

Board Charter

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Cornish Mutual Assurance Company

Board Charter

1. Role and Responsibility of the Board of Directors

1.1. Role

The role of the Board is to organise and direct the affairs of Cornish Mutual Assurance Company Ltd (the Company) and its wholly owned subsidiary Cornish Mutual Insurance Services Limited (CMIS) to maximise the value of the Company for the benefit of its Members as a whole while complying with the Company's Memorandum and Articles of Association, statutory and regulatory requirements and relevant corporate governance standards.

The Company has directly or indirectly the powers of a majority shareholder in CMIS. The principles enunciated in this Charter have equal effect in the management of CMIS and it is deemed that the Charter of the Company has equal effect in respect of CMIS, and the effective governance of the Company shall be deemed to apply to CMIS.

1.2. Responsibilities of the Board

The Board is collectively responsible for the following:

1.2.1. Objectives and Strategy

- i. Determining the allocation of Members' funds to develop the business for the benefit of Members;
- ii. Determining the Company's objectives, which should reflect the developing and/or future needs of Members;
- iii. Determining the strategy necessary to deliver the Company objectives;
- iv. Providing the necessary corporate, management, financial and human resources needed to achieve success;
- v. Monitoring progress by the Company towards the implementation of strategy and achievement of objectives; and
- vi. Leading the development of the Company's culture and its adoption in day to day management.

1.2.2. Corporate Governance

- i. Approving material changes to the Company's Board Charter (this document) including matters reserved for the Board and Terms of Reference for Board Committees (See Section 8 below).
- ii. Appointing the Executive and Non-Executive Directors
- iii. Determining Company Policies as set out in the Schedule of Board Policies ([Appendix 1](#)) and any material changes to these policies;
- iv. Approving the process for derogation from the above policies;

- v Determining the nature and extent of the significant risks which the Company is prepared to take to achieve its strategic objectives;
- vi Establishing a framework of risk management and internal controls that enable the strategic financial and operational risks of the Company to be assessed and managed;
- vii Determining the structure of the Company and any subsidiaries;
- viii Approving material changes to the Company's management structure;
- ix Reporting to Members and relevant stakeholders on the Company's activities, presenting a balanced and understandable assessment of the Company's position and prospects;
- x Monitoring and ensuring compliance by the Company with all legal and regulatory requirements and with Company policies;
- xi Appointing Board Committees with the appropriate balance of skills, experience, knowledge and independence to fulfil their Terms of Reference;
- xii Delegating clearly defined responsibilities to the Chairman, Senior Independent Director, Managing Director, Board Committees and otherwise as the Board may determine; and
- xiii Formally reviewing its own effectiveness and the effectiveness of each individual Director.
- xiv Ensuring Directors' and Officers' Liability Insurance is in place to protect Directors.

1.2.3. Stewardship of Members' Funds

- i Maintaining the value of Members' funds and implementing plans the purpose of which is to enable such funds to grow;
- ii Determining and implementing investment strategy;
- iii Determining risk acceptance, retention and reinsurance strategies; and
- iv Ensuring effective policies and procedures are in place for:
 - Managing the Company's capital;
 - Monitoring financial performance; and
 - Controlling expenses.

1.2.4. Financial Reporting, Internal Controls, Risk, and Capital Management

- i. Approving the Company's Annual Report and Accounts, and a summary financial report;
- ii. Approving the Company's accounting policies and practices and material changes;
- iii. Approving matters referred to the Board by the Risk and Audit and Investment and Capital Management Committees;
- iv. Approving the annual plans, capital requirement, operating budget and capital expenditure budget of the Company and any material changes to these;
- v. Determining the Company's Own Risk and Solvency Assessment and its Risk Appetite; and

- vi. Approving the results of the annual review of the effectiveness of the system of internal control.

1.2.5. Communication

- i. Approving the business to be considered at Annual General Meetings of the Company and related documentation to be communicated to Members;
- ii. Approving the final results and Annual Report to Members; and
- iii. Approving the process for enabling the Board to provide oversight for Treating Customers Fairly (TCF).

1.2.6. Remuneration and Pensions

- i. Approving the establishment of, or material changes to, any employee annual cash bonus;
- ii. Approving the remuneration and terms of appointment of:
 - The Chairman,
 - Non-Executive Directors, and
 - Executive Directors;
- iii. Approving any matters referred to the Board by the Remuneration and Nominations Committee;
- iv. Approving the establishment and/or cessation by the Company of any pension scheme under which any Directors, Officers, or members of staff of the Company or beneficiaries may benefit; and
- v. Approving any major changes to the rules, or fund management arrangements, or payments under any such scheme.

1.2.7. Delegation of Authority

- i. Approving the scope and responsibilities of the Chairman, Deputy Chairman (if appointed), Senior Independent Director, Managing Director, Executive and Non-Executive Directors, as documented in the statement of responsibilities for these roles;
- ii. Approving the delegations to Board Committees, as reflected in their Terms of Reference and as documented in this Board Charter; and
- iii. Developing a scheme of delegation covering the entire company.

1.2.8. Reputation

- i. Ensuring the Company is managed and directed in such a way as to determine good outcomes for Members as a whole; and
- ii. Ensuring the Company is an active and responsible member of the communities in which it operates.

1.2.9. Other

Any such other matters as the Board may determine from time to time.

2. Responsibilities of All Company Directors

2.1. Statutory Responsibilities

The Companies Act of 2006 sets out the seven general duties that all Directors owe to the Company, these are the duty to

- 2.1.1.** Act in accordance with the Company's Memorandum and Articles of Association;
- 2.1.2.** Promote the success of the Company;
- 2.1.3.** Exercise independent judgement;
- 2.1.4.** Exercise reasonable care, skill and diligence;
- 2.1.5.** Avoid conflicts of interest;
- 2.1.6.** Not accept benefits from third parties, and
- 2.1.7.** Declare any interest in proposed transactions.

Each of these duties are described in more detail in the relevant section of the Companies Act 2006. Further guidance may be obtained from the Managing Director.

