

Division of Duties of the Chair of the Board and the Chief Executive Officer

The UK Corporate Governance Code (the Code) clearly differentiates between running the Society and running the Board.

The Code also suggests that a Chief Executive should not go on to become the Chair of the Board. This is because the detailed knowledge of the Society may impede the handover of management responsibilities to another individual.

It is also the Chair's responsibility to ensure that all Non-Executive Directors are kept up-to-date and a Chair who has previously been the Chief Executive may take for granted that the Non-Executives have the same level of knowledge of the Society and the regulations as he does.

The following table has been adapted from the Higgs Report to demonstrate the division of duties between the Chair of the Board and a Chief Executive.

Chair	Chief Executive
<u>Reporting Lines</u>	
The Chair reports to the Board. The Chair is appraised annually by the Senior NED on behalf of the Board	The Chief Executive reports to the Chair (acting on behalf of the Board) and to the Board directly.
The Chair is not responsible for executive matters regarding the Society's business. Other than the Chief Executive, no Executive reports to the Chair other than members of the Board.	The Chief Executive is responsible for all executive management matters affecting the Society. All members of the executive management team report either directly or indirectly to the Chief Executive.
<u>Key Responsibilities</u>	
The Chair's principal responsibility is the effective running of the Board.	The Chief Executive's principal responsibility is running the Society.
The Chair is responsible for ensuring that the Board plays a full and constructive part in the development and determination of the overall strategy and commercial objectives of the Society.	The Chief Executive is responsible for proposing and developing the Society's overall commercial objectives, which he does in close consultation with the Board and the Chair.
The Chair is the guardian of the Board's decision making process.	The Chief Executive is responsible with the executive team for implementing decisions of the Board and its Committees.
<u>Other Responsibilities</u>	
Running the Board and setting its agenda.	Providing input to the Board's agenda from all members of the Executive Team.
Ensuring that the Board agenda take full account of the important issues facing the Society and all the concerns of the Board members.	Ensuring that he maintains a dialogue with the Chair on the important and strategic issues facing the Society and proposing Board agendas to the Chair which reflect these.

Chair

Chief Executive

Ensuring that the Board receives accurate, timely and clear information on:

- The Society's performance
- The issues, challenges and opportunities facing the Society
- Matters reserved to it for decision.

Ensuring compliance with the Board's approved procedures.

Proposing to the Board, in consultation with the Chief Executive, Secretary and Board Committee Chairs as appropriate:

- A schedule of matters reserved for the Board
- Terms of Reference for each Board Committee
- Any other Board policies and procedures

As a member of the Remuneration & Nominations Committee and in that role participating in any change and succession planning in Board appointments to retain and build an effective and complementary Board and to facilitate the appointment of effective and suitable members and Chairs of Board Committees.

Ensuring there is an effective communication between members of the Society and the Board.

Taking the lead in providing a properly constructed induction programme for newly appointed Directors.

Taking the lead in identifying and seeking to meet the development needs of both individual Directors and of the Board as a whole.

Ensuring the performance of the Board, its Committees' and all the Directors are formally and rigorously evaluated at least once a year.

Promoting the highest standards of integrity, probity and corporate governance throughout the Society.

Responsible for ensuring the Board and its SMF holders understand and fulfil their responsibilities under SMR.

Ensuring that the Executive Team gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information.

Ensuring in consultation with the Chair that he and the Executive Team comply with the Board's approved procedures.

Providing input to the Chair and Secretary on appropriate changes to the:

- Schedule of matters reserved for the Board
- Terms of Reference for each Board Committee
- Any other Board policies and procedures

Provide information and advice on succession planning to the Chair of the Remuneration & Nomination Committee and other members of the Board.

Leading the communication between members of the Society and the Board.

Commenting on the content of the induction programme for newly appointed Directors and ensuring that the appropriate management is available for the process.

Ensuring the development needs of all Directors and other senior management that are reported to him are met.

Ensuring that performance reviews are carried out at least once a year for each Executive and Non-Executive Director, as well as providing input to the evaluation process.

Promoting and conducting the affairs of the Society with the highest standards of integrity, probity and corporate governance.

Responsible for maintaining Responsibilities Map and ensuring that the systems and processes which support SMR work