

Non-Executive Director Appointment Letter

Dear Sir/Madam,

On [date], upon the recommendation of the Nomination Committee, the Committee of Management of the Family Assurance Friendly Society Limited ('the Society') offers you the position of non-executive director. I am writing to set out the terms of your appointment. It is agreed that this is a contract for services and is not a contract of employment.

Appointment

Your appointment will be for an initial term of three years commencing on [date], unless otherwise terminated earlier by and at the discretion of either party upon three month's written notice and subject to satisfactory references, approval by the Financial Services Authority as an approved person, and election by the Society's members at the first Annual General Meeting (AGM) following the date of your appointment. The Society reserves the right to carry out a Criminal Records Bureau check. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at future AGMs of the Society. Non-executive directors are typically expected to serve two three-year terms, although the Committee may invite you to serve for an additional period.

Role

Non-executive directors have the same general legal responsibilities to the Society as any other director. The Committee of Management as a whole is collectively responsible for promoting the success of the Society by directing and supervising the Society's affairs.

The Committee:

- provides entrepreneurial leadership of the Society within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the Society's strategic aims, ensures that the necessary financial and human resources are in place for the Society to meet its objectives, and reviews management performance; and
- sets the Society's values and standards and ensure that its obligations to its members and others are understood and met.

In addition to these requirements of all directors, the role of the non-executive has the following key elements:

- **Strategy:** Non-executive directors should constructively challenge and contribute to the development of strategy;
- **Performance:** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

Fees

You will be paid a fee of £[amount] gross per annum which will be paid monthly in arrears, which will be subject to an annual review by the board.

The Society will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.

Outside interests

It is accepted and acknowledged that you have business interests other than those of the Society and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest these should be disclosed to the Chairman and Company Secretary as soon as apparent.

The Committee of Management of the Society has determined you to be independent according to the provision of the Combined Code.

Confidentiality

All information acquired during your appointment is confidential to the Society and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chairman.

Induction

Immediately after the appointment, the Society will provide a comprehensive, formal and tailored induction. This will include the information pack. We will also arrange for site visits and meeting with senior and middle management and the Society's auditors.

Review process

The performance of individual directors and the whole Committee of Management and its Sub-Committees is evaluated annually. If, in the interim, there are any matters that

cause you concern about your role you should discuss them with the Chairman as soon as is appropriate.

Insurance

The Society has directors' and officers' liability insurance and it is intended to maintain such cover for the full terms of your appointment. The current indemnity limit is £[amount]; a copy of the policy document is available from the Secretary.

Independent professional advice

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a director. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the Society's expense. A copy of the board resolution adopted in respect of independent professional advice is attached.

The Society will reimburse the full cost of expenditure incurred in accordance with the attached policy.

Committees

This letter refers to your appointment as a non-executive director of the Society. In the event that you are also asked to serve on one or more of the sub-committees this will be covered in a separate communication setting out the committee(s)'s terms of reference, any specific responsibilities and any additional fees that may be involved.

Membership of the Society

The Rules of the Society require you to be a member of the Society by holding an active product. If you do not already have a policy with the Society, please contact the Service Centre Team on 0870 2410843, who will be happy to provide you with information on the Society's products. Please confirm your membership details to the Secretary at your earliest convenience.

Your sincerely,

Keith Meeres
Secretary