2.2. Regulatory Responsibilities: Senior Insurance Manager ¹ Functions

Certain Directors may be designated as senior insurance management function (SIMF) holders if they are responsible for discharging one (or more) of a number of prescribed positions as designate by the regulator. The specific functions are covered in relevant sections below. As SIMF holders they are required by the Regulator and by the Company to comply with the following Senior Insurance Manager Conduct standards. At all time they are expected:

- 2.2.1.** To take reasonable steps to ensure that the business of the firm for which they are responsible is organised so that it can be controlled effectively;
- 2.2.2.** To take reasonable steps to ensure that the business of the Company for which they are responsible complies with the relevant requirements and standards of the regulatory system;
- 2.2.3.** To take reasonable steps to ensure any delegation of responsibilities is to an appropriate person and to oversee the discharge of the delegated responsibility effectively;
- 2.2.4.** To disclose appropriately any information of which the FCA or the PRA would reasonably expect to have notice; and
- 2.2.5.** When exercising responsibilities, to pay due regard to the interests of current and potential future policyholders in ensuring the provision by the Company of an appropriate degree of protection for their insured benefits.

¹ See Bank of England Prudential Regulation Authority Rulebook SII Firms Insurance-Senior Insurance Management Function

2.3. Regulatory Responsibilities: All Directors²

All Directors of Cornish Mutual are obliged by the Regulators as well as the Company to adhere to the following individual conduct standards. They must:

2.3.1. Act with integrity;

2.3.2. Act with due skill, care and diligence; and

2.3.3. Be open and co-operative with the FCA, the PRA, and other regulators.

They must also comply with the conduct standards in 2.2.4 and 2.2.5 above.

2.4. Unresolved Concerns

All Directors have the right to have any unresolved concerns about the running of the Company or a proposed action recorded in the Minutes or referred to the appropriate Committee Chairman.

3. Role and Responsibilities of the Chairman

3.1. Role

3.1.1. Chairman

The role of the Chairman is to lead the Board and ensure that it functions effectively. The Chairman is the Board's principal spokesperson, and acts as Chairman of General Meetings of Members.

The Chairman is the SIMF9 for the Company, overseeing the performance of the Board;

3.1.2. Deputy Chairman

If a Deputy Chairman has been appointed, their role is to stand in when the Chairman is absent. The responsibilities set out in this section apply in full to the Deputy Chairman when they are acting as Chairman. However, the Deputy would not take on the SIMR 9 function automatically.

3.2. Appointment

The Chairman and Deputy Chairman (if appointed) are Non-Executive Directors, appointed by the Board on the recommendation of the Remuneration & Nominations Committee from the pool of Non-Executive Directors and elected by Members at the Annual General Meetings.

3.3. Responsibilities

The specific responsibilities of the Chairman are to:

3.3.1. Set the agenda, style, and tone of Board discussions to promote a culture of openness, effective decision making, and constructive debate in Board meetings, including appropriate consideration of strategic issues;

² This obligation applies to all SIMF holders and Key Function holders.

- 3.3.2. In conjunction with the Managing Director, where appropriate, represent the Company to external stakeholders, including Members, suppliers, regulatory and government authorities, and the community;
- 3.3.3. Promote the highest standards of corporate governance within the Company;
- 3.3.4. Ensure that the Members of the Board receive accurate, timely, and clear information on the Company and its activities;
- 3.3.5. Ensure effective communication with Members, and ensure that Directors develop an understanding of their views, issues and concerns;
- 3.3.6. Manage the Board to ensure that appropriate time is allowed for consideration of all issues;
- 3.3.7. Ensure that there is in place a properly constructed induction programme for new Directors that is comprehensive, formal and tailored;
- 3.3.8. Take the lead in identifying and agreeing the training and development needs of individual Directors;
- 3.3.9. Address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team and maintaining its overall skills and knowledge;
- 3.3.10. Meet with Non-Executive Directors without the Executives being present;
- 3.3.11. Ensure that the performance of individual Executive and Non-Executive Directors and of the Board as a whole and its Committees is evaluated at least once a year and act on the results of the performance evaluation;
- 3.3.12. Encourage active engagement by all the members of the Board, promoting constructive relations between Executive and Non-Executive Directors; and
- 3.3.13. Work closely with the Managing Director, providing support and advice on matters relevant to strategy and operations while respecting the Executive responsibility of the Managing Director to manage the Company.
- 3.3.14. Ensure that Directors are fit and proper persons when appointed and that they remain so throughout their tenure with the Company.

3.4. Authority and Time Commitment

The Chairman is authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when he considers this necessary to discharge his responsibilities. Additionally, he has access at all times to the Company's Auditors, and other advisers;

The time commitment of the Chairman is thought to be no less than one day per week.

4. Role and Responsibilities of the Managing Director

4.1. Role

The role of the Managing Director is to have responsibility under the immediate authority of the governing body, for managing the conduct of the whole of the Company's business and assisting the Board in carrying out its role by providing advice and recommendations consistent with the agreed corporate objectives and financial and operational risk management and regulatory good practice.

The Managing Director currently fulfills the Chief Executive function (SIMF1) as well as the Chief Risk function (SIMF4) and Chief Underwriting Officer function (SIMF22). They are also Chief Claims Officer for the Company.

4.2. Responsibilities

- 4.2.1.** Leading the Executive Directors and senior management in the day to day running of the business;
- 4.2.2.** Acting as Chairman of the Executive team;
- 4.2.3.** Developing and presenting to the Board the Company's strategy and objectives, and ensuring CMIS' strategies are consistent with them;
- 4.2.4.** Developing appropriate capital, corporate and management structures to ensure the Company's objectives can be met;
- 4.2.5.** Monitoring the operational performance and strategic direction of the Company;
- 4.2.6.** Managing the Company's internal framework, including approving management and control policies;
- 4.2.7.** Approving contracts within authorised limits;
- 4.2.8.** Approving the Company's management development and succession plans for senior management and approving appointments and termination of staff reporting to senior management;
- 4.2.9.** Reporting regularly to the Board with appropriate, timely and comprehensive and accurate information so that the Board can discharge its responsibilities effectively; and
- 4.2.10.** In conjunction with the Chairman, where appropriate, representing the Company to external stakeholders, including Members, suppliers, regulatory and governmental authorities, and the community.

4.3. Authority

In fulfilling the executive role, the Managing Director acts within the authority delegated to them by the Board of Directors.

