Holloway Friendly

Terms of Reference

Nomination & Remuneration Committee

1. Membership

This Committee conducts its business as two committees sitting concurrently with a single Chair. Committee Members are appointed by the Board.

The Remuneration Committee comprises at least three Non-Executive Directors. The Nomination Committee comprises at least three Non-Executive Directors and the Chief Executive.

Only Committee Members have the right to attend Committee meetings. At the Chair's discretion, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

The Committee will routinely meet with only Committee Members present, in private.
The Board will review the membership of Committees annually.

The Board will nominate the Chair of the Committee, who, in the case of the Remuneration Committee, will then be subject to regulatory approval. The Chair should be an independent Non-Executive Director. In the absence of the Chair for an individual meeting, those Committee Members present may elect one of their number to chair a meeting, save that a meeting must be chaired by a Non-Executive Director and must not be chaired by an individual occupying or with an interest in a role being discussed.

2. Secretary

The Company Secretary or her/his delegate will act as the Committee's Secretary, unless the Committee prefers to record all or part of its meeting in private.

3. Quorum

The quorum for the transaction of business is two Non-Executive Director Committee Members. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

The Committee is expected to meet twice per year and additionally as the Chair deems necessary.

5. Notice of Meetings

Committee meetings will be called by the Secretary at the request of the Chair.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, and agenda will be forwarded to each Committee Member and any other person required to attend no later than 7 working days before the date of the meeting. Supporting papers will be circulated at an appropriate time.

6. Minutes of Meetings

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

The Chair will call for any new conflicts of interest to be declared at the beginning of each meeting, and an appropriate minute will be taken.

Draft minutes will be agreed with the Chair, then ordinarily circulated to all Committee members and then the Board. Appropriate minutes will be circulated to attendees as necessary. The accuracy and completeness of previous minutes will be considered at the start of the next scheduled meeting.

7. Annual General Meeting

The Chair will attend the Annual General Meeting, prepared to respond to any questions from the Society's membership on the Committee's activities.

8. Duties

8.1 Overview

The principal duty of the Committee is to report, and where appropriate make recommendations, to the Board on any matter within these terms of reference.

The principal responsibility of the Committee is to ensure that the Society has appropriate leadership, appropriately remunerated, taking into account to an appropriate extent the Society's current position, future possible requirements and its obligations to all stakeholders.

The Nomination Committee is responsible for:

- the composition of the whole Board and its Committees, and their evolution
- the appraisal of individual Directors
- the terms on which Director contracts are continued, altered or developed
- the identification of new possible Directors
- the Society's leadership needs, and
- the development of Directors.

The Remuneration Committee is responsible for:

- remuneration policy design
- remuneration policy application to Directors and Executive
- wider applications of the Remuneration Policy
- remuneration reporting
- performance-related pay
- the terms on which Directors and senior managers retire or leave, and
- appointing remuneration consultants.

8.2 Whole Board Composition & Evolution

The Nomination Committee is responsible for:

- regularly assessing the desired structure, size and composition, skills, knowledge, diversity and experience required of the Board compared to its current position, especially before a new search for additional directors commences
- describing the role and capabilities required for a particular appointment, given this assessment
- considering succession planning for Executive Directors and other senior executives, taking into account the challenges and opportunities facing the Society, and the skills and expertise that might be needed on the Board in the future. Succession planning is particularly important for the Society Chair and Chief Executive roles
- keeping under review the leadership needs of the Society, both Executive and Non-Executive, with a view to ensuring the continued ability of the Society to compete effectively
- keeping up to date and fully informed about strategic issues and commercial changes affecting the Society and the market in which it operates
- identifying and nominating candidates to fill Board vacancies as when they arise, for the approval of the Board- considering candidates, and succession, for the Senior Independent Director, and
- the annual appraisal of the Board and its Committee, including considering the results overall, and the results regarding composition in particular,

over the course of a year.

Recommending to the Board:

The Nomination Committee will review, and may recommend:

- changes to the structure, size and composition of the Board
- which employees should be deemed members of the Executive team, and
- who is defined as a Senior Manager under these Terms of Reference.

8.3 Appraising Individual Directors

The Nomination Committee is responsible for:

- considering the re-appointment of any Non-Executive Director at the conclusion of their specified term of office, as per the Society's retirement by rotation rules, and with particular consideration of any director being re-elected for a term beyond six years
- considering the continuation in service of any director who has reached the Board retirement age
- supporting the Board Chair's annual appraisal of individual Directors
- confirming that each Director is able to devote an appropriate amount of time to their duties as a Director of the Society, and
- considering the extent to which a Director is independent in thought and character,

having given due regard to an individual's performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required by the Board and the need for progressive refreshing of the Board.

