

RELIANCE MUTUAL INSURANCE SOCIETY LIMITED

NOMINATION & REMUNERATION COMMITTEE TERMS OF REFERENCE

Overall purpose and responsibility of the committee

The role of the Nomination and Remuneration Committee is to have delegated authority to set remuneration for the Board, to make recommendations on the structure of remuneration for the senior management team and ensure effective Board deliberation by leading the process for Board appointments and reviewing performance annually.

Membership

All directors serve on the Committee and the Senior Independent Director is the Chairman of the Committee. The Company Secretary acts as Secretary to the committee.

Frequency of meetings, quorum and notice

The committee meets at least twice a year and also when required. A minimum of two members of the committee are required to attend in order for business to be conducted. Ordinarily notice of meetings, agendas and papers will be provided seven days before the date of the meeting. Minutes of committee meetings will be provided for review by the board.

Conduct of the committee

Any resolution or decision of the committee shall be passed by a simple majority and resolutions may be passed between meetings either in writing or by electronic communications. Executive directors and the Chairman of the Society will not take part in deliberations or voting regarding their own remuneration. In the absence of the Senior Independent Director, the Committee will be chaired by the Chairman of the Society or by an independent director chosen by those directors present. The Chairman of the Society will not chair the Committee when it is dealing with the appointment of a successor to the chairmanship of the Society.

Responsibilities

The board authorises the Committee, within the scope of its responsibilities to:

Nomination

- Annually review the size and composition of the Board and evaluate the balance of skills, independence, diversity, knowledge and experience.
- Act upon the results of the annual review.
- Identify suitable candidates for Board appointments.
- Plan for the orderly succession of new directors to the Board.
- Determine the membership and chairmanship of the Board Committees.

Remuneration

- Set the remuneration for all executive directors including pension rights and any compensation payments.
- Set levels of remuneration for non-executive directors to reflect the time-commitment and responsibilities of the role but not including any performance-related elements.
- Devise performance-related elements of remuneration to form a significant proportion of the total remuneration package of executive directors - designed to include financial and non-financial performance criteria that: align their interests with those of members; give keen incentives to perform at the highest level; are compatible with the company's risk policies and systems; and promote the long-term success of the Society.
- Judge where to position remuneration relative to comparable companies using such comparisons with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance.
- Carefully consider what compensation commitments (including pension contributions and all other elements) executive directors' terms of appointment would entail in the event of early termination and avoid rewarding poor performance.
- Recommend and monitor the level and structure of remuneration for senior management and for the organization as a whole.

Review of performance and terms of reference

Once a year, the Board will formally review these terms of reference.

Tony Field - final draft June 2010

Reviewed and approved 20/08/10