

FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED
REMUNERATION SUB COMMITTEE
TERMS OF REFERENCE

1. Corporate Governance, Composition and Frequency of Meetings

The Remuneration Committee is a sub-committee of the Board and the following will apply:

- The Committee is made up of not less than three non-executive directors;
- The quorum necessary for the transaction of business shall be 2 (two);
- The Committee will meet at least 3 (three) times a year, plus additional meetings as appropriate;
- If at any meeting the Chair of the Committee is unable to be present, those members present shall elect from amongst themselves a Chair to enable the meeting to proceed;
- The Committee, through the Chair, may invite other members of the Board or Executive team to attend meetings or parts of meetings from time to time;
- The Chief Executive of the Society may attend all discussions of the Committee except those concerning his/her own remuneration;
- The Secretary of the Society (or a nominated deputy) will act as Secretary of the Committee and will take and keep the minutes recording the decisions of the Committee ensuring that copies of the minutes are tabled at the next Committee of Management meeting;
- Performance of the Committee will be assessed under the existing Board Performance Review Process.

2. Purpose and scope

The Board delegates to the Remuneration Sub Committee authority to consider the following, making recommendations as required:

- To review and recommend the overall remuneration and proposed changes thereto, relating to Executive Directors and Senior Managers (the Chief Executive will not participate in decisions regarding his/her own remuneration). Remuneration includes all fixed and variable pay, bonus schemes (including Long Term Incentive Plans) benefits, pension arrangements and compensation;
- To approve and report to the Board the outcome of all reviews relating to recommended changes to salary bands and employee remuneration, including bonus schemes; ensuring that the remuneration policy for the Society's staff is appropriate in supporting the Society's financial and business objectives and is designed to attract, motivate and retain key employees;
- To set remuneration policies that observe best practice corporate governance guidelines and the FSA Remuneration Code as regards Executive remuneration, including disclosure requirements and avoidance of conflict between business objectives and compliance with legal and statutory requirements. In particular the Committee shall take into account the need to ensure that remuneration policies do

not encourage behaviour that might lead to unfair treatment of customers or the taking of risks beyond the Societies stated risk-appetite;

- To receive recommendations from the CEO regarding NED fees and present these to the Board at the December COM meeting. No member of the Committee should be involved in deciding his/her own remuneration;
- To be able, at the Society's expense, to obtain independent reports and/or research to assist in its decision making;
- To review the process and policy for expense claims;
- To ensure that the remuneration and bonus policies are appropriate for Family's culture and its requirements to treat customers fairly.

3. Key Dates

- The annual review date of salary bands for all employees of the Society is 1 January.
- The review date for terms and conditions of non-executive members of the Committee of Management is 1 January.

Members of the Remuneration Committee:

Role	Name	Date role commenced
Chairperson	Veronica France	21/5/2010
Non Executive Director	Norman Riddell	21/5/2010
Non Executive Director	Robert Weir	25/5/2007