5. The Roles and Responsibilities of the Senior Independent Director and Non-Executive Directors

5.1. Senior Independent Director (SID)

5.1.1. Role

The Senior Independent Director is an independent Non-Executive Director who is available as a trusted intermediary to Members, and other Non-Executive Directors in particular, if they have concerns which contact through the normal channels of Chairman, Managing Director or Non-Executive Director has failed to resolve, or for which such contact is inappropriate. He has the power to call meetings of Non-Executive Directors should he consider it necessary.

The Senior Independent Director is the SIMF14 for the Company.

5.1.2. Responsibilities

The Senior Independent Director is a sounding board for the Chairman and shall, at least annually, lead a review of the performance of the Chairman including a meeting of the Directors at which the Chairman is not present.

5.1.3. Authority

The Senior Independent Director is authorised to seek, at the Company's expense, appropriate professional advice inside and outside the Company when he considers this necessary to discharge his responsibilities; Additionally, he has access at all times to the Company's Auditors and other advisers.

5.2. Risk, Audit and Remuneration Committee Chairs

The Chair of the Risk and Audit Committee is the SIMF 10 and SIMF 11 for the Company.

The Chair of the Remuneration (and Nominations) Committee is the SIMF 12 for the Company.

5.3. Non-Executive Directors

5.3.1. Role

The role of the Non-Executive Directors is to participate fully in the functioning of the unitary Board, advising, supporting and constructively challenging management as and when appropriate. Non-Executive Directors provide an independent view and an inquiring mind.

5.3.2. Appointment

Non-Executive Directors are appointed by the Board on the recommendation of the Remuneration and Nomination Committee for specific terms. They are subject to election or re-election by Members and to the provisions of the Articles of Association and statutory provisions for the removal of Directors.

5.3.3. Responsibilities

- i. Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
- ii. Set the Company's strategic aims;
- iii. Ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- iv. Set the Company's values and standards and ensure that its obligations to Members and others are understood and met;
- v. Bring unfettered judgement to bear on issues of strategy, performance, resources, key appointments and standards of conduct;
- vi. Bring unfettered judgement to bear on the Company's ORSA and to challenge constructively its methodology and the risk scenarios;
- vii. Allocate sufficient time to the Company to discharge their responsibilities effectively;
- viii. Attend meetings of the Board, any relevant Board Committee and any General Meetings of Members of the Company;
- ix. Scrutinise the performance of management in meeting agreed goals and objectives;

- x. Monitor the reporting of performance;
- xi. Satisfy themselves that the integral of financial information is sound;
- xii. Satisfy themselves that the financial controls and systems of risk management are robust and defensible; and
- xiii. Determine the appropriate levels of remuneration of Executive Directors.

5.3.4. Authority

Non-Executive Directors are authorised to seek, at the Company's expense appropriate professional advice inside and outside the Company when they consider this necessary to discharge their responsibilities. Additionally, they have access at all times to the Company's Auditors and other advisers.

6. Executive Directors

6.1. Role

Executive Directors have day to day management responsibilities in addition to their responsibilities as members of the Board. Their responsibilities as members of the Board are separate from their management responsibilities.

6.2. Responsibilities

- 6.2.1.** To provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
- 6.2.2.** To set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance;
- 6.2.3.** To set the Company's values and standards and ensure that its obligations to Members and others are understood and met;
- 6.2.4.** To bring unfettered judgement to bear on issues of strategy, performance, resources, key appointments and standards of conduct;
- 6.2.5.** To attend meetings of the Board, any relevant Board Committee and any General Meetings of Members of the Company;
- 6.2.6.** In respect of the Finance and Operations Director:
 - i. To implement the Company's financial strategy and policies (SIMF2);
 - ii. Ensure mechanisms are in place for the measurement of performance;
 - iii. Oversee the actuarial requirements of the business (SIMF20);
 - iv. Oversee the Company's money laundering responsibilities (CF11); and
 - v. Oversee the operational and management performance of the Company.

7. Governance Lead (Company Secretary)

7.1. Role and Access

The Governance Lead is Cornish Mutual's Company Secretary and as such assists the Board. All Board members may go to the Company Secretary for advice or to use their services.

The Governance Lead holds the SIMR 5 (internal audit) function for the Company.

7.2. Responsibilities

7.2.1. Secretary of the Board of Directors

7.2.2. Ensuring that the Board follows correct procedures;

7.2.3. Ensuring that the Board complies with its obligations under law and the Company's Articles of Association;

7.2.4. Assisting the Chairman in organising the Board's activities, including but not limited to:

- i. Providing information;
- ii. Preparing an agenda, and
- iii. Reporting of meetings, committee meetings, and other activities as designated by the Chairman or Managing Director;

8. Permanent Board Committees

The Board has established the following permanent Board Committees. The Terms of Reference of these Committees are contained in the appendices to this document.

The permanent Committees are:

- Risk and Audit Committee (RAC) [Appendix 3](#)
- Investment and Capital Management Committee (ICMC) [Appendix 4](#)
- Remuneration and Nomination Committee (Rem & Nom) [Appendix 5](#)

9. Review of Charter

The Board will review this Charter at least annually.

10. Appendix 1: Board Policies

The following policies are the responsibility of the Board of Directors:

- 1.1.** Anti-Money Laundering and Financial Crime
- 1.2.** Capital Management
- 1.3.** Charitable Giving
- 1.4.** Claims Handling and Reserving
- 1.5.** Customer Service and Treating Customers Fairly
- 1.6.** Data Protection and Data Integrity
- 1.7.** Good Faith, Conflicts of Interest, Issue Escalation and Whistle Blowing
- 1.8.** Health and Safety
- 1.9.** Human Resources, Training and Competence
- 1.10.** IT and Disaster Recovery
- 1.11.** Internal Audit and Internal Control
- 1.12.** Investment
- 1.13.** Legal and Regulatory
- 1.14.** Liquidity
- 1.15.** Management Information
- 1.16.** Mutuality
- 1.17.** Operational Policy
- 1.18.** ORSA
- 1.19.** Outsourcing and Supplier Management
- 1.20.** Reinsurance
- 1.21.** Risk Management
- 1.22.** Segregation of Duties
- 1.23.** Supply of Non-Audit Services by the External Auditor
- 1.24.** Underwriting and Pricing
- 1.25.** Vulnerable Customers

