

TERMS OF REFERENCE – NOMINATION COMMITTEE

1. Composition: The Committee shall comprise the Chairman, the Chief Executive and the Senior Independent Director and/or such other members as the Board shall appoint.
2. Chairman: The Committee Chairman shall be the Chairman of the Board except when it is dealing with the matter of succession to the Society's chairmanship.
3. Quorum: The quorum necessary for the transaction of business shall be two members. In the event that there should be only two attendees, neither shall have a casting vote.
4. Frequency of Meetings: The Committee shall meet at least once a year and otherwise as required.
5. Minutes of Meetings:
The Committee shall appoint a Secretary who shall minute the proceedings and resolutions of all meetings of the Committee.

Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.
6. Notices of Meetings: Unless otherwise agreed by the Committee, notices of meetings shall be issued in writing and not less than two clear days in advance of each meeting and state the business to be transacted at each meeting.
7. Annual General Meeting: The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any member questions on the Committee's activities.
8. Duties: The Committee shall:
 - a) annually review the job description for non-executive directors of the Society, together with the structure, size and composition (including the skills, knowledge and experience) required of the Board, compared to its current position and make recommendations to the board with regard to any changes;
 - b) ensure plans are in place for orderly succession to the Board and senior management positions and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Society, and what skills and expertise are therefore needed on the Board and in senior management positions in the future;
 - c) lead the process for appointments to the Board and be responsible for identifying and nominating for the approval of the Board, a short-list of candidates to fill board vacancies as and when they arise;
 - d) before appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in 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; and
 - iii. consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- e) having consideration for the Society's diversity policy, decide on a target for the underrepresented gender on the Board and prepare a policy on how to increase the number in order to meet the target;
- f) oversee the annual performance evaluation process and ensure that the Board and all individual directors are subject to a formal and rigorous annual evaluation;
- g) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
- 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.

The Committee shall also make recommendations to the Board concerning:

- a) suitable candidates for the role of senior independent director;
- b) the membership of Subsidiary Boards and Board Committees;
- c) 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; and
- d) the re-election by members of any director under the 'retirement by rotation' provisions in the Society's rules 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.

9. Reporting Responsibilities: The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

The Committee shall make a statement in the annual report describing its work which shall include:

- a) the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;
- b) how the board evaluation has been conducted, the nature and extent of any external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition;
- c) the policy on diversity and inclusion, its objectives and linkage to the Society's strategy, how it has been implemented and progress on achieving the objectives; and
- d) the gender balance of those in the senior management and their direct reports.

10. Annual Review:

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.

11. Authority:

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

The Committee is authorised to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference.