure of significant commitments such as other directorships with an indication of the time involved;
 - require any proposed appointee to confirm they have no other business interests that may result in a conflict of interest and require the candidate to report any future business interests that could result in a conflict of interest; and
 - on appointment review the letter of appointment for a non-executive director, the Chief Executive, the Society Chairman and Committee chairs.
- 6) keep under review the length of tenure of the Chairman;
- 7) 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 effectively in the market place;
- 8) the Committee shall also keep under review:
 - the effectiveness of the plans for succession for both Board and senior management based on merit and objective criteria and, within this context, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
 - membership and chairmen of the Audit, Remuneration and Risk Committees and any other Board Committees as appropriate in consultation with the chairmen of those Committees;
 - recommendations from the Board to members on the re-election of any Director under the re-election provisions within the Society Rules having due regard to his/her performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

- 9) review annually the directors' duties and responsibilities including those of committee chairs;
- 10) review annually the time commitment required of non-executive directors considering whether to set limits on the number and scale of other appointments it considers the chair and other non-executives may take on without compromising their effectiveness.
- 11) keep up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates;
- 12) review annually the allocation of prescribed regulatory responsibilities and the Society's Responsibilities Map maintained under the Senior Managers Regime;
- 13) oversee the Board and Board committees effectiveness review arrangements including the appointment of a firm to conduct an external review every three years or such other intervals as may be appropriate;
- 14) review the results of the annual Board performance evaluation and succession planning processes and monitor any actions agreed by the Board;
- 15) work and liaise as necessary with all other Board Committees;

Reporting

- 1) The Committee Chairman shall report to the Board after each meeting.
- 2) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 3) The Committee shall recommend to the Board a statement for the 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 other connection with the Society.
- 4) The Committee Chairman shall attend the Annual General Meeting of the Society to respond to any questions relating to the Committee's responsibilities.
- 5) Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Chairman it would be inappropriate to do so.

Other

- 1) 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.
- 2) The Committee shall have access to sufficient resources in order to carry out its duties, including access to the secretariat for assistance as required.
- 3) The Committee shall be provided with appropriate and timely training.