

## **PERSONAL**

DD/MM/YY

Dear

### **Non executive appointment**

Upon the recommendation of the Nominations Committee, the Board has appointed you as a non-executive director. I am writing to set out the terms of your appointment. It is agreed that this is a contract for services and is not a contract of employment.

Your appointment is subject to the approval of the Financial Services Authority under the Approved Persons Regime and will be notified to the London Stock Exchange.

The Chairman will contact you before appointment to discuss membership of committees and other matters

### **Appointment**

Your appointment will be for an initial term of three years unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice. The appointment will commence immediately upon the later of the opening of your investment account with a balance of £1,000 or more, or confirmation of approved person status being received from the FSA. Continuation of your appointment is contingent on satisfactory performance and re-election at forthcoming AGMs. Non-executive directors are typically expected to serve three three-year terms, with a comprehensive review after each term.

### **Time Commitment**

Overall, we anticipate a time commitment of two days per month after the induction phase. This will include attendance at Board Meetings, relevant Committees, the Annual General Meeting, one or two annual Board away days and at least one branch visit per year. In addition, you will be expected to devote appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. The agreement of the Chairman should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive director of the Society or could involve a conflict of interest.

### **Role**

Non-executive directors have the same general legal responsibilities to the Society as any other director. The Board as a whole is collectively responsible for the success of the Society. The Board:

- provides entrepreneurial leadership for the Society within a framework of prudent and effective controls which enables risk to be assessed and managed;

- sets the Society's strategic aims, ensures that the necessary financial and human resources are in place for the Society to meet its objectives and reviews management performance; and
- sets the Society's values and standards and ensures that its obligations to its members and others are understood and met.

All directors must take decisions objectively in the interests of the Society.

In addition to these requirements, the role of the non-executive director has the following key elements:

- **Strategy**      constructively challenge and help develop proposals on strategy;
- **Performance**    scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk**            satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and
- **People**          are responsible for determining appropriate levels of remuneration for executive directors and have a prime role in appointing and, where necessary, removing directors and in succession planning.

### **Fees**

You will be paid a fee of £      gross per annum, which will be paid monthly in arrears and which will be subject to an annual review by the Executive Directors. The Society will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

### **Outside Interests**

It is accepted and acknowledged that you have business interests other than those of the Society and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairman and the Secretary as soon as apparent.

The Board has determined you to be independent according to provision A.3.1 of the Combined Code of Corporate Governance, issued by the Financial Reporting Council.

### **Disclosures**

Under the Building Societies Act, the Society is required to maintain a register containing details of transactions made with directors and connected persons; it also has to record 'relevant income' of related outside businesses of directors. Directors will be asked to make a formal return confirming compliance with these sections at each year end.

Interests in 'relevant contracts' should be notified to the Board at its meeting following the time when the interest in the contract occurred.

Non-executive directors may have a loan from the Society on ordinary commercial terms (subject to approval by the full Board) and these, together with loans to any person 'connected' to a director, must be notified to the Society.

Under Rule 14(1), there is a requirement that a director should have a shareholding in the Society of not less than £1,000. Rules 24(1)(b) requires that the shareholding is maintained for as long as a director remains in office.

### **Confidentiality**

All information acquired during your appointment is confidential to the Society and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of sensitive information. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairman or the Secretary. In particular, the Society has permanent interest bearing shares that are listed on the Stock Exchange and observation of the 'closed period' between any half year interims and year end and announcement of the Society's results is imperative.

### **Induction**

Immediately after appointment, the Society will arrange a tailored induction, which will include an information pack. We will also arrange for site visits and meetings with senior management and the external auditors.

### **Review Process**

The performance of individual directors and the whole Board and its Committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role, you should discuss them with the Chairman as soon as is appropriate.

### **Insurance**

The Society has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £ ; a copy of the policy schedule is attached.

### **Independent Professional Advice**

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the Society's expense.

### **Committees**

This letter refers to your appointment as a non-executive director of the Society. In the event that you are also asked to serve on one or more of the Board Committees, this will be covered in a separate communication setting out the Committee's(s) terms of reference, any specific responsibilities and any additional fees that may be involved.

### **Due Diligence**

As part of your external enquiries about the Society, you may wish to contact our supervisory contacts at the FSA, (name) at (telephone no). The Society's external auditors are Deloitte and the appointed partner, (name), will be pleased to provide you with his perspective on the

Society's business. He/she can be reached on (telephone number). (I have indicated to him/her that you may call).

Yours sincerely,

**Andrew Greenwood.**  
**General Manager and Secretary.**