

## REMUNERATION COMMITTEE - 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 staff.

The Committee will also review, at a strategic level, the quantity and effectiveness of the people resources deployed within the Society.

### 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
Robert Hartley	Member (Chair)	NED
Jeremy Cross	Member	NED
Nick Baxter	Member	NED
Gev Lynott	Attendee	Chief Executive
Paul Wheeler	Attendee	Deputy Chief Executive, Director of Finance and Secretary
Vickie Preston	Attendee & Committee Secretary	HR Manger
Melanie Clark	Minutes Secretary	Executive Office 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 two members.

## **5. Frequency of Meetings**

Meetings shall be held 3 times 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 HR 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 and Minutes**

The agenda and meeting papers for the Committee meeting will normally be made available 5 days prior to the meeting. Draft minutes will normally be provided for review to the Committee Chair within 14 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 senior management.
- review and recommend the annual remuneration of Non-Executive Directors including the Chairman of the Board of Directors (the Board Chairman will not be present for discussion of their own remuneration)
- receive annually aggregate remuneration details of the Remuneration Code staff
- receive appointment remuneration details of new Remuneration Code staff
- annually, in conjunction with the Board, approve the Directors' Remuneration Report and other required remuneration disclosure reporting (e.g. Pillar 3)
- 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 to 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 expenses claims for all Board appointed directors
  - agree the basis of the Bonus Schemes
  - 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
  - to be aware of and oversee any major changes in remuneration policy or employee benefit structures throughout the Society or group
  - at least once per year, review its own performance, noting its conclusions in minutes that are submitted to the Board.
  - provide oversight across all people related aspects ensuring that the organisation structure, skills, competencies, motivation, performance and diversity of the Society's people resources is appropriate to meet Corporate Plan deliverables and strategic objectives. This will include consideration of:-
    - succession planning for the Executive team
    - organisation structure changes
    - organisational summary of performance appraisal results
    - organisational ratios for staff turnover, absence and people diversity measures
    - staff survey results and staff engagement initiatives
    - compliance with people related legal and regulatory requirements including the Senior Manager Arrangements/Certification regime