

## **Remuneration Sub-Committee – Terms of Reference**

### **Membership**

- 1) The Committee shall consist of not less than three Non-Executive members of the Board, appointed by the Board. The Chairman of the Committee shall be a Non-Executive Director appointed by the Board.

In the absence of the Chairman the remaining members may appoint another Non-Executive Director to chair a particular meeting. However, the Chairman of the Board may not chair a meeting of the Committee.

- 2) The current Committee members are:

R D Turner – Chairman  
A D Morgan  
L McKenzie

A quorum will be two members. The Head of HR or their nominee shall act as Secretary to the Committee.

- 3) The Head of Risk & Compliance will also attend to advise on risk related issues.
- 4) The Head of HR will also attend to advise on HR related issues.
- 5) A member of the Company Secretarial team will attend to take minutes of meetings.

### **Frequency of Meetings**

Meetings shall be held as often as is necessary for the Committee to fulfil its responsibilities.

### **Authority**

- 1) The Committee is authorised to investigate any activity within its terms of reference and seek any information it requires from any employee of the Society in order to perform its duties.
- 2) The Committee is authorised to obtain, at the Society's expense, external legal or other professional advice on any matters within its terms of reference.

### **Responsibilities**

The Committee shall:

- 1) ensure that Society remuneration is consistent with regulatory requirements, the Society's financial situation and future prospects, taking best practice and guidance as well as account of remuneration trends, regulatory guidance and risk;
- 2) have delegated responsibility for determining remuneration for all Executive Directors and other members of the Executive including pension rights, bonus schemes and other benefits included within their remuneration package. This is in line with the view that no one should decide their own remuneration. The Chief Executive Officer and the Head of Risk & Compliance will withdraw for this item;
- 3) have delegated responsibility for determining remuneration for the Chairman. This is in line with the view that no-one should decide their own remuneration. The Society Chairman will withdraw for this item;

- 4) approve the design of and determine targets for any performance related pay scheme operated by the Society for the Executive team and approve the total annual payments made under such schemes, having paid due regard to the potential impact on conduct and delivering fair outcomes for our customers;
- 5) approve the staff terms and conditions including overall parameters for salary ranges, pay awards and benefits.
- 6) produce an annual Remuneration Policy statement as required by the Regulators and obtain an independent second line opinion as to the policy's appropriateness;
- 7) produce a report to Members as part of the Annual Report & Accounts together with a Summary