

Our Ref: CM/IAM

Private & Confidential

[NAME]
C/o OneFamily
16 – 17 West Street
Brighton
East Sussex
BN1 2RL

[DATE]

Dear [NAME]

On the recommendation of the Nominations Committee, the Board of Family Assurance Friendly Society Limited ('the Society') is pleased to offer you the position of non-executive director (NED). 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, subject to satisfactory references, 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 Disclosure Barring Service (DBS) check. Continuation of your contract for services 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 Board may invite you to serve for an additional period.

Role

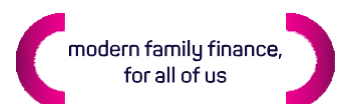
Non-executive directors have the same general legal responsibilities to the Society as any other director. The Board as a whole is collectively responsible for promoting the success of the Society and its' subsidiary companies by directing and supervising the Society's affairs.

The role of non-executive director is classified as a notified NED under the Senior Insurance Management Regime (SIMR). As a notified NED the Society is required to inform the regulators of your appointment.

The duties of the Committee are to:

- provide entrepreneurial leadership of the Society within a framework of prudent and effective controls which enable risk to be assessed and managed;
- set the Society's strategic aims, ensure that the necessary financial and human resources are in place for the Society to meet its objectives, and review management performance; and

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- set 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.

Time Commitment

You will be expected to devote such time as is necessary for the proper performance of your duties. In addition to attendance at meetings listed below, this should include appropriate preparation and planning.

- scheduled board meetings and sub-committee meetings
- the AGM and any SGMs as required
- meetings with other Non-Executive Directors and Board Directors
- Update meetings and training
- Meetings as part of the board evaluation process.

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

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

You are required to disclose, on the attached form, any external commitments you have outside this role. You must inform the Company Secretary in advance of any changes to these commitments. In certain circumstances the agreement of the board may have to be sought before accepting further commitments which either might give rise to a conflict of interest or a conflict of any of your duties to the Society, or which might impact on the time that you are able to devote to your role with the Society.

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 further potential or actual conflicts of interest, these should be disclosed to the Company Secretary as soon as they become apparent and, again, the agreement of the Board may have to be sought.

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.

Termination Clause

The Society may terminate your appointment with immediate effect if you:

- Commit a material breach of your obligations
- Commit any serious or repeated breach or non-observance of your obligations to the Society (which include an obligation not to breach your duties to the Society, whether statutory, fiduciary or common-law)
- Are guilty of fraud or dishonesty or acted in a manner in which, in the opinion of the Society acting reasonably, brings or is likely to bring you or the Society into disrepute or is materially adverse to the interests of the Society
- Are convicted of any arrestable criminal offence (other than an offence under road traffic legislation in the UK or elsewhere for which a fine or non-custodial penalty is imposed)
- Are declared bankrupt or have made an arrangement with or for the benefit of your creditors
- Are disqualified from acting as a director.

On termination of your appointment you would be asked by the Society to resign from your office as director of the Society and any other group companies, if relevant.

Induction

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

Review process

The performance of individual directors and the whole Board 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 or with the Senior Independent Director

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 £5 million; a copy of the policy document is available from the Company 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 can be provided.

The Society will reimburse all reasonable costs of expenditure incurred in accordance with the Society's Expenses Policy, a copy will be provided to you.

Key Function Holder:

The role of Non-Executive Director is defined as a key function for OneFamily and as signing this contract for services you agree to:

- Comply at all times with the requirements of the Regulators from time to time in relation to the fitness and propriety of those discharging the responsibilities of a Key Function Holder on behalf of the firm and with the requirements relating to conduct as stipulated within the Regulators' Conduct Rules and Conduct Standards
- Notify the organisation in writing, without delay, of any change to your circumstances which could bring into question your ability to continue to meet the regulatory requirements applicable to this role
- Provide such information and complete such documentation at the request of the firm or the Regulators at any time in connection with your conduct, personal circumstances, fitness and propriety or any other matters considered by the firm or by the firm's Regulators to be relevant

- Provide all necessary information and complete all documentation required by the firm or by its Regulators in connection with the notification to the Regulators that you are to undertake the responsibilities of a Key Function Holder
- Consent to OneFamily undertaking any checks deemed to be appropriate in connection with its assessment of your fitness & propriety and in relation to any information provided by you in connection with your contract for services or in connection with the firm's application to the Regulators for you to undertake the responsibilities of a Key Function Holder
- Consent for OneFamily to retain all such records, documentation and other information, however stored, relating to your appointment, employment, conduct and performance and that such information be made available, upon request, to the relevant Regulators, including the PRA and the FCA without recourse or liability attaching to the Society for a period of up to 10 years commencing from the date of your employment.
- Consent to the obtaining of Regulatory References from any previous PRA, FCA or FSA authorised entity on the specific understanding that those entities will be required to disclose all matters of which they are aware that are relevant to the assessment of your Fitness and Propriety.
- Consent to provide, without recourse to the firm, Regulatory References to other firms upon receiving a request to provide such information from a PRA or FCA regulated entity.

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 product with the Society, please contact the Service Centre Team on 0344 8 920 920, 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.

Yours sincerely,

Christina McComb
Chair

Disclosure of External Commitments

I hereby disclose the following external commitments outside of the Society:

Organisation	Role	Date Appointed

Name:

Signature:

Date:

