

NOMINATIONS & REMUNERATION COMMITTEE TERMS OF REFERENCE

1. Constitution

The Nominations & Remuneration Committee is constituted as a Committee of the Board of The Chorley and District Building Society.

The Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

2. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference.

The Committee is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge.

Minutes of each meeting are issued to all members and attendees and to the Board.

3. Membership

Members

Mr. A. Horsley (Chairman)

Mrs. E. Mahmood

Attendees

Mr. J. Sandford (Chairman of the Board)

Mr. S. Penlington (Chief Executive)

Mrs. J. Wilding (Head of HR & Training)

4. Attendance at Meetings

The quorum necessary for the transaction of the business of the Committee shall be two Committee members.

All matters shall be decided by a majority of votes. Every member present, including the Chairman shall have one vote. In the event of a tie, or if there is any fundamental disagreement between the two members, this must be referred to the Board.

5. Frequency of Meetings

The Committee will meet at least once each year to assess the annual pay award proposal and as and when necessary to consider succession matters.

6. Purpose of the Committee

The Committee shall ensure that the remuneration policy of the Society encourages enhanced performance and in a fair and responsible manner, rewards individuals for their contribution to the success of the Society bearing in mind at all times the parameters of the Society's Risk Framework and the Remuneration Code.

7. Duties

Nominations

- * to lead the process for appointments to the Board
- * to identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise
- * to make recommendations to the Board, ensuring there is a formal, rigorous and transparent procedure in place
- * to receive assurance that adequate succession plans are in place for the Chairman, non-executive directors and senior Executives

Remuneration

- * to receive from the Executive, review and approve the Remuneration Policy Statement
- * to have delegated authority to set individual remuneration arrangements for the Society's Board, Executive and Remuneration Code staff
- * agreement of the business objectives against which the senior executives are appraised
- * to determine overall remuneration levels with reference to:-
 - overall market positioning of the remuneration package
 - annual pay award
 - annual and long-term incentive/bonus arrangements, and set the relevant targets for any performance related schemes
- * in determining remuneration policy and packages, the Committee shall have regard to the UK Corporate Governance Code, the Remuneration Code and regulatory Policy Statement PS 09/15 "Reforming Remuneration Practices in Financial Services" and all other relevant codes, laws and regulations
- * to consider the initial fee proposals for the Chairman for the Board to consider and approve.
- * to review and agree the fees and other payment arrangements for non-executive directors
- * to consider a report from the Head of Risk on the overall setting of remuneration for the different business areas of the Society in relation to risk and compliance with the principles of the Remuneration Code and recommend its approval to the Board

Whistleblowing

- * to ensure an annual report on Whistleblowing is provided to the Board

General

- * to review, agree and recommend for approval to the Board, the Terms of Reference of the Nominations & Remuneration Committee and Senior Independent Director
- * to delegate all HR matters to the Executive

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