

TERMS OF REFERENCE – NOMINATION COMMITTEE

1 Membership

- 1.1 Members of the Committee shall be appointed by the Board and shall be made up of at least 3 independent non-executive directors. The Chairman of the Board shall not be a member of the Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Corporate Services Director (in his/her capacity as Head of Human Resources) and external advisers may be invited to attend all or part of any meeting as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for a further three year periods, provided the director remains independent.
- 1.4 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2 Secretary

- 2.1 The Company Secretary or their nominee shall act as Secretary of the Committee.

3 Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4 Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and otherwise at such times as the Chairman of the Committee shall require.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

- 5.2 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 and any other person required to attend no later than 5 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of the Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of the Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

7 Annual General Meeting

- 7.1 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

- 8.1 The Committee shall:
- 8.1.1 Regularly review 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;
 - 8.1.2 Give full consideration to succession planning for directors and other senior executives in the course of work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future;
 - 8.1.3 Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
 - 8.1.4 Before appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and the capabilities required for a particular appointment. In identifying suitable candidates the Committee may:

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- 8.1.4.1 Use open advertising or the services of external advisers to facilitate the search
 - 8.1.4.2 Consider candidates from a wide range of backgrounds; and
 - 8.1.4.3 Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - 8.1.5 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;
 - 8.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
 - 8.1.7 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether non-executive directors are spending enough time to fulfil their duties; and
 - 8.1.8 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 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive (but see 8.2.5 below);
 - 8.2.2 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;
 - 8.2.3 the re-election by members of any director under the “retirement by rotation” provision in the Society’s rules 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;

8.2.4 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 provision of the law and their service contract:

8.2.5 the appointment of any director to executive or other office other than to the positions of Chairman or Chief Executive, the appointment of which would be considered at a meeting of the full board; and

8.2.6 membership of the board Committees, in consultation with the Chairmen of these committees.

9 Reporting Responsibilities

9.1 The Chairman of the Committee shall report formally in writing to the Board following each Committee meeting.

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 make a statement in the annual report about its activities, the process used to make appointments and shall explain if expert advice or open advertising has not been used.

10 Authority

The Committee is authorised:

10.1 to seek any information it requires from any employee of the company in order to perform its duties;

10.2 to obtain, at the Society's expense, outside legal or other professional advice on any matter within its terms of reference; and

11 Other

11.1 The performance, constitution and terms of reference of the Committee shall be reviewed by the Board annually.