

Terms of Reference: Nominations and Remuneration Committee

Role

As the Nominations Committee to keep under review the composition and structure of the Board and its subordinate Committees and to make recommendations to the Board on future appointments of non-executive directors (NEDs).

As the Remuneration Committee to determine policy on staff remuneration; to approve the annual staff salary and bonus awards and to recommend to the Board levels of NED remuneration.

Membership

The Chairman of the Society, who will chair the Committee

The Vice Chairman

The Chief Executive (except when his own remuneration is under consideration)

The Chief Executive will also act as secretary to the Committee.

Other members of the Senior Management Team, the HR Adviser and external pay consultants may be invited to attend as required.

Conduct of Business

The quorum will be two members.

The Committee will meet at least twice a year, including a meeting in December to determine staff salary and bonus awards, and otherwise as required including when NED vacancies occur.

The Chairman will report to the Board at least annually on remuneration issues (normally at the first Board meeting in the year following the annual pay award) and as necessary on Board composition and structure.

The agenda, papers and minutes of meetings will be circulated by the Chief Executive with the approval of the Chairman.

Responsibilities

As the Nominations Committee:

- To evaluate the composition and structure of the Board, having regard to the provisions of the Combined Code.
- To conduct a gap analysis of the skills, capabilities and experience required to maintain an effective and balanced Board
- To maintain a succession plan for future possible NED appointments with particular reference to predicted forthcoming vacancies
- To make recommendations for future NED appointments to the Board for their approval
- To oversee the recruitment of executive Board members which will normally be undertaken by external competition (in the event of a requirement to appoint a new Chief Executive the Chairman may wish to establish a selection panel involving other NEDs)
- The Chairman will be responsible for conducting an annual performance review of all NEDs and will appoint an NED to conduct a review of his own performance and effectiveness, consulting other Board members

As the Remuneration Committee:

- To determine policy on staff remuneration (including for the Senior Management Team) including pay structures, bonuses, pension arrangements, working hours, leave entitlements and other non-pay benefits
- To monitor the staff structure, recruitment and promotion policies and staff contracts
- To set the financial parameters for the annual review of staff pay and bonuses
- To determine individual annual staff pay and bonus awards
- As required, to appoint and agree the brief for external pay consultants to undertake a Benchmarking exercise on market comparators
- To make recommendations to the Board at least every three years on the remuneration of NEDs based on an analysis of external comparators

Delegated Authority

The Nominations and Remuneration Committee is a subordinate Committee of the Board with the authority, powers and responsibilities set out in the Society Rules and in these Terms of Reference.

End Jan 2010