Recommending to the Board

The Nomination Committee may recommend:

- that individual Directors who are due to reach their specified term of service at the next AGM, are suitable, with the necessary skills, experience and insight, to be recommended to the membership to serve a further term
- that individual directors are able to devote sufficient time to the Board, and
- that an individual Director be deemed independent in character and thought.

8.4 Director Contract Continuation, Alteration & Development

The Nomination Committee is responsible for:

- considering any matters relating to the continuation in office of any director at any time. These matters include:
    - the suspension or termination of service of an Executive Director as an employee of the Society, subject to the provisions of the law and their service contract, and
    - the appointment of any existing Director to executive or other office (except for the positions of Chairman and Chief Executive which must be recommended to the Board for consideration).

Recommending to the Board:

The Nomination Committee may recommend:

- an individual to be appointed as Chief Executive, and
- an individual to be appointed as Chair.

8.5 New Directors & Senior Managers

The Nomination Committee is responsible for

- identifying new Directors and nominating them to the Board for approval. This duty involves preparing a description of the role and capabilities required, identifying a pool of suitable candidates, selecting from the pool, and all activities needed thereafter to recruit an appropriate Director
- ensuring that, on appointment to the Board, new Non-Executive Directors receive a suitable formal letter of appointment setting out clearly what is expected in terms of time commitment, committee service and involvement outside board meetings, and
- overseeing the process for recruitment and selection of new Senior Managers, and agreeing with the Chief Executive the terms on which those individuals are appointed.

In identifying suitable candidates the Committee may use open advertising or the services of external advisers to facilitate the search. It will seek to consider candidates from a wide range of backgrounds and take care to consider candidates on merit, taking care that all new Directors have enough time available to devote to the position.

Recommending to the Board

The Nomination Committee may recommend:

- individuals for appointment to the Board, and
- the terms for Non-Executive Directors.

8.6 Leadership

The Nomination Committee is responsible for:

- keeping under review the Society's leadership needs, both Executive and Non Executive, to ensure that the Society can continue to compete effectively in its marketplace and achieve its plans.

8.7 Director Development

The Nomination Committee is responsible for:

- annually reviewing the time required from Non-Executive Directors and providing its views to the Board Chair, in time for the annual Director appraisals
- reviewing the Continuing Professional Development Policy for Non-Executive Directors, and
- ensuring that development opportunities are brought to the attention of Directors.

REMUNERATION COMMITTEE

The Remuneration Committee is primarily responsible for setting and implementing the Society's Remuneration Policy. In performing this duty, the Committee has regard to rules and published guidance on remuneration. As a primary requirement, the Committee ensures that no Director or senior manager is involved in decisions regarding their own remuneration. Of necessity, the Committee is responsible for setting the remuneration of Non-Executive Directors, but no individual Director sets their own remuneration.

8.8 Remuneration Policy Design

The Remuneration Committee is responsible for:

- ensuring that the Society's Remuneration Policy and related policies meet all requirements. Specifically, that:
    - relevant legal and regulatory requirements, the Remuneration Code, the Society's culture, the UK Corporate Governance Code (as amended for mutual insurers) and associated guidance are taken into account

- Executive Directors' remuneration is designed to promote the long-term success of the Society, without paying more than is necessary, having regard to views of the membership and other stakeholders
- there is proper regard for, and the Remuneration Policy is compatible with, the Society's risk appetite
- the Remuneration Policy reinforces the Society's values, ethics and culture and promotes the right behaviour (as per the conduct management policy)
- the Remuneration Policy is aligned to the Society's long-term strategic goals.
- the balance between fixed and performance-related, and immediate and deferred, remuneration is appropriate
- any performance conditions, including non-financial metrics, are relevant, transparent, stretching and designed to promote the Society's long-term success, and
- any performance-related-pay schemes include provisions that enable the Society to recover sums paid or withhold future payments, specifying when such action might be taken.

