REMUNERATION COMMITTEE [REMCO] - TERMS OF REFERENCE

1. OBJECTIVE

The primary objective of the Remuneration Committee is to make recommendations to the Board of Directors regarding the general remuneration policy of the Society and specifically on the remuneration of Executive Directors.

The Committee also has oversight of the remuneration of the Society's Remuneration Code colleagues.

2. AUTHORITY

The Committee is authorised to make recommendations on the general remuneration policy of the Society, having regard for the Society's strategy and Codes of Practice, to ensure that remuneration is compatible with the Society's ambition, values and business drivers.

The Terms of Reference of the Committee and any material amendments must be approved by the Board.

3. MEMBERSHIP

The Committee shall be appointed by the Board from amongst the Non–Executive Directors.

Membership of the Committee is reviewed annually, after the first Board meeting each year following the Society's Annual General Meeting.

The current composition of the Committee membership and meeting attendees is as follows:

Members/Attendees	Status	Job Title
Rachel Haworth	Chair	Non-Executive Director
Jeff Picton	Member	Non-Executive Director
Neil Tinegate	Member	Non-Executive Director
Paul Wheeler	Attendee	Chief Executive
Dan Jones	Attendee	Chief Financial Officer
Vickie Preston	Attendee	Head of People
Lindsay Bailey	Minute and Committee Secretary	Governance & Executive Support Manager

The Committee Chair may request that any of the Attendees leave the meeting when their own position is an item of discussion, or some other private issue is to be discussed.

4. QUORUM

A quorum shall be a minimum of at least two Non-Executive Directors in attendance.

5. FREQUENCY OF MEETINGS

Meetings shall be held at least twice a year, and at any other time determined by the Committee.

6. ATTENDANCE

In addition to the members of the Committee, other attendees may be invited to the proceedings. Any member of the Committee may ask the Chair for specific individuals to attend a meeting.

7. SECRETARIAT

The Governance & Executive Support Manager will act as Secretary for the Committee and is responsible for maintaining Committee meeting minutes and ensuring that all follow up actions are appropriately assigned, monitored and reported.

8. AGENDA & MINUTES

The agenda and meeting papers for the Committee meeting will normally be made available 5 calendar days prior to the meeting. Draft minutes will normally be provided for review to the Committee Chair within 14 working days of the meeting. Following the Chair's review, the draft minutes (in full) will be submitted to the Board. The Committee Chair will also report verbally to the Board on such matters as are appropriate.

9. RESPONSIBILITIES

The primary responsibilities of the Committee are to:

- review and recommend to the Board the general remuneration policy of the Society ensuring that this aligns with the Society's overall risk appetite, strategy and long term objectives; and takes into account the long-term interests of members, depositors and other stakeholders in the Society
- review and recommend to the Board all elements of remuneration and terms of employment of the Executive Directors including service contracts, notice periods, termination/compensation payments and bonus payments; having regard to appropriate regulation/Codes of Practice
- review and recommend to the Board the level and structure of remuneration for Executive Directors
- review and recommend the annual remuneration of Non-Executive Directors including the Chair of the Board of Directors (the Board Chair will not be present for discussion of their own remuneration)
- receive annually, aggregate remuneration details of the Remuneration Code colleagues
- receive appointment remuneration details of new Remuneration Code colleagues
- annually, in conjunction with the Board, approve the Directors' Remuneration Report and other required remuneration disclosure reporting
- assist in the drafting of the section in the Society's Annual Report relating to the activities of the Remuneration Committee in accordance with the Corporate Governance Code and to liaise with the Board in relation to the same
- obtain reliable, up-to-date information about remuneration in comparable firms and the wider economy to ensure employment packages continue to be offered that will attract, retain and motivate employees of an appropriate calibre for roles within the Committee's remit
- appoint remuneration consultants and commission or purchase any reports, surveys or information which it deems necessary. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the Terms of Reference for any remuneration consultants who advise the Remuneration Committee but within any budgetary restraints imposed by the Board
- agree the policy for authorising expense claims for all Board appointed Directors
- provide oversight of the overall remuneration package when structuring executive bonus schemes.
- agree the structure of all bonus schemes for the organisation, ensuring that they drive the desired behaviour, to deliver suitable customer outcomes.
- receive updates on performance against the bonus schemes and, if appropriate, agree any changes / variances to scheme design
- receive confirmation that payments to employees are in accordance with the terms of the agreed schemes or as varied by agreement from the Remuneration Committee
- ensure Consumer Duty requirements, including colleague incentives, performance management framework and remuneration structures are designed to support good customer outcomes
- be aware of and oversee any major changes in remuneration policy or employee benefit structures throughout the Society
- at least once per year, review its own performance noting its conclusions in minutes, with a formal review submitted to the Nominations Committee
- review and approve the Disclosure and Barring Policy for notification to Board on a biennial basis
- review the Gifts and Hospitality either received or offered by employees, Executive Directors and Non-Executive Directors on an annual basis
- review annually the Committee Terms of Reference and associated Standing Orders and make any recommendations to the Board.