

**IPB INSURANCE BOARD REMUNERATION AND NOMINATION COMMITTEE (REMCO)**  
**TERMS OF REFERENCE EFFECTIVE 25<sup>th</sup> July 2018**

**1. Purpose**

1.1 The REMCO is a Sub-Committee of the Board of IPB Insurance constituted on CBI consultation and satisfying regulatory provisions in respect of Remuneration Committee and Nomination Committee responsibilities, with responsibility delegated to it for supporting the Board in meeting its oversight responsibilities for IPB Insurance's remuneration and nomination practices and advising the Board thereon whilst the Board cannot abrogate responsibility for this.

**2. Membership**

- 2.1 The Board shall appoint the Committee Chairperson and Committee Members on the REMCO's recommendation via its responsibility for setting and revoking terms with appointments informed per individual's skills, knowledge and experience and ability to commit appropriate time to appointments together with the annual Board and Committee Performance Evaluation Exercise outputs generally with a 3 year duration, subject to annual review and renewal at the Board's absolute discretion with an appropriate frequency considering the balance of experience and independence sought.
- 2.2 An Independent Non-Executive Director or a Non-Executive Director other than the Chairperson of the Board shall be appointed per point 2.1 hereof as the Committee Chairperson and, if absent, Committee Members shall elect an Independent Non-Executive Director Member or a Non-Executive Director Member as an alternate Chairperson for the duration of the Committee Chairperson's absence.
- 2.3 The REMCO shall comprise such number of Committee Members as is sufficient to handle the nature, scale and complexity of its business and not less than 5 Members. It shall be composed of a combination of Independent Non-Executive Directors and Non-Executive Directors with a majority of Independent Non-Executive Directors and it shall have relevant experience of remuneration and nomination matters as a whole.
- 2.4 There shall be at least 1 shared Committee Member between IPB Insurance's Risk Committee and REMCO and Committee Members shall engage as appropriate. Although key Board Sub-Committee cross-committee membership should be encouraged, the REMCO and Board shall manage cross-committee membership to ensure that no one individual exercises excessive influence or control.
- 2.5 Per the IPB Insurance Business Code of Conduct which incorporates Director conflict of interest provisions, appointment shall not proceed and on-going appointment may be impacted with consideration given by the REMCO and Board to changing Committee composition if a reasonably perceived potential conflict of significance to its work emerges (to include in relation to a change in personal circumstances which must be declared to the Committee Chairperson and the Board Chairperson), with all reasonably perceived potential conflict particulars declared and recorded and those arising as a consequence of Committee Members' involvement in matters associated with their own roles not considered to present conflicts where they do not relate to personal matters outside of IPB Insurance and where the requirements particular to the REMCO's composition are such that reliance on Committee Members is a requirement whilst the Board's role in approving REMCO recommendations serves as a control in this regard.

