

NON EXECUTIVE DIRECTORS' REMUNERATION COMMITTEE

TERMS OF REFERENCE

Purpose

The Board has established a committee to be known as the Non-Executive Director Remuneration Committee (the Committee), which is a committee of the Board of Directors (the Board) from which it derives its authority and to which it is accountable. The main functions and responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities with specific regard to the remuneration, expenses and gifts and hospitality of the Non-Executive Directors.

Membership

The Committee shall comprise the Chief Executive, Finance Director and the Board Chairman.

Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Head of Human Resources and external advisers, may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

Chairman

The Chief Executive will act as Chairman of the Committee.

Secretary

The Secretary and General Counsel, or their nominee shall act as the secretary of the Committee.

Quorum

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

Frequency of meetings

The Committee shall meet at least once a year and otherwise as required.

Minutes of meetings

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated to all members of the Committee and circulated to all other members of the Board, unless it would be inappropriate to do so.

Annual General Meeting

The Committee Chairman should attend the Annual General Meeting to answer any member questions on the Committee's activities.

Duties

1. To review the Deputy Chairman's and the Non-Executive Directors' fees at least annually and within the terms of the Rules
2. To make recommendations to and seek approval from the Board for any changes
3. To review the Non-Executive Directors Expenses Policy annually and recommend any changes to the Board
4. To review the Non-Executive Director gifts and hospitality reports annually.

Reporting responsibilities

The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall review a report, produced on its behalf by the Secretary, to be included in the Society's annual report about its activities.

Other matters

The Committee shall:

- have access to sufficient resources in order to carry out its duties;
- give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of the PRA and FCA and any other applicable Rules, as appropriate; and
- arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

The Committee is authorised by the Board to obtain, at the Society's expense, outside legal or other professional advice on any matters within its terms of reference.

These terms of reference were approved by the Committee on 10 June 2015 and by the Board at its meeting on 25 June 2015.