11. Appendix 2: Schedule of Matters for the Board

				FEB	APR	JUN	JUL	OCT	DEC
Strategy & Objectives									
	Establish (or confirm) Strategy	Chair	The purpose of the strategy day is to ensure the Board considers, amongst other things the anticipated future regulatory and economic capital requirements of the Company over a 5 year planning horizon	Matters for Strategy Day Date of Annual Strategy Day determined each year : March 15 2017					
	Establish Objectives								
	Review of Risk Appetite								
	Review of Business Model								
	Review of Strategy Implementation and Objectives								
Governance and Culture									
	Report of Matters at the Annual General Meeting				X				
	Election of Chairman				X				
	Election of Committee Chairmen				X				
	Confirmation of Membership of Committees				X				
	Annual Declaration of Interests of Board Directors					X			
	Board meets without the Chairman			X					
	Board meets without the Executive			X					X
	Review of Board Skills and Composition							X	
	Report and Review of Company Training						X		

	Agree Annual Return to Association of Financial Mutuals				X				
	Governance Review			External review every two to three years On Internal Audit Plan for 2017					
	Review of Annual Positive Assurance Letter to Chairman								X
	Report on Health & Safety Compliance				X				
	Review of Board Policies			See Timetable Below					
Stewardship of Members' Funds									
	Report from Investment and Capital Management Committee			The Committee meets at least twice a year and reports to the Board immediately following its meeting. In 2017 it is scheduled to report in February and July					
	Appointment of Investment Managers			Every three years as a minimum, on recommendation of ICMC: due 2018					
Financial Reporting, Internal Controls, Risk and Capital Management									
	Annual ORSA Report		Draft in Feb, Final in Apr	X	X				
	Review of Annual Solvency & Financial Condition Report (SFCR)		Date determined by Regulator Feb Board for 2017	X					
	Review of Regular Supervisory Report (RSR)		Date determined by Regulator Feb Board for 2017	X					
	Review of Quarterly SCR submitted to PRA		Quarterly submissions are reviewed at Board after they have been submitted to PRA. The Board and the RAC approved the assumptions on which submissions are based.	X		X		X	X
	Agree Annual Accounts								X
	Finance Report			X	X	X	X	X	X
	Annual Plan and Budget						X		
	Report of the Actuarial Function								X
	Report from Management Risk Committee		MRC Reports go through RAC except in months where RAC does not meet	X			X		

	Annual Review of External Auditors								X
	Appointment of External Auditors			Every 3 years, on recommendation of Audit Committee: due 2019					
	Report on Anti-Money Laundering and Financial Crime				X				
	HR KPIs			X				X	
	Annual Review of People Plans and Their Achievement							X	
Communication and Reputation									
	Agree Agenda Items for AGM			X					
	Agree Annual Report								X
	Report on Treating Customers Fairly					X			X
	Review of Member Engagement								X
Remuneration and Pension									
	Review Board and Senior Management Remuneration							X	
	Review of Company Remuneration							X	
	Report on Staff Pension Scheme Liability					X			X
Delegations of Authority									
	Review of Board Charter and Terms of Reference for Committees					X			
	Review Company-wide Delegations of Authority						X		
	Report from Audit and Risk Committee				X	X		X	X
	Report from Remuneration & Nominations Committee		Required to hold two meetings, may hold more		X		X	X	
Timetable for Review of Board Policies									
			Committee Scrutinising Prior to Board	FEB	APR	JUN	JUL	OCT	DEC
	Anti-Money Laundering and Financial Crime Policy		RAC		2020				

Capital Management Policy		ICMC				X		
Charitable Giving Policy		RAC			2019			
Claims and Claims Reserving Policy		RAC		X				
Customer Service and Treating Customers Fairly		RAC		2020				
Data Protection and Data Integrity Policy		RAC			2019			
Good faith, Conflicts of Interests, Issue Escalation and Whistleblowing		RAC		2020				
Health and Safety		RAC		X				
Human Resources, Training & Competence Policy		Rem & Nom				X		
IT and Disaster Recovery Policy		RAC		X				
Intellectual Property Policy		RAC				2020		
Internal Audit and Systems of Controls Policy		RAC					X	
Investment Policy		ICMC				X		
Legal and Regulatory Compliance Policy		RAC		2020				
Liquidity Policy		ICMC				X		
Management Information Policy		RAC		2018				
Mutuality Policy		RAC					2019	
Operational Policy		RAC					X	
ORSA Policy		Direct to Board	X					
Outsourcing and Supplier Management Policy		RAC		2018				
Reinsurance Policy		RAC		X				
Risk Management Policy		RAC					X	
Segregation of Duties Policy		RAC		2018				
Supply of Non-audit Services by External Auditor Policy		RAC					X	
Underwriting and Pricing Policy		RAC			X			

	Vulnerable Customers Policy		RAC							2018
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12. Appendix 3: Risk and Audit Committee Terms of Reference

1) Purpose

- a) The purpose of the Risk and Audit Committee (the Committee) is, for Cornish Mutual (the Company), to:
 - i) ensure that the interests of the members of the Company are properly protected through the application of effective risk frameworks;
 - ii) monitor the integrity of the Company's financial statements and any related announcements;
 - iii) oversee the relationship with the external auditors and to review the effectiveness of their work;
 - iv) oversee the relationship with any external providers of internal audit services and to review the effectiveness of their work;
 - v) review internal controls and risk management systems; and
 - vi) monitor and review the internal audit function.

- b) Specific duties are set out in sections 8.0 to 11.0 below and timings in the schedule of matters contained in Appendix 1.0.

2) Authority and Resources

- a) The Committee is authorised by the Board of the Company and operates under delegated authority from the Board in accordance with these terms of reference.

- b) The Board shall provide the Committee with sufficient resources to:
 - i) undertake its duties, including but not limited to, the ability to seek any information it requires from any employee or Director in order to perform its duties and to call upon them to attend a meeting of the Committee if required;
 - ii) review its own performance constitution and terms of reference at least once a year to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval; and
 - iii) enable it to take independent actuarial, legal, accounting or other advice when the Committee reasonably believes it necessary to do so.

