

**IPB INSURANCE BOARD REMUNERATION AND NOMINATION COMMITTEE (REMCO)**  
**TERMS OF REFERENCE EFFECTIVE 20/07/23**

**1. Purpose**

1.1 The Remuneration and Nomination Committee ('REMCO') is a Sub-Committee of the Board of IPB Insurance ('IPB') constituted on CBI consultation and per regulatory provisions with delegated responsibility for supporting Board oversight of IPB's remuneration and nomination practices whilst the Board cannot abrogate responsibility.

**2. Membership**

2.1 The Board shall appoint the Committee Chair 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, Committee and Director 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 ('INED') or a Non-Executive Director ('NED') other than the Board Chair shall be appointed per point 2.1 hereof as the Committee Chair and, if absent, Members shall elect an INED or NED Member as an alternate Chair for the duration of the Committee Chair's absence.

2.3 The REMCO shall comprise of a minimum of 5 Members, with the number of members to be sufficient to handle the nature, scale and complexity of the business. The REMCO shall be composed of a combination of INEDs and NEDs, with the majority of members being INEDs, and the REMCO shall have relevant experience of remuneration and nomination matters as a whole.

2.4 There shall be at least 1 shared Member between IPB's Risk Committee and REMCO with Members engaging as apt. Although key Sub-Committee cross-committee membership should be encouraged, the REMCO and Board shall manage cross-committee membership to ensure no one individual exercises excessive influence or control.

2.5 Per IPB's Business Code of Conduct (which incorporates Director conflict of interest provisions), should a reasonably perceived or actual conflict of interest of significance to the Committee's work arise or within the individual Directors personal circumstances, this must be declared by the effected Director to the Committee Chair, Board Chair and Company Secretary so this can be recorded and resolution sought. Should the conflict be ongoing in nature, the REMCO and Board may consider changing the Committee's composition to address any such conflict. Should the conflict involve the Committee Chair or Board Chair, the declaration should be made to an alternate Director nominated by the Company Secretary.

**3. Secretary**

3.1 The Company Secretary or the Committee Chair's 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 Meeting together with preceding Meeting Minutes and supporting material shall be circulated electronically to all Members 7 calendar days in advance of proceedings.

- 4.2 The Committee shall meet at least quarterly as apt and otherwise as required and the Committee Chair shall convene a Meeting on any Member's request, subject to the quorum of 3 Members including 2 INEDs and per satisfaction of Point 2 hereof as required for transacting business with decisions by majority vote and the Committee Chair or their alternate having a casting vote. All Members shall be eligible to vote unless a reasonably perceived conflict exists and conflicted Members shall not participate in decisions or discussion with conflicts managed by the Company Secretary per S2.5 hereof, recorded in Minutes and referred for Board decision to overcome quorum concerns.
- 4.3 Members shall attend Meetings regularly, in person if possible, via video/teleconference or with perspective communicated via email/telephone to the Company Secretary for confirmation if physical presence is not possible due to circumstances beyond their control (e.g. in illness) with participation and vote eligibility recorded. The Board, on REMCO consultation, shall replace a Member unable to provide sufficient time to attend over the medium to long term with an appointee with appropriate availability, skills, knowledge and experience.
- 4.4 Meetings shall be attended by the Committee with the Company Secretary, Observers, CEO, Finance Director ('FD') and business representatives inter alia the Director of Operations ('DOO'), Director of Risk and Compliance ('DORC'), Head of Compliance ('HOCP') and People Lead ('PL') invited as appropriate with attendances managed by invitation and informed per potential for contribution in the Committee's interests and independence. The Committee Chair and Members, in consultation with the Committee Chair and Company Secretary, may invite any officer or employee, external advisor or others to attend all or part of Meetings, whilst Members shall have access to the Board Chair, Board and Management and maintain a dialogue with key individuals involved in IPB's governance, inter alia the Board Chair, CEO, Company Secretary, FD, DORC, External Audit Lead Partner and Head of Internal Audit and have authority to seek any information and call any employee to address proceedings as required to discharge Committee duties.
- 4.5 Draft meeting minutes recording date, time, location, attendee and absentee details and key discussions, deliberations, dissensions and decision outcomes and actions to evidence appropriate Committee attention shall issue to all Members for approval promptly following proceedings and thereafter to the Board, and operations shall correspond with ensuring independence and Board reporting on activities and decisions and recommendations on any area within its remit requiring action or improvement with the Committee Chair reporting to the Board on proceedings after each Meeting. An annual account of Committee activities shall feature in IPB's Stakeholder and Annual Report with the Committee Chair representing activities at General Meetings.

## **5. Resources**

- 5.1 The Company Secretary shall arrange induction for new Members covering the Committee's role and commitment requirements and support accessibility to training on matters within the Committee's remit and securing of (at IPB's expense) independent legal, accounting or other professional advice as required by Directors to support discharge of their duties.

