

Nominations Committee Terms of Reference

Overall Purpose

The main role of the Nominations Committee is:

- (a) Identify suitable candidates for Director positions and to make recommendations to the Board.
- (b) Evaluate the performance of the Board of Directors and its Committees.
- (c) Give consideration to the skills and characteristics required of members of the Board and to the maintenance of an appropriate diversity balance.
- (d) Take responsibility for Board succession planning.
- (e) Ensure that the Board gives due consideration to and, where appropriate, complies with best practice in corporate governance, as set out in the Corporate Governance Code and other relevant references.

Constitution

1. The Board hereby resolves to establish a Committee of the Board to be known as the Nominations Committee.

Membership

2. The Committee shall be appointed by the Board. The Committee shall comprise the Chairman and Vice Chairman of the Board of Directors and the Chief Executive.
3. The Chairman of the Committee shall be the Chairman of the Society. In the absence of the Chairman, the Vice Chairman will chair the meeting.

Attendance at meetings and Quorum

4. There will be no other regular attendees at the meeting although, at the discretion of the Chairman, other non-executive or executive Directors may be invited to attend the meeting from time to time.
5. The Chief Executive shall be secretary to the Committee.
6. A quorum of the Committee shall be three of its members. If one of the Committee cannot attend, one other non-executive Director may attend.

Notice of Meetings

7. Unless otherwise agreed, 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, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members, at the same time.

Frequency of the meetings

8. There will be four scheduled meetings per annum, in addition to ad hoc meetings when required.

Authority

9. The Committee is authorised by the Board to obtain outside legal, independent or other professional advice and such advisors may attend meetings as necessary.

Responsibilities

10. The responsibilities of the Committee shall be to:

- (a) Review the composition of the Board and its Committees to ensure that it comprises, in accordance with Rule 24, a sufficient number of Directors to meet the fit and proper test for approved persons, as set out in the FSA handbook.
- (b) Ensure that the Board and its Committees consists of Directors with the appropriate balance of skills, experience, knowledge and diversity to enable them to discharge their duties and responsibilities effectively.
- (c) Consider succession planning for the Board, its Committees and senior management to ensure there is continuity of the collective capability and capacity of the Board to meet the requirements of the Society's Rules, the Act and the Prudential Sourcebook issued by the Society's regulator. As part of the arrangements to meet this objective, the Committee will establish such lists of, and information about, potential eligible candidates as it considers appropriate. It will also ensure that the Board and its Committees are of sufficient size to meet the business objectives of the Society and to ensure that succession can be undertaken without disruption.
- (d) Keep under review the leadership needs of the Society, with a view to ensuring the continued ability of the Society to compete in the market place and keep up to date and fully informed about strategic issues affecting the Society.
- (e) Ensure that recruitment for the Board is undertaken, and appointments made, on merit, against objective criteria and with due regard to the benefits of a diversity of personal attributes, psychological type, background and gender.
- (f) Assess prospective candidates by reference to written and oral evidence (to include interviews) to establish that they:
 - Enhance the constitution of the current Board
 - Meet the eligibility requirements set out in the Society's Rule 13 and the qualification requirement in Rule 14, and
 - Meet the minimum standards for fitness and propriety, set out in the FSA handbook
- (g) Ensure that successful candidates for Controlled Functions are approved by the regulator before taking office.
- (h) 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. Before appointment, candidates 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.
- (i) Ensure that any matters appertaining to a candidate or Board member which may call into question their suitability as a Director are brought to the immediate attention of the Society's regulator and the Board and, where appropriate, the membership, prior to the election of the candidate.

- (j) Ensure that, where a membership candidate who the Committee considers is not fit and proper is elected by the membership, the matter is brought to the immediate attention to the Society's regulator and make arrangements for an immediate meeting of the Board of Directors to consider a request by the majority of Directors, under the Society's Rule 24, for the elected Director to cease to hold office.
- (k) Make recommendations to the Board for the appointment of Directors to the Society's subsidiary or associated companies, having regard to the aptitude skill and qualifications of the candidate.
- (l) Make recommendations to the Board in connection with the representation on behalf of the Society, by the Society's Directors or staff, on trusts, trade associations or other formal organisations which are connected with the Society's business or reputation.
- (m) Review the results of the Board evaluation process relating to the performance or composition of the Board.
- (n) Ensure that there are proper mechanisms in place for the communication of changes in the Board composition to staff, the media, trade bodies, the Stock Exchange and industry commentators.
- (o) Ensure that the Society is fully aware of and, where appropriate, complies with best practice as set out in the Corporate Governance Code and other relevant guidance.
- (p) Maintains a formally documented Board succession plan which is reviewed on at least an annual basis.

Reporting Requirements

- 11. The Committee Chairman shall report to the Board on the Committee's proceedings after each meeting. The secretary shall circulate the minutes of meetings of the Committee to all members of the Board. At the discretion of the Chairman, private minutes may be taken which are circulated only to members of the Nominations Committee and referenced in the private minute book.
- 12. The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.
- 13. The Committee shall produce a report on its activities to be included in the Society's annual Report and Accounts.

Other Matters

The Committee shall:

- 14. Have access to sufficient resources in order to carry out its duties, including access to the Society's Secretariat for assistance, as required.
- 15. Be provided with appropriate and timely training, both in terms of an induction programme for new members, and on an ongoing basis for all members.

Available Guidance

- 16. The Committee shall operate in accordance with the UK Corporate Governance Code issued in July 2010.

23.1.12