- c) The Committee should have access to the services of the company secretariat on all committee matters including: assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

- d) The company secretary should ensure that the Committee receives information and papers in a timely manner, usually within 5 working days of the meeting, to enable full and proper consideration to be given to the issues

3) Membership

- a) Members of the Committee shall be appointed or removed by the Company's Board, following recommendation by the Chairman of the Board, at its first meeting following an Annual General Meeting, and shall be made up of at least three independent Non-Executive Directors.
- b) The full committee shall normally comprise:
 - i) A Committee Chairman (an independent Non-Executive Director); and
 - ii) Two or more other independent Non-Executive Directors, one of whom has recent and relevant financial experience
- c) Attendance
 - i) The Managing Director and the Finance Director will attend the meetings but are not members of the Committee.
 - ii) The Company Secretary will attend to take minutes.
 - iii) Any Board Director may attend Committee meetings.
 - iv) Other individuals may be invited to attend all or part of any meeting, as and when appropriate.
 - v) The Committee may meet without representatives of management in attendance if the Committee Chairman considers it appropriate to do so having regard to its duties.
- d) In the absence of the Committee Chairman the committee members present shall appoint one of themselves to chair the meeting.

4) Quorum

- a) The quorum necessary for the transaction of business shall be a minimum of three members, one of whom has recent and relevant financial experience.
- b) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions delegated to it by the Board.
- c) If a meeting is not quorate, it may make recommendations for ratification as soon as is practicable by:
 - i) a subsequent quorate meeting; or
 - ii) telephone conference with a quorum of members; or
 - iii) an exchange of emails or electronic communication between all members.

5) Frequency and Notice of Meetings

- a) The Committee shall meet at least four times a year at appropriate times in the financial and reporting cycle and at such other times as the Committee Chairman shall require. Meetings may be held in person, over the telephone or by technology enabled conference.
- b) The Committee should, at least annually, meet the external and internal auditors without management to discuss matters relating to its remit and any issues arising from the audit.
- c) Formal meetings of the Committee are the heart of its work. However, they will rarely be sufficient. It is expected that the Committee Chairman, and to a lesser extent the other members, will wish to keep in touch on a continuing basis with the key people involved in the company's governance, including the Board Chairman, the Managing Director, the Finance & Operations Director, the external audit lead partner and the Governance Lead (as head of internal audit).
- d) Meetings of the Committee shall be summoned by the Committee Chairman, in consultation with the Company Secretary, or at the request of any of its members. Wherever possible, meeting dates will be set for the year ahead as soon as practical after the AGM.
- e) Notice of each meeting confirming the time and place, together with an agenda and supporting papers, shall be issued no later than five working days before the meeting.

6) Minutes of Meetings

- a) The Company Secretary (or a nominee) will take minutes of the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance and those for whom apologies for absence have been received.
- b) The Committee Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- c) Minutes of Committee meetings shall be circulated promptly, usually within ten working days, to all members of the Committee and, once agreed, to all members of the Board.

7) Duties in Respect of Reporting to the Board and to Members of the Company

- a) The Committee Chairman shall report formally to the Board on all matters that fall within the remit of the Committee.
- b) The Committee shall compile a report, to be included in the Company's Annual Report to Members of the Company, covering:
 - i) the members, responsibilities, activities and attendance at meetings of the Committee, risks and potential risks facing the business and how they are managed, and
 - ii) risks to strategy, looking forward.

- c) The Committee Chairman shall attend the Annual General Meeting prepared to answer questions on the Committee's activities

8) Duties in respect of Financial Reporting and Integrity

- a) The Committee shall review, and report to the Board on the significant financial reporting issues and judgements made in connection with the preparation of the company's financial statements (having regard to matters communicated to it by the auditor), interim reports, preliminary announcements and related formal statements.
- b) Accounting Policy, Disclosure and Reporting
 - i) Although the Executive is responsible for preparing complete and accurate accounts in accordance with financial reporting standards and applicable rules and regulation, the Committee shall consider significant accounting policies, any changes to them and any significant estimates, adjustments and judgements.
 - ii) The Executive should inform the Committee of the methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches.
 - iii) Taking into account the external auditor's view, the Committee should consider whether the company has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements.
 - iv) The Committee shall review, approve or challenge the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context.
- c) The Committee shall review related information presented with the financial statements, including the strategic report and corporate governance statements relating to the audit and to risk management.
- d) The Committee shall review significant financial returns to the regulators and members before recommending them to the Board for approval.
- e) The committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole:
 - i) it is fair, balanced and understandable;
 - ii) provides the information necessary for members to assess the Company's performance, business model and strategy; and
 - iii) the narrative information is consistent with the accounting information.
- f) Whistleblowing:
 - i) The Committee shall review the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible impropriety in financial reporting or other matters.
 - ii) The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action
- g) The Committee shall keep under review the adequacy and effectiveness of the Company's internal controls over financial reporting and prevention of fraud, money laundering and bribery.

9) Duties in Relation to External Audit

- a) The Committee is responsible for overseeing the company's relations with the external auditor.
- b) The Committee shall meet regularly with external auditors, including once at the planning stage for the annual audit and again at the reporting stage.
- c) The Committee shall meet with external auditors in the absence of management to discuss its own remit, that of the external auditors, issues arising from the audit and the adequacy of the Company's internal control procedures.
- d) Committee shall review all external audit recommendations and management responses, ensuring compliance or reporting to the Board reasons for non-compliance.
- e) The Committee shall make an assessment of the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements (including the rotation of audit partners), and the qualifications, resources and expertise made available.
- f) The Committee shall review the performance of the external auditor and fees charged, making recommendations to the Board, to be put to the members for approval at the AGM, in relation to their appointment, re-appointment or removal.
- g) The Committee shall oversee the selection process for a new auditor, and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
- h) The Committee shall approve the terms of engagement of the external auditor, including any engagement letter issued at the start of each audit and the scope of the audit.
- i) The Committee shall review and make recommendations to the Board regarding the implementation of a policy on the supply of non-audit services by the external auditor.