8.9 Remuneration Policy applied to Directors and Executives

The Remuneration Committee is responsible for:

- determining the remuneration for Executive Directors, Non-Executive Directors (including the Board Chair) and nominated Senior Managers, recognising possible conflicts of interest, and noting that:
  - remuneration includes pension rights, compensation payments, notice periods and terms of notice, executive bonus schemes, incentive payments, and other awards
  - the fees for Non-Executive Directors should be based on recommendations from the Board Chair and/or the Chief Executive, as appropriate
  - the CEO's remuneration should be agreed with all Non-Executive Directors
  - the Chair's remuneration should be based on recommendations from the Chief Executive and Chair of the Remuneration Committee, and
  - all payments made to a Director should be consistent with the Remuneration Policy, and
- agreeing the policy for authorising claims for expenses from the Directors.

8.10 Wider Application of Remuneration Policy

The Remuneration Committee is responsible for:

- reviewing and approving the Remuneration Policy applicable to employee salary bands and all employee bonus plans, including sales incentive plans, and
- overseeing any major changes in employee benefits structures throughout the Society.

8.11 Review of the Remuneration Policy

The Remuneration Committee is responsible for:

- reviewing the Remuneration Policy, related policies and practices, including consideration of:
  - their ongoing appropriateness and relevance
  - whether they drive the right behaviour (as per conduct management policy)
  - pay and employment conditions both within the Society and in appropriate comparisons with other organisations of similar scale and complexity, and with a focus on obtaining reliable, up-to-date remuneration information.
  - how they support the Society in meeting its goals: in particular
    - for recruitment
    - when considering loss-of-office payments, and
    - in the exercise of discretion.

8.12 Reporting on Remuneration Matters

The Remuneration Committee is responsible for:

- approving the Remuneration Report for the Annual Report.

8.13 Performance-related Pay Plans

The Remuneration Committee is responsible for:

- approving the design of, and determining targets for, any performance-related pay plans, including agreeing the plan rules
- agreeing the membership of any plans and the level of participation, if applicable

- agreeing the process for inviting new members of any plan
- agreeing the actual payments to be made for named Directors and Senior Managers
- agreeing the terms of the payments to be made for all other members of plans, with particular focus on:
  - assessing the payments earned at a plan level, and
  - ensuring that the agreed criteria are rigorously applied, and
- approving the total annual payments made under such plans.

8.14 Termination of Employment or Retirement of Directors or Senior Managers

The Remuneration Committee is responsible for:

- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Society
- ensuring that failure is not rewarded
- ensuring that the duty to mitigate loss is fully recognised, and
- ensuring that any loss-of-office payment made to a Director is consistent with the Remuneration Policy.

8.15 Appointment of Remuneration Consultants

The Remuneration Committee is responsible for:

- establishing the selection criteria and for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.

9. Reporting Responsibilities

The Chair will report the Committee's activities to the Board at its next suitable meeting.

The Committee is authorised to make whatever recommendations it deems appropriate, on any area within its remit, to the Board.

The Committee will make a statement in the Society's annual report about its activities, which will include details of the Remuneration Policy and the process followed for any Board appointments.

10. Liaison with the Board and other Board Committees

The Committee's terms of reference are broad and overlap with the terms of other Board Committees. As part of the Society's overarching governance framework, the Committee is expected to interact with and complement the activities of other Committees where appropriate.

In particular, the Committee will liaise with the Audit & Risk Committee regarding the risks inherent in the Remuneration Policy, specifically the remuneration of those performing control functions.

11. Governance of the Committee

The Committee will review its own performance, constitution and terms of reference at least once a year to ensure that it is operating at effectively. Any changes it considers necessary will be recommended to the Board for approval.

The Chair will appraise Committee Member performance in discussion with the Board Chair.

Committee Members will appraise the Chair in their discussions with the Board Chair.

12. Authority & Resources

The Committee is authorised to oversee any investigation of activities that are within its terms of reference. It will give due consideration to laws and regulations to which the Society is subject, and to appropriate corporate governance codes.

The Committee has access to sufficient resources to carry out its duties, including to the Company Secretariat. In particular, it has authority to appoint remuneration consultants and to commission or purchase reports, surveys or information at the Society's expense, within Board-determined budget constraints, In appointing remuneration consultants, the Committee is exclusively responsible for establishing the selection criteria, the selection and appointment, and the terms of reference.

The Committee is authorised to seek any information it requires, from any employee or contractor of the Society, to perform its duties. It can request the attendance of any employee at one of its meetings as and when required.

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

By Order of the Board
September 2026
Version 1.1

Contact us.

We’re here to help.

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We’re here

Monday - Friday 9.00am to 5.00pm

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