

# THE EQUITABLE LIFE ASSURANCE SOCIETY

## REMUNERATION COMMITTEE – TERMS OF REFERENCE

### 1. Introductory Summary

#### **1.1 Purpose**

The purpose of this document is to set out the terms of reference of the Remuneration Committee of the Board of Directors.

#### **1.2 Summary of this document**

Section 2 lists the objectives of the Remuneration Committee.

Section 3 sets out the membership of the Committee, section 4 refers to the attendance of others at meetings of the Committee, and section 5 states the frequency of meetings.

Sections 6 and 7 describe respectively the limits of authority and the duties of the Committee. Section 8 states exclusions from the Committee's authority.

Section 9 contains the Committee's secretarial and reporting procedures.

#### **1.3 Who should read this document?**

These Terms of Reference should be read by members of the Remuneration Committee, other members of the Board and, where appropriate, by the Senior Management Team in the Society. Changes to the Terms of Reference will be submitted to the Remuneration Committee and Board for approval and the document made available internally in electronic form within the Governance Manual of the Society.

#### **1.4 Ownership of document**

The owner of this document (who is responsible for its accuracy and relevance, and to whom any questions about it should be addressed) is the Company Secretary.

This document is authorised for inclusion in the Governance Manual by the Board of Directors, and signed on its behalf by the Company Secretary.

#### **1.5 Edition and date**

This document (version 4.0) was updated on 9 September 2011.

## **2. Objectives**

The objectives of the Committee are to assist the Board in ensuring that:

- (a) The overall terms and conditions of employment of all Directors (including executive Directors) are satisfactory; and
- (b) Remuneration policy and practice for the Society meets, wherever possible, the standards set out in the UK Corporate Governance Code published by the Financial Reporting Council in June 2010.

## **3. Membership**

The Committee shall be appointed by the Board from amongst the non-executive Directors of the Society and shall consist of not less than 3 members. A quorum shall be 2 members.

Members of the Committee shall be independent of executive management and free of any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Chairman of the Committee shall be appointed by the Board. The Chairman of the Society shall not be the Chairman of the Committee.

## **4. Attendance at meetings**

In addition to members of the Committee, the Chairman may request that others attend any or all meetings of the Committee, including:

- (a) Officers of the Group and the Society, including the Chief Executive. Officers of the Society must not be involved in any discussion of their own remuneration.
- (b) Professional advisers – to consider/report on specific matters.

The Company Secretary, or a suitable delegate, shall be the Secretary of the Committee.

## **5. Frequency of meetings**

Meetings shall be held at least once a year; typically three to four meetings are held each year.

## **6. Authority**

The Committee is authorised by the Board:

- (a) to investigate any activity within its terms of reference;
- (b) to make recommendations to the Board on the Society's overall policy for executive Directors' remuneration, and its overall cost;

- (c) to set the terms of employment and remuneration packages of all executive Directors.
- (d) to approve the remuneration to be paid to members of the Senior Management Team (see 7(d) below)
- (e) to seek any information it requires from any employee related to any matter within the Committee's terms of reference, and all employees are directed to co-operate with any request made by the Committee;
- (f) to obtain any relevant legal or other independent professional advice, commissioning such reports on these matters as the Committee may require. The fee limit for that advice in relation to any one matter shall be £10,000. Fees in excess of this amount shall be referred to the full Board for prior approval;
- (g) to invite third parties with relevant experience and expertise to attend meetings of the Committee, if it considers this necessary to properly discharge its duties;
- (h) to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- (i) to periodically review and update its terms of reference, requesting approval from the Board for all proposed changes.

## **7. Duties**

Within the overall policy established by the Board, the Remuneration Committee shall be responsible for overseeing all the elements of remuneration, including pensions and compensation payments, payable to the executive Directors. The specific duties of the Remuneration Committee shall be:

- (a) To review and make recommendations to the Board on the Society's broad policy on remuneration to be paid to executive Directors;
- (b) To review and set the terms of employment and remuneration packages of all executive Directors, including any performance related components or pensions. The Committee Chairman will update the full Board on the decisions made;
- (c) To review and approve suitable criteria for the determination of any executive Director's performance related remuneration, and monitor their operation to ensure those individuals are fairly and responsibly rewarded for their individual contribution;
- (d) To receive recommendations from the Chief Executive regarding the remuneration to be paid to members of the Senior Management Team and, if thought fit, to approve those recommendations. (For the purposes of these terms of reference, 'Senior Management Team' shall mean those individuals (whether staff members or contractors) who are members of the Executive Team but who are not themselves an executive Director.)

- (e) To consider any one-off or other benefits proposed for / granted to executive Directors;
- (f) To consider and make recommendations in respect of any other terms of the service contracts of executive Directors, and any proposed changes to these contracts;
- (g) To consider any specific matters relating to the remuneration or terms of employment for executive Directors as referred by the Board for the Committee's consideration;
- (h) To consider and make recommendations to the Board of the Society concerning the disclosure of the details of Director remuneration packages and payments in the Society's Annual Report and Accounts; and
- (i) To have regard in the performance of their duties to the standards set out in Section D: Remuneration of the UK Corporate Governance Code, and any other relevant guidance that the Committee considers appropriate.

## **8. Exclusions**

The Remuneration Committee does not have the authority to:

- (a) employ, reappoint or dismiss Directors or members of the Executive; or
- (b) to review the fees to be paid to non-executive Directors. In line with best practice, and to avoid any conflict of interest, adjustment to fees for non-Executive Directors will from time-to-time be reviewed by the Chief Executive and the Chairman and recommended changes will be put forward to the Board for approval. Adjustment to the fees of the Chairman will from time-to-time be reviewed by the Chief Executive and the Chairman of the Remuneration Committee and recommended changes will be put forward to the Board for approval.

## **9. Secretarial and reporting procedures**

The Secretary and Chairman of the Committee shall prepare an agenda for each meeting, to be circulated to members prior to the meeting. Where appropriate, any other papers due to be considered at the Committee meeting shall be circulated with the agenda.

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, excluding references to individual Board members' own remuneration. The Committee shall be responsible for agreeing the accuracy and completeness of those minutes.