10) Duties in Respect of Risk Control and Management

- a) Risk Control: The Committee shall provide oversight and challenge of and advice to the Board on:
 - i) the Company's current risk appetite and tolerance, risk strategy, material risk exposures, and future risk strategy; and their impact on levels and allocation of capital;
 - ii) the structure and implementation of the Company's Integrated Risk Appetite, Tolerance and Control Register, and its suitability for identifying and responding to changes in the future risk environment; and
 - iii) the risk aspects of major investments, product development, expansion plans, reinsurance arrangements, changes in corporate structure and significant corporate transactions.
- b) Risk Exposure, Capital and Strategy: The Committee shall keep under review:
 - i) the risk implications of the Company's overall strategic and commercial priorities;
 - ii) the Company's key risk exposures and risk strategy and their impact on capital;

- iii) the Company's Own Risk and Solvency Assessment (ORSA); the Company's Individual (economic) Capital Assessment (ECA) Enhanced Capital requirement (ECR) and Solvency Capital Requirement (SCR); and any other regulatory submissions involving capital and stress testing;
 - iv) the Company's stress and scenario testing and the impact of on capital and business plans;
 - v) the risk and capital implications of the Company's reinsurance programme and of potential changes to the programme;
 - vi) significant changes to the Company's investment strategy, policy or benchmarks;
 - vii) other material changes to financial exposures;
 - viii) the risk and capital implications of product pricing and sales turnover ;
 - ix) breaches of risk tolerances set by the Board and the speed and adequacy of proposed remedial action;
 - x) the Company's system of risk management, including initiatives to strengthen risk awareness across the Company;
 - xi) compliance with Board Risk Policies, PRA, FCA and ACGC requirements; and
 - xii) any other matter referred to it by the Board or any Committee of the Board.
- c) Integrated Risk Appetite, Tolerance and Control Register
- i) The Committee shall review the status, management, control and reporting of each risk identified in the Company's Integrated Risk Appetite, Tolerance and Control Register.
 - ii) The Committee shall make a recommendation to the Board annually on the suitability of the Register to identify, assess and manage current, new and future potential risks.
- d) Regulatory Compliance
- i) The Committee shall review compliance with all relevant regulatory, legal and Code of Conduct requirements ;
 - ii) shall receive regular reports from the Managing Director as Chief Risk Officer including a summary of the regulatory compliance activities for the period; and
 - iii) shall receive an annual positive assurance statement in the form of a letter from the Managing Director to the Chairman of the Board.
 - iv) Where appropriate the Committee may request the Managing Director to notify the Regulators of any material control weaknesses or other issues.
- e) Actuarial Review
- i) The Committee shall receive a report from the Actuarial Function at least annually providing an opinion on the operations within Cornish Mutual that deal with uncertainty and risk and to report on the mechanisms used to quantify and manage those risks.

- ii) The report should cover the methodology and data used to calculate technical provisions; the adequacy of reinsurance arrangements; underwriting and underwriting policy, and risk management in the Company.
- iii) The report may be delivered over the year by updating a section each quarter.

11) Duties in Respect of Internal Audit

- a) The Committee shall consider the most effective way to gain assurance that its systems of governance and control are operating effectively, through a mix of audits by competent independent experts such as external providers of internal audit services and the Company's reinsurers; through financial audits by external auditors; and independent internal peer reviews integrated into the Company's risk management processes.
- b) The Committee shall approve the internal audit plan and review progress in delivering that plan at least annually.
- c) Apart from the Governance Leader, the Company does not have a permanently staffed Internal Audit function. The Committee shall review the need for such a function and make recommendations to the Board if it proves necessary.
- d) When the Company engages internal audit services from an external provider, the Committee is responsible for overseeing both the selection process and the ongoing relationship.
- e) The Committee shall approve the terms of engagement of any external provider of internal audit services.
- f) The Committee shall discuss internal audit processes with the Company's external auditors at regular intervals and take into account their views in presenting recommendations to the Board.

Appendix 3.1: Schedule of Matters for Risk and Audit Committee

Items	Meetings			
	March	May	Sept	Nov
Governance				
Risk and Audit Committee Terms of Reference		X		
Schedule of Matters for the Committee		X		
Review Performance of the Committee			X	
Review of Board Policies for: a) Fit for purpose b) Compliance (review period in years)				
Anti-Money Laundering and Financial Crime (3)	2020			
Charitable Giving (3)		2019		
Claims and Claims Reserving (1)	X			
Customer Service and Treating Customers Fairly (3)	2020			
Data Integrity and Data Protection (1)		2019		
Good Faith, Conflicts of Interest and Whistle blowing (3)	2020			
Health and Safety (1)	X			
IT and Disaster Recovery/ Business Resumption Planning (Inc. testing) (1)	X			
Internal Audit and Internal Control (1)			X	
Legal and Regulatory (3)	2020			
Management Information (3)	2018			
Mutuality (3)			2019	
ORSA				
Operational Policy(1)			X	
Outsourcing and Supply Chain Management (3)		2018		
Reinsurance (1)		X		
Risk Management (1)			X	
Segregation of Duties (3)	2018			
Supply of Non-audit Services by External Auditor (3)			X	
Underwriting and Pricing		X		
Vulnerable Customers (3)				2018
Risk Register				
Review of register for fitness of purpose		X		
Review all risks in Register with exception reports from MRC	X	X	X	X

Effectiveness of Internal Audit Function				X
Arrangements to facilitate "Whistleblowing"	X			
Annual Report to the Board on Effectiveness of Audit Committee				X
Annual Financial Statements and Compliance				
Meeting of NEDs alone with Auditors: re performance, risks and controls				X
Meeting with Auditors to agree nature and scope of audit			X	
Review of Audit Findings				X
Review of claims provisions				X
Review of Reports for inclusion with Financial Statements				X
PRA Return	X			
Review the AFM Return on Compliance with the annotated Corporate Governance Code	X			
Review of performance of External Auditors				X
Reports of Chief Risk Officer (MD) on regulatory compliance activities	X	X	X	X
Internal Controls and Positive Assurance letter to Board Chairman				X
ORSA				
Review outputs from Board Strategy session for Risk Implications			X	
Review SCR Calculation based on September Accounts				X
Review Draft ORSA Report				X
Report of Chief Actuary	X	X	X	X
Internal Audit Reviews:				
Progress Report on Outstanding Internal Audit Actions	X	X	X	X
Review of Internal Audit Plan for following Year				X
Review all Internal Audit Reports	X	X	X	X
Review Performance of the External Provider of Internal Audit Services	X			

13. Appendix 4: Investment and Capital Management Committee Terms of Reference

1. Purpose

- a. The purpose of the Investment and Capital Management Committee (ICMC or Committee) is to act on behalf of the Board of Directors (the Board) of Cornish Mutual Assurance (the Company) to oversee the management and investment of Company and Members' funds.
- b. Specific duties are set out in section 7 below. Appendix 1 contains the Schedule of Matters for the Committee.

