

## **FRC Non-Executive Board Members (“members”) Terms of Appointment**

The terms of appointment are subject to the Companies Act 2006 and to the Articles of Association of the FRC as amended from time to time. The Board complies with the relevant principles and provisions of the UK Corporate Governance code, including evaluating its own performance.

Members are appointed by the Secretary of State for Business, Energy and Industrial Strategy in accordance with the Governance Code for public appointments and public sector diversity targets. The appointment of a member will be for a period as agreed, unless otherwise terminated earlier by either party in accordance with the provisions of the Articles. The appointment may be renewed for a further term as agreed by the Secretary of State for Business, Energy and Industrial Strategy.

The anticipated time commitment for non-executive Board members is around 25 days per year. A member’s time commitment will include attending scheduled FRC Board and governance committee meetings each year and any special/strategy and emergency meetings as well as appropriate preparation time. Any circumstances which might affect a member’s ability to devote sufficient time to the role should be discussed with the Chairman.

The FRC Board is supported by two governance committees - the Audit & Risk and the People and three business committees - the Conduct, the Supervision and the Regulatory Standards & Codes.

Remuneration of members is set in agreement with the Secretary of State. Members are currently paid a fee of £17,500 per annum which is paid monthly in arrears. This amount is inclusive of membership of the governance committees. Additional fees are paid to Board members who also serve as Chairs of the business and governance committees. The FRC reimburses all reasonable expenses incurred in performing the duties of office. Members are classified as employees of the FRC for tax purposes and therefore expenses are subject to tax and NI.

The FRC Board determines the FRC’s philosophy and overall strategy and its management and culture as well as determining the nature and extent of the significant risks to be taken in achieving the FRC’s strategic objectives. Members have the same general legal responsibilities to the FRC as any other Director and are required to work with other FRC Directors and the Executive to support the FRC in achieving its agreed objectives in the public interest and for the benefit of its stakeholders.

Members are subject to the obligations set out in the Articles and to any Code of Conduct adopted by the Board and as amended from time to time. In particular, members should discharge their responsibilities in the public interest and with integrity, objectivity and independence. Members must notify the FRC if they are subject of a disciplinary sanction by any professional or other body or tribunal if found guilty of an offence by any court, declared bankrupt, enter into an arrangement with creditors, or are disqualified from acting as a member.

Members may have business interests other than those of the FRC. Any potential conflicts between a member’s own interests and the interests of the FRC should be declared to the Chairman of the Board and the FRC’s Company Secretary on appointment. In the event that a member becomes aware of any additional potential conflicts of interest, the member should refer to the obligations detailed in the Code of Conduct and disclose the potential conflict to the Chairman or Company Secretary as soon as they become apparent. Should a member be

offered any additional role outside commitment, the Chairman and the People Committee should be notified as soon as possible and before accepting.

If, during a term and a member considers accepting an appointment to any public company, other public interest entities or a high-profile position, the member should follow the process set out in the Code of Conduct. If, during the period of appointment the members' circumstances were to change in a way that suggested it no longer remained appropriate for the member to continue with their roles at the FRC, the Chairman will be asked to review the position with the member.

All information acquired during a member's appointment and which is not in the public domain is confidential to the FRC and should not be disclosed to third parties or used for any reason other than in the interest of the FRC without express prior clearance from the Chairman, either during the appointment or following termination.

Members will be provided with an FRC email address which is the address that will be used by the FRC to communicate with the member. Members should not use any other email address in respect of the communication of information that is confidential to the FRC. As part of FRC's culture of paperless working, members are not provided with hard copies of Board meeting packs. Members must be able to view papers on an online portal, using their own tablet or other electronic device.

The FRC maintains directors' and officers' liability insurance cover for members for the full term of their appointments. In an event where it proves necessary, members may obtain independent professional advice at the FRC's expense through a procedure set out by the FRC.

## **Review of the Policy**

The People Committee will review the Policy annually and recommend any revisions to the Board for approval.

July 2021