

**NOMINATIONS AND REMUNERATION COMMITTEE (NRC)
TERMS OF REFERENCE**

Purpose

The purpose of the NRC is to assist the Board in fulfilling its responsibilities in relation to the following:

- Remuneration Policy for Non-Executive Directors, Executive Directors and Material Risk Takers (MRT);
- How the society pays regard to the principles of the UK Corporate Governance Code relating to remuneration and the FCA's Remuneration Code;
- Nomination of any Non-Executive Director, Executive Director and/or Material Risk Taker; and
- Whistleblowing Arrangements

Constitution

The NRC is a Board sub-Committee reporting to the Board of Directors (Board).

Authority

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

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.

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.

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

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.

Membership

All members of the Committee must be independent Non-Executive Directors of the Society.

The Society's Board Chair must not be a member of the Committee.

Non-Executive Director (Chair) – Appointed by the Board

Non-Executive Director

Non-Executive Director

Attendees

Chair of the Board
 Chief Executive Officer (CEO)
 Head of HR, Training, Facilities and H&S
 Finance Director
 Minute Taker
 Other staff members may be requested to attend and report as necessary

Attendance at Meetings

In the absence of the Chair, the remaining members shall elect one of them to be Chair for that meeting.

The quorum necessary for the transaction of the business of the Committee shall be two (2) Committee members.

All matters shall be decided by a majority of votes. Every member present, including the Chair, 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 for decision.

Frequency of Meetings

The Committee will meet at least once each year.

Additional meetings are called as required by the Chair of NRC.

Duties

Nomination Matters

- Lead a formal, rigorous and transparent process for appointments to the Board
- Recommend to Board, the appointment of Non-Executive Directors, Executive Directors and MRT
- Identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise
- Regularly review succession plans for the Board Chair, Non-Executive Directors, Executives and MRT.

Remuneration Matters

- Review and approve the Remuneration Policy
- Retain delegated authority by the Board, to set individual remuneration arrangements for the Society's Non-Executive Directors, Executive Directors and MRT (Remuneration Code staff)
- Agree the business objectives against which the Non-Executive Directors, Executive Directors and MRT are appraised

- 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
- Review the Remuneration Policy and packages, in the context of
 - UK Corporate Governance Code;
 - Remuneration Code; and
 - All other relevant codes, laws and regulations.
- Review and approve the Independent Report on Remuneration prepared by the Society's Head of Risk

Whistleblowing Matters

- Review and recommend for approval to the Board, the Whistleblowing Policy
- Review the Annual Whistleblowing Report

Other Matters

- Review and approve the Strengthening Accountability Framework
- Consider other topics as defined by the Board
- Review, agree and recommend for approval to the Board, the Terms of Reference of the NRC and Senior Independent Director
- Review and recommend for approval to the Board, Job Descriptions and Statement of Responsibilities for Non-Executive Directors, Executive Directors and MRT.
- Delegate all other HR matters to the Executive

Additional Reports Received

- Annual Pay Award proposal
- Benchmarking Report
- Succession Plan
- Strengthening Accountability Framework