2. Authority and Resources

- a. The Committee is authorised by the Board of the Company and operates under delegated authority from the Board in accordance with these terms of reference.
- b. The Board shall provide the Committee with sufficient resources to:
 - i. undertake its duties, including but not limited to, the ability to seek any information it requires from any employee or Director in order to perform its duties and to call upon them to attend a meeting of the Committee is required;
 - ii. review its own performance, confirmation, and terms of reference at least once a year to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval; and
 - iii. enable it to take, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- c. The Committee should have access to the services of the company secretariat on all committee matters including: assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.
- d. The company secretary should ensure that the Committee receives information and papers in a timely manner, usually five working days in advance of the meeting, to enable full and proper consideration to be given to the issues.
- e. The Committee is authorised to report in the Annual Report and Accounts any disagreement between the Committee and the Board which cannot be resolved.

3. Membership

- a. The Board of Directors shall appoint, on recommendation of the Chairman of the Board, members of the Committee, including one designated as

Committee Chairman, at the first Board meeting following the Annual General Meeting.

- b. The full Committee shall normally comprise:
 - i. A Committee Chairman (an independent Non-Executive Director); and
 - ii. Two or more other independent Non-Executive Directors.
- c. Attendance:
 - i. The Managing Director and the Finance Director should attend the meetings, but are not members of the Committee.
 - ii. The Company Secretary will attend to take minutes.
 - iii. Any Board Director may attend Committee meetings.
 - iv. Other individuals may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
 - v. The Committee may meet without representatives of management in attendance if the Committee Chairman considers it appropriate to do so having regard to its duties.
- d. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

4. Quorum

- a. The quorum necessary for the transaction of business shall be a minimum of two members.
- b. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions delegated by the Board and vested in or exercisable by the Committee.
- c. If a meeting is not quorate, it may make recommendations for ratification as soon as is practicable by either
 - i. a subsequent quorate meeting; or
 - ii. telephone conference with a quorum of members; or
 - iii. an exchange of emails or electronic communication between all members.

5. Frequency and Notice of Meetings

- a. The Committee shall meet at least two times a year and at such other times as the Committee Chairman or the Investment Policy³ shall require. Meetings may be held in person, over the telephone or by technology enabled conference.

³ Triggers requiring an ICMC meeting are contained in the Cornish Mutual Investment Policy

- b. The Company Secretary shall schedule the meetings in consultation with the Committee Chairman. Wherever possible, meeting dates will be set for the year ahead as soon as practical after the AGM.
- c. Unless otherwise agreed, the Company Secretary shall send to all Committee members and to any other person required to attend, the notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, and supporting papers, no later than five working days before the date of the meeting.

6. Minutes of Meetings

- a. The Company Secretary (or a nominee) will take minutes of the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance, and for whom apologies for absence have been received.
- b. The Committee Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- c. Minutes of Committee meetings shall be circulated promptly, usually within ten working days after the meeting, to all members of the Committee and, once agreed, to all members of the Board.

7. Duties⁴ in Respect of Investments and Capital Management

- a. Taking account of Company strategy, draw up and regularly review the Investment Strategy and Investment Policy Statement for approval by the Board. The Policy should include the review and approval of established limits for investments made with advice from appropriate financial advisers and the review and approval of the credit rating of money market funds and any holders of direct cash placements;
- b. Regularly monitor the investments of the Company to ensure that they are consistent with the investment policy and report to the Board any variations from the policy, the reasons for this and any remedial actions;
- c. Appoint discretionary Investment Managers;
- d. Approve investment in pooled vehicles where Managers have discretion;
- e. Regularly review the performance of external Fund Managers against the agreed benchmarks and report the outcomes to the Board;
- f. Oversee the control and mitigation of risks identified in the Risk Register pertaining to market (investment) risk.

⁴ Please note that the Board of Directors is responsible for approving investment in property. The Executive is responsible for operational cash management.

- g. At least every 3 years, the Committee will review the capabilities, performance and costs of each Fund Manager against selected competitors and recommend to the Board either continuation with the existing Manager(s) or a move to a new Manager(s);

8. Duties in Respect of Reporting and Review

- a. The Committee shall report frequency, membership of, and attendance by members at Committee meetings in the Company's Annual Report and make a statement about its activities.
- b. The Committee will review its own performance and terms of reference annually and recommend any changes necessary to the Board for approval.
- c. The Chairman of the Committee shall attend the Annual General Meeting prepared to answer to any member questions on the Committee's activities.
- d. Make available to members the Committee's terms of reference, which should set out the Committee's role and delegated responsibilities and be reviewed and, where necessary, updated annually.

Appendix 4.1: Schedule of Matters for Investment and Capital Management Committee

Schedule of Matters	Meetings	
	Jan	Jul
Review of Investment Policy Limits and Triggers	X	X
Review of Portfolio Performance	X	X
Review credit rating of money market funds and/or holders of direct cash placements	X	X
Review performance of investment managers against benchmark(s)	X	X
Review of Investment Policy		X
Review of Liquidity Policy		X
Review of Capital Management Policy		X
ICMC Terms of Reference		X
Review Risk PR2: Market (Investment) Risk	X	X
Review capabilities, performance and costs of fund manager(s) against selected competitors and recommend to Board either re-appointment of existing manager(s) or move to new manager(s)	Every three years (due Jul 2018)	

Matters which may fall outside of scheduled meetings:

1. Committee Chairman to attend Annual General Meeting in March each year
2. Review of Committee performance
3. Committee to agree report for submission to Annual Report and Accounts in December each year

14. Appendix 5: Remuneration and Nominations Committee Terms of Reference

1. Purpose

- a. The purpose of the Remuneration and Nomination Committee [the Committee] is to act on behalf of the Board in two areas. First, to oversee the design and implementation of Cornish Mutual's remuneration policies and practices. Secondly, to identify and lead a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.
- b. Specific duties are set out in sections 7 to 9 below and timings in the schedule of matters contained in Appendix 1.0.

