

Remuneration



Remuneration Committee (RemCo)

Terms of Reference

Connecting our communities
with a better financial future



Version – approved at RemCo 26 June 2024 and ratified by Main Board 2nd October 2024.

L3 - Normal

Remuneration Committee (RemCo) - Terms of Reference

The Terms of Reference detailed below set out the scope and objectives of the Remuneration Committee (RemCo).



Purpose

The Board has established a Committee of the Board to be known as the Remuneration Committee ("RemCo"). RemCo reports to the Board and its overarching purpose is to consider, agree and recommend to the Board an overall remuneration policy and approach that is aligned to the Society's long term business strategy, business objectives, risk appetite and the long term interests of its members and other stakeholders.



Authority

RemCo is authorised by the Board to:

- a) Investigate any activity within these terms of reference
- b) Seek any information that it requires from any employee, and all employees are directed to co-operate with any request made by the committee; and
- c) Obtain external legal or other independent professional advice where it deems this necessary.

The Committee may sub-delegate appropriate powers and authority as it sees fit, including the establishment of sub-committees to analyse particular issues themes and to report back to the Committee.



Membership and attendance at meetings

Members of RemCo shall be appointed by the Board on the advice of the Nominations Committee. RemCo shall comprise at least three non-executive directors.

Membership of RemCo will be reviewed annually by the Board.

The Chair of RemCo shall be appointed by the Board.

A quorum shall be a majority of members. In the absence of the Chair, the other members of the Committee will elect a Chair for the meeting from among their number.

The members of the Committee shall be deemed to meet together if they are in separate locations, but are linked by video or telephone conference or other communication equipment.

Other regular attendees at meetings of RemCo will include the CEO and the Chief People Office. The Head of Corporate Governance shall be secretary of RemCo.

Other non-executive directors may attend meetings by invitation of RemCo.



Frequency of meetings

Meetings shall be held not less than three times a year.



Responsibilities

RemCo is responsible for oversight of the Society's overall compliance with the Remuneration Code. RemCo's key functions are to:

- Ensure that competitive remuneration packages are in place that attract, retain and reward our senior team, to deliver business objectives in support of the Society's purpose and strategy whilst providing value for members;
- Ensure that remuneration policy is consistent with regulatory requirements and the Society's purpose, financial situation and future prospects;
- Produce an annual Remuneration Policy Statement and review, at least annually, its compliance with the Remuneration Code;
- Determine and agree with the Board the framework for remuneration of the Chief Executive, Executive Directors, Executives and individuals identified as Material Risk Takers (MRT). As no director shall be involved in decisions on their own remuneration, a separate Non-Executive Remuneration Committee, will approve the fees of non-executive directors which will then be ratified by the Board.
- Approve the salaries, and any salary adjustments, variable pay awards and payments for Executive Directors, Executives and those individuals identified as Material Risk Takers (MRT);
- Approve service agreements for the appointment of Executive Directors;
- Approve the terms of the annual pay review for management and staff;
- Approve the design of any variable remuneration schemes and approve the total annual payments under such schemes;
- Maintain oversight and governance of the Society's remuneration policy and practices ensuring they are comprehensive and proportionate to the nature, scale and complexity of the Society's activities and take into account its statutory duties in relation to equal pay and non-discrimination;
- Ensure that in relation to Executive Directors, contractual terms on termination, and any payments made, are fair to the individual and the Society, that failure is not rewarded, that the duty to mitigate loss is fully recognised and that severance payments are fully disclosed in the Directors' Remuneration Report;
- To approve the Annual Report & Accounts and Summary Financial Statements Remuneration Committee Report and the remuneration sections of the Society's Pillar III disclosure.
- To ensure that in performing its functions, it does so in a way as to ensure good customer outcomes for members of the Society and customers of its subsidiary businesses.

RemCo will review and update these Terms of Reference to reflect best practice at least annually, requesting Board approval for all proposed changes. The Committee will evaluate, on an annual basis, its own effectiveness and make recommendations to the Board.

RemCo's work will be supported by the maintenance of a rolling agenda covering regular activities undertaken by the Committee in the fulfilment of its responsibilities.