

British Friendly Society

Remuneration Sub-Committee

Terms of Reference

**1. Introduction**

- a) The Remuneration Sub-Committee (“the Sub-Committee”) is a Sub-Committee of the British Friendly Society (“the Society”)’s Board (“the Board”), which is the primary decision making body of the Society. The Board and its Sub-Committees are established pursuant to the Society’s Articles of Association (“the Articles”) and, unless specifically stated otherwise, the terminology, words or expressions used in these Terms of Reference have the same meaning as in the Articles.

**2. Membership**

- a) The Sub-Committee shall consist of its Chairman, and three Non-Executive Directors of the Board. All of the members of the Sub-Committee shall be independent of the Society and free from any business or other relationship which could interfere with the exercise of their independent judgement.
- b) The Board shall appoint one of its Non Executive Directors (but excluding the Chairman of the Board) as the Chairman of the Sub-Committee.
- c) Non Executive Directors of the Sub-Committee shall be appointed for a three year term and will normally be eligible for re-election only once.
- d) Only members of the Sub-Committee shall have the right to attend meetings. However, the Society’s Chief Executive Officer and Risk and Compliance Director will normally be expected to attend in an advisory capacity when Directors’ remuneration is being considered.

**3. Duties**

The Sub-Committee shall:

- review and agree the overall appropriateness and relevance of the Society’s remuneration policy and the structure of total pay awards including salary, benefits, pension and profit related pay for the Society’s employees;
- have responsibility for setting the overall remuneration levels for the Executive Directors and Senior Management, having regard to inter alia market factors, size and complexity of role, experience etc. and in particular set the targets and agree payouts under any performance related pay schemes;
- if LTIPs are in operation in the business this should be considered and reviewed; and

- have responsibility for setting the level of fees for the Society's Chairman. The remuneration of the Non Executive Directors shall be approved by the Board as a whole within the limits set in the Memorandum and Rules of the Society. No director or senior manager shall be involved in any decisions as to their own remuneration.

#### **4. Meetings**

- a) The quorum of each Sub-committee shall be at least two members
- b) The Sub-Committee shall meet at least three per annum, with scheduled meeting being held in February, June and December. If necessary, the Sub-Committee shall hold further meetings from time to time, as may be called by the Company Secretary of the Society or by any member of the Sub-Committee. All meetings shall be conducted in accordance with these Terms of Reference and the Society's Articles.
- c) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, with all available supporting papers, shall be forwarded to each member of the Sub-Committee and any person required or invited to attend, no later than five working days before the date of the meeting.
- d) Appendix I details the schedule of regular agenda items for the Sub-Committee
- e) The Chairman shall chair each meeting of the Sub-Committee. If the Chairman is absent the other Directors present shall choose one of their number as Chairman for that meeting.

#### **5. Authority**

- a) The Sub-Committee is authorised by the Board to;
  - i. investigate any activity within its terms of reference;
  - ii. seek any information that it may require from internal and external sources to carry out its role; and
  - iii. to obtain, as considered necessary, independent external professional and/or legal advice at the Society's expense as necessary.

#### **6. Reporting Procedures**

- a) The Chairman of the Sub-Committee will report on the deliberations of the Sub-Committee to the Board and provide copies of the minutes of any meetings.
- b) The Sub-Committee shall make whatever recommendations to the Board it deems appropriate on any area within its terms of reference.

#### **7. Miscellaneous**

- a) At least once a year, the Sub-Committee shall:
  - i. Review its own constitution and terms of reference to ensure that it is operating effectively;
  - ii. Recommend to the Board, for approval, the changes that it considers appropriate; and
  - iii. Review its own performance and report any recommendations to the Board.

Adopted by the Sub-Committee on .....

## Appendix I

### Schedule of regular agenda items for the Remuneration Sub-Committee

#### For each regular meeting

Apologies  
Declaration of any conflicts of interest  
Minutes of the previous meeting  
Dates and venues of future meeting of the Sub - Committee

#### February

Board Remuneration Review  
Review of Terms of Reference

#### June

Staff performance review update  
Schedule staff benchmarking pay review

#### December

Review the Remuneration effectiveness and performance  
Staff bonus structure and sign off  
Executive bonus and structure and sign off  
Staff appraisal process review  
Salary achievement review  
Review of Remuneration Committee constitution and performance