2. Authority

- e. The Committee is authorised by the Board of the Company and operates under delegated authority from the Board in accordance with these terms of reference.
- f. The Board shall provide the Committee with sufficient resources to:
 - i. undertake its duties, including but not limited to, the ability to seek any information it requires from any employee or Director in order to perform its duties and to call upon them to attend a meeting of the Committee if required;
 - ii. review its own performance, confirmation, and terms of reference at least once a year to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval; and
 - iii. enable it to take, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- g. The Committee should have access to the services of the company secretariat on all committee matters including: assisting the Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.
- h. The company secretary should ensure that the Committee receives information and papers in a timely manner, usually five days in advance of the meeting, to enable full and proper consideration to be given to the issues.
- i. The Committee is authorised to report in the Annual Report and Accounts any disagreement between the Committee and the Board which cannot be resolved.

3. Membership

- a. The Board of Directors shall appoint, on recommendation of the Chairman of the Board, members of the Committee, including one designated as Committee Chairman, at the first Board meeting following the Annual General Meeting.

- b. The full Committee shall normally comprise:
 - i. A Committee Chairman (an independent Non-Executive Director); and
 - ii. Two or more other independent Non-Executive Directors.

- c. Attendance:
 - i. The Managing Director should attend the meetings, but is not a member of the Committee.
 - ii. The Company Secretary will attend to take minutes.
 - iii. Any Board Director may attend Committee meetings.
 - iv. Other individuals may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
 - v. The Committee may meet without representatives of management in attendance if the Committee Chairman considers it appropriate to do so having regard to its duties.

- d. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

4. Quorum

- a. The quorum necessary for the transaction of business shall be a minimum of two members.

- b. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions delegated by the Board and vested in or exercisable by the Committee.

- c. If a meeting is not quorate, a meeting may make recommendations for ratification as soon as is practicable by either
 - i. a subsequent quorate meeting; or
 - ii. telephone conference with a quorum of members; or
 - iii. an exchange of emails or electronic communication between all members.

5. Frequency and Notice of Meetings

- a. The Committee shall meet at least twice yearly and at such other times as the Committee Chairman shall require.

- b. Meetings may be held in person, over the telephone or by technology enabled conference, provided nevertheless that at least one meeting per year shall be in person.

- c. The Company Secretary shall schedule the meetings in consultation with the Committee Chairman. Wherever possible, meeting dates will be set for the year ahead as soon as practical after the AGM.

- d. Unless otherwise agreed, the Company Secretary shall send to all Committee members and to any other person required to attend, the notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, and supporting papers, no later than five working days before the date of the meeting.

6. Minutes of Meetings

- a. The Company Secretary (or a nominee) will take minutes of the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance, and for whom apologies for absence have been received.
- b. The Committee Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- c. Minutes of Committee meetings shall be circulated within ten working days after the meeting to all members of the Committee and, once agreed, to all members of the Board.

7. Duties in Respect of Remuneration

- a. Determine and recommend to the Board for approval the framework and broad policies for remuneration in the Company.
- b. Determine and recommend to the Board for approval the total remuneration of the Company's Chairman of the Board and all Executive Directors.
- c. Determine and recommend to the Board for approval the remuneration of the Non-Executive Directors.
- d. No Director or Manager shall be involved in any decision as to their own specific remuneration. In determining remuneration packages and arrangements, the Committee must give due regard to the comments and recommendations of the Annotated Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance.
- e. Determine the policy for and scope of pension arrangements for each Executive Director.
- f. Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- g. Obtain reliable, up to date information about remuneration in other companies, especially those that operate in the mutual sector. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

- h. Recommend to the Board any significant changes in employee benefit structures in the Company.
- i. Agree the policy for authorising claims for expenses from the Chief Executive and Chairman of the Board.
- j. Ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Directors' Remuneration Report Regulations 2002 and the Code, are fulfilled.
- k. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who may advise the committee.
- l. Oversee the control and mitigation of risks identified in the Risk Register pertaining to employment and remuneration, in particular PE2: Damaging loss of key staff.

8. Duties in Respect of Nominations

- a. Identify and nominate for approval of the Board and membership candidates, to fill Board vacancies as and when they arise.
- b. Give full consideration to succession planning for the Board, taking into account the challenges and opportunities facing the Company and what skills and experience are needed, paying particular attention to the diversity and gender balance of the Board.
- c. Before making an appointment, the Committee should evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- d. Review annually the time required from a Non-Executive Director and ensure the Chairman of the Board is aware of this when conducting performance evaluations with Directors.
- e. Regularly review the structure, size and composition (including the diversity or otherwise, skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- f. Develop contingency plans in the event that the Managing Director or the Finance & Operations Director (or both) should be unable to carry out their duties for an extended period of time.

9. Duties in Respect of Reporting and Review

- a. The Committee shall report frequency, membership of, and attendance by members at Committee meetings in the Company's Annual Report and make a statement about its activities.
- b. The Committee will review its own performance and terms of reference annually and recommend any changes necessary to the Board for approval.
- c. The Chairman of the Committee shall attend the Annual General Meeting prepared to answer to any member questions on the Committee's activities.
- d. Make available to members the Committee's terms of reference, which should set out the Committee's role and delegated responsibilities and be reviewed and, where necessary, updated annually.
- e. Oversee a formal internal annual evaluation of Board and Committee performance.

Appendix 5.1: Schedule of Matters for Remuneration & Nomination Committee

Schedule of Matters	Meetings	
	1	2
Review Company's remuneration policy in advance of July Board meeting including pay and benefits	X	
Recommend changes to Executive Directors' remuneration in advance of July Board meeting	X	
Recommend changes to Neds' and Chairman's remuneration in advance of the July Board meeting		X
Review HR, Training and Competence Policy (annually))	X	
Consider external benchmarking and related information	X	X
Review expenses signing policy	X	
Consider result of Board Skills Audit		X
Review time commitment required from Non-Executive Directors and recommend to Board any adjustments required		X
Consider Board composition and succession planning		X
Consider recruitment requirements and initiate process if necessary		X
Review Human Resources, Training and Competency Policy		X
Review Risk Register risks relating to employment and remuneration	X	X
Oversee Board and Board Committee Performance Evaluation		X

Matters which may fall outside of meetings:

1. Committee Chairman to attend Annual General Meeting in March each year
2. Review of Committee performance
3. Committee to agree report for submission to Annual Report and Accounts in December each year