**3. Secretary**

3.1 The Director of Legal and Company Secretariat or their nominee shall act as Secretary.

#### **4. Meetings and Reporting Procedures**

- 4.1 Agendas detailing items for consideration and noting the date, time and venue of a Committee Meeting together with Minutes of the previous Committee Meeting and all relevant material for a Committee Meeting shall be circulated electronically to all Committee Members in a timely manner in advance and in a sufficiently clear format.
- 4.2 The Committee shall meet at least quarterly as apt and otherwise as required and the Committee Chairperson shall convene a Meeting on any Committee Member's request, subject to satisfaction of the quorum of 3 Committee Members including 2 Independent Non-Executive Directors and per satisfaction of the provisions of Point 2 hereof as required for transacting business with decisions by majority vote with the Committee Chairperson or their alternate having the casting vote. All Committee Members eligible to vote unless a reasonably perceived conflict exists wherein those conflicted shall not participate in decision or discussion with conflicts recorded in the Committee Meeting Minutes and referred for Board decision to overcome any quorum concerns.
- 4.3 Committee Members shall attend Committee Meetings regularly and in person wherever possible or participate via video/teleconference or with perspective communicated via email or telephone to the Company Secretary for confirmation of communication if it is the case that physical presence is not possible due to circumstances beyond their control (e.g. in illness) with participation and vote eligibility recorded. The Board, in consultation with the REMCO, shall remove a Committee Member unable to provide sufficient time to attend over the medium to long term and replace them with one with appropriate availability, skills, knowledge and experience.
- 4.4 Committee Meetings shall usually only be attended by the Committee and the Director of Legal & Company Secretariat, Observers, CEO, Finance Director, Director of Operations, Head of Risk and Compliance, Senior Compliance Manager, Head of Finance and HR Manager shall be invited to Committee Meetings as required. The Committee Chairperson and Committee Members, in consultation with the Committee Chairperson and the Director of Legal & Company Secretariat, may invite any officer or employee, external advisor or others to attend all or part of Committee Meetings, whilst Committee Members shall have access to the Board Chairperson, Board and Management and maintain a dialogue with key individuals involved in IPB Insurance's governance, inter alia the Board Chairperson, CEO, Director of Legal and Company Secretariat, Finance Director, Head of Risk and Compliance, External Audit Lead Partner and Head of Internal Audit.
- 4.5 Draft Committee Meeting Minutes recording associated date, time, location, attendee and absentee details together with sufficient details of all key discussions, deliberations, dissensions and decision outcomes and points for further action to evidence appropriate Committee attention shall issue to all Committee Members for approval with circulation thereafter to the Board, and the Committee shall operate in a manner consistent with ensuring its independence and commensurate with reporting to the Board on its activities and decisions and recommendations on any area within its remit where it deems action or improvement to be required, with the Committee Chairperson reporting to the Board on proceedings after each Committee Meeting. An annual account of the Committee's activities shall feature in IPB Insurance's Stakeholder and Annual Report with the Committee Chairperson representing its activities at General Meetings.

#### **5. Resources**

- 5.1 The Director of Legal and Company Secretariat shall arrange induction for new Committee Members covering the Committee's role and commitment requirements and the Committee shall give consideration to relevant regulation in undertaking its duties with requisite resources and training on risk exposures and risk management principles and developments accessible via the Director of Legal and Company Secretariat.

## 6. Role and Responsibilities

The Committee's role and responsibilities shall include:

- 6.1 Board Succession Planning: (a) Support selection and recommend for Board approval the appointment of Executive Directors, Independent Non-Executive Directors and Non-Executive Directors to include Observers and the remunerative arrangements in respect of all aspects of Directors' roles, including the Board Chairperson, Deputy Chairperson, Board Sub-Committee Chairpersons, Committee Members together with the Observers and the Company Secretary to include making recommendations regarding the Company Secretary role to ensure adequacy of skills and resources to support the discharge of statutory and other duties per company law, whilst noting the Audit Committee's responsibility per its Terms of Reference for appointing an Independent Non-Executive Director as Committee Chairperson for recommendation for approval by the REMCO and Board in recognition of their regulatory responsibilities per the Corporate Governance Requirements for Insurance Undertakings 2015 and regulatory related internal fitness and probity processes. (b) Develop and monitor application of IPB Insurance's Board Diversity Policy by monitoring Observer and Board Members' appropriateness for their roles with consideration to changing the membership of the Board if on-going conflicts of interest arise and make succession planning recommendations in respect of Observer, Executive Director and Independent Non-Executive Director and Non-Executive Director appointments, retirements, resignations, re-appointments and re-elections to the Board and Members as apt per skills, knowledge, experience, contribution, challenge and current and envisaged future business demands, ensuring preparation of comprehensive job descriptions in the form of role profiles for appointments, acknowledging existing Board skills and expertise and identifying anticipated time commitment requirements. (c) Manage the annual process of appointment of the Board Chairperson who shall where possible be an Independent Non-Executive Director or a Non-Executive Director with agreement of the CBI and the Deputy Chairperson who shall be an Independent Non-Executive Director or a Non-Executive Director as apt.
- 6.2 Board Performance Evaluation and Training: ensure the undertaking of an annual review of the overall performance of the Board, its Sub-Committees and individual Directors, relative to the Board's objectives, strategy and corporate governance requirements and ensure implementation of any enhancement recommendations. Ensure provision of appropriate induction training to appointees to Observer and Board roles and ensure development of Observer and Board Member skills, knowledge and experience offerings via the provision of material associated with industry and regulatory developments to facilitate informed decision making on an on-going basis.
- 6.3 Internal Governance and Controls: oversee monitoring of adequacy of internal governance fora and frameworks to include organisational structures and reporting channels, authorities and signatories to ensure no one person has unfettered control. Support selection and approve appointment for Board approval, subject to 6.1 above, of individuals to the role of CEO and senior management roles which may have a material impact on IPB Insurance's risk profile defined as individuals who are or will be performing roles categorised as PCF, CF1 and/or with a basic salary of €100,000 or more by ensuring preparation of comprehensive job descriptions in the format of role profiles and ensuring appropriate integrity and adequate knowledge, experience, skill and competence for their roles in the course of the appointment process and monitoring appropriateness on an on-going basis to include overseeing succession planning and talent development arrangements, approving recommended role or remuneration changes and addressing leaver arrangements and impacts of resignations.

- 6.4 Fitness and Probity: monitor conduct by the Director of Legal and Company Secretariat together with the Head of Risk and Compliance, Senior Compliance Manager and the HR Manager of processes to ensure the fitness and probity of Observers and Board Members and individuals performing roles which may have a material impact on IPB Insurance's risk profile and ensure CBI reporting within 5 working days of any Board decision to remove the Head of a Control Function with clear articulation of the underlying rationale and avoidance of agreements purporting to preclude or dis-incentivise information provision to the CBI.
- 6.5 Remuneration Policy: establish and annually review for Board approval IPB Insurance's Remuneration Policy and compliance with it per best practice, regulatory requirements, risk appetite and IPB Insurance's mutual status, ensuring remuneration practice alignment with stakeholders' interests and consistency with a reasonable assessment of IPB Insurance's financial situation and prospects and with an objective of incentivising management per the parameters of policy to encourage enhanced performance and fairly and responsibly reward individual contributions to IPB Insurance's success, ensuring excessive risk taking isn't promoted and the remuneration framework and processes correspond with IPB Insurance's risk strategy and appetite.
- 6.6 Remuneration Framework and Individual Packages: per IPB Insurance's Remuneration Policy and in consultation with relevant parties, annually review for Board approval and approve the Remuneration Framework and agree total compensation packages, i.e. base pay benchmark setting and benefits, particular to individuals performing roles which may have a material impact on IPB Insurance's risk profile including Executive Directors and the position particular to the Board Chairperson, with the Board Chairperson excused from decision making in this context whilst the Board Chairperson and Executive Directors, per the Remuneration Policy and in consultation with relevant parties, shall determine remuneration arrangements associated with Independent Non-Executive Directors and Non-Executive Directors' and no individual shall participate in decisions on their own remuneration. Review as apt for Board approval the total individual package policy and process for and scope of pension, service, termination, annual and ad hoc arrangements of Executive Directors and the Company Secretary and individuals performing roles which may have a material impact on IPB Insurance's risk profile.
- 6.7 Strategy: The Committee shall undertake any other related duties directed by the Board.

## **7. Committee Effectiveness**

- 7.1 The Committee shall undertake a documented review of its overall performance and effectiveness and the appropriateness of its Terms of Reference at least annually and per IPB Insurance's policies and procedures with queries at any time on interpretation or requirements for prior approval by the REMCO or Board to be addressed collectively to the Director of Legal and Company Secretariat prior to taking action, with recommendations provided to the Board on revisions identified via review. Revised Terms of Reference shall be circulated to Management for implementation and published on the IPB Insurance website following Committee and Board approval.