

Nomination & Remuneration Committee: Terms of Reference

1. The Committee is established by the Board to review Board constitution, skills, performance, succession plans, Directors' elections and the senior management structure. It is responsible for remuneration policy for all Directors and has delegated authority from the Board to make decisions regarding general remuneration contractual and HR arrangements, subject to overview by the Board. The remit is reviewed at least annually by the Board.

Membership and Attendees

2. The Committee is chaired by the Senior Independent Director and all Non-executive Directors of the Society are members of the Committee. A quorum is three members.

3. The Chief Executive attends and acts as Secretary of the Committee but takes no part in discussions on his own remuneration

Meetings

4. The Committee meets at least four times each year. Minutes are taken and the Chairman of the Committee reports to the Board at its next meeting. Additional meetings of the Committee may be held as and when required.

Responsibilities

Board Composition and Effectiveness

5. To review annually the structure, size and composition of the Board (including skills, knowledge and experience) and make recommendations to the Board regarding changes.

6. To consider annually which Directors should seek re-election in accordance with the Society's Rules regarding 'retirement by rotation' or under the requirements of the UK Corporate Governance Code.

7. To consider feedback from the Board Chairman on the Board Appraisal process and review Board effectiveness, taking into account this feedback and any other relevant factors.

Appointment of Directors

8. To support the Board Chairman as required in identifying candidates to fill any Non-executive vacancies, overseeing the application process and making appropriate nominations to the Board.

9. To be responsible for overseeing the application and appointment process for Executive Director positions.

Remuneration and Contractual Arrangements

10. To review annually the fees paid to Non-Executive Directors and make decisions subject to Board overview.

11. To set annual objectives for the Chief Executive, review his annual appraisal as carried out by the Board Chairman and make decisions regarding his salary and annual bonus, subject to Board overview.

12. To consider recommendations from the Chief Executive regarding bonus and salary arrangements for management and staff, and make decisions regarding these, subject to Board overview.

13. To review the Society's Remuneration Policy and Equality & Diversity Policy and to make recommendations to the Board regarding changes.

14. To review the contractual framework and policy for remuneration and benefits for Executive Directors, senior management and staff, including arrangements for appraisal and performance management, and to make recommendations to the Board regarding changes.

15. To review the roles, capabilities and job descriptions of Non-executive Directors, Executive Directors and senior management and to make recommendations to the Board regarding changes.

Date Remit last reviewed

29 July 2015