## **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, INEDs, NEDs and Observers and remunerative arrangements in respect of all aspects of Directors' roles, including the Board Chair, Deputy Chair (if applicable), Board Sub-Committee Chairs, Committee Members and Observers whilst noting the Audit Committee's responsibility per its Terms of Reference

for appointing an INED as Committee Chair for recommendation for approval by the REMCO and Board in recognition of regulatory responsibilities per the Corporate Governance Requirements for Insurance Undertakings 2015 and regulatory related internal fitness and probity processes and make recommendations regarding resourcing of the role of Company Secretary to ensure adequacy of skills and resources to support discharge of statutory and other duties per company law.

(b) Develop and monitor application of IPB's Board Diversity Policy by monitoring appropriateness of Committee and Board Members and Observers for their roles with changes in Committee and Board membership considered if on-going conflicts of interest arise and make succession planning recommendations to the Board and in relation to General Meetings as apt in respect of Executive Director, INED, NED and Observer appointments, retirements, resignations, re-appointments and re-elections per skills, knowledge, experience, contribution, challenge and current and envisaged future business demands, ensuring preparation of comprehensive job descriptions via role profiles for appointments, acknowledging existing Board skills and expertise and identifying anticipated time commitment requirements for optimum fora engagement.

(c) Manage annual processes of appointment of the Board Chair and Deputy Chair (if applicable) who shall where possible be an INED or a NED with CBI agreement.

- 6.2 Board Performance Evaluation and Training: ensure an annual review of the overall performance of the Board, its Sub-Committees and individual Directors, relative to objectives, strategy and corporate governance requirements and implementation of any enhancement recommendations. Ensure provision of appropriate induction training to appointees to Observer and Committee and Board roles and ensure development of Observer and Committee and Board Member skills, knowledge and experience offerings via the provision of material associated with industry and regulatory developments to facilitate optimum contributions and informed decision making on an on-going basis.

Internal Governance and Controls: nurture ongoing commitment to cultivation of an appropriate organisational culture where people can Speak Up and diversity and equity and inclusion is fostered and celebrated and 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 S6.1 above, of individuals to the role of CEO and Senior Management roles which may have a material impact on IPB's risk profile defined in authorities material by ensuring preparation of comprehensive job descriptions via role profiles and ensuring appropriate integrity and adequate knowledge, experience, skill and competence for roles in the course of appointment and monitoring appropriateness on an on-going basis to include overseeing succession planning and talent development arrangements, approving recommended role or remuneration changes, impacts of resignations and leaver arrangements.

- 6.3 Fitness and Probity: monitor conduct by the Company Secretary together with the DORC, DOO, HOCP and PL of processes to ensure the fitness and probity of Board Members, Observers and individuals performing roles which may have a material impact on IPB'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.
- 6.4 Remuneration Policy: establish IPB's Remuneration Policy and annually review for Board approval its appropriateness and adherence to it per best practice, regulatory requirements, risk appetite and IPB's mutual status, ensuring alignment with

stakeholders' interests and consistency with a reasonable assessment of IPB's financial situation and prospects and an objective of incentivising management per parameters to encourage enhanced performance of personnel underpinned by a focus on securing of sustainability for the short, medium and long term aligned to IPB's mutual ethos and Member's interests with regular assessment of progress against agreed strategy, plans, targets and metrics to fairly and responsibly reward individual contributions to IPB's success, ensuring that excessive risk taking isn't promoted and that the remuneration framework and processes in place correspond with IPB's risk strategy and appetite.

- 6.5 Remuneration Framework and Individual Packages: per IPB's Remuneration Policy and in consultation with relevant parties, annually review and approve for Board approval the Remuneration Framework and agree total compensation packages, i.e. base pay benchmark setting and benefits, particular to individuals performing roles which may materially impact IPB's risk profile including Executive Directors and the position particular to the Board Chair, with the Board Chair excused from decision making on this and the Board Chair and Executive Directors, per the Remuneration Policy and in consultation with relevant parties, determining INED and NED remuneration arrangements and no individual shall participate in decisions on their own remuneration. Review as apt for Board approval total individual package policy and scope of pension, service, termination, annual and ad hoc arrangements of Executive Directors, the Company Secretary and individuals performing roles which may have a material impact on IPB's risk profile.
- 6.6 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 performance, effectiveness and the appropriateness of its Terms of Reference at least annually and per IPB's policies and procedures with interpretation or prior REMCO or Board approval requirement queries to issue to the Company Secretary prior to acting and Committee and Board recommendations on identified enhancements to inform approval of revised Terms of Reference for publication on IPB's website and issuing for Management implementation.