

TERMS OF REFERENCE

NOMINATIONS AND REMUNERATION COMMITTEE

1. Introduction

The Nominations and Remuneration Committee assists the board in meeting its obligations under the Friendly Societies Act 1992 and the Financial Services and Markets Act 2000. It also recognises and complies with regulatory requirements and the principles of good corporate governance.

2. Composition

- 2.1 The Nominations and Remuneration Committee will ideally comprise a minimum of three members, the majority of whom should be non executive directors.
- 2.2 The Board will nominate one of the non-executive members of the committee as Chairman of the Committee

3. Self Appraisal

On an annual basis the Nominations and Remuneration committee should formally appraise its performance against its role and objectives and minute the extent to which it has met its requirements, together with an action plan should any shortcomings be identified.

4. Reporting Structure

The Nominations and Remuneration Committee will report direct to the Board, with the Chairman of the Committee acting as spokesman.

5. Meetings

- 5.1 Meetings will normally be held three times a year. In case of need, the Chairman may call a special meeting of the Committee.
- 5.2 The agenda will be prepared by the Chairman of the Nominations and Remuneration Committee.
- 5.3 Minutes of the meetings will be taken by a member of the Committee and will then be circulated to the members of the Nominations and Remuneration Committee and to Board members prior to the next appropriate Board Meeting.

- 5.4 The agenda and supporting papers will be circulated to all members and invited attendees at least seven days before the meeting.
- 5.5 A quorum is two members of the Nominations and Remuneration Committee. No business will be conducted in the absence of a quorum. A meeting will terminate as soon as it becomes inquorate.
- 5.6 The Nominations and Remuneration Committee may request any attendees to leave the meeting in order that Committee members can discuss matters confidentially.

6. Objectives

- 6.1 To ensure that any person nominated for election to the Board is fit and proper with the appropriate skills and experience for the post in accordance with regulatory requirements and principles of good corporate governance.
- 6.2 To ensure that appointments to the Board have been made on merit and against objective criteria.
- 6.3 To ensure that there is a formal, rigorous and transparent procedure for the appointment of directors to the Board.
- 6.4 To determine the remuneration package of the CEO and first line management in accordance with regulatory requirements.
- 6.5 To determine the fees and expenses of non-executive members of the Board. To review all fees and expenses on an annual basis.
- 6.6 To oversee the Board assessment process, ensure that satisfactory analysis is undertaken of the performance of the Board, and report to the Board on at least an annual basis on its assessment
- 6.7 To oversee the achievement of CPD as necessary by all Board members.

7. Authority

- 7.1 The Nominations and Remuneration Committee does not have delegated authority from the Board and makes recommendations to the Board for approval.
- 7.2 The Nominations and Remuneration Committee may seek external legal and professional advice if this is required for it to fulfil its duties and responsibilities.

7.3 The election of members to the Board will be made at the Annual General Meeting but only those persons deemed fit and proper by the committee and approved by the board will have their names put forward for election.

8. Policy on Executive Remuneration

The Nominations and Remuneration Committee shall monitor executive remuneration in line with the Society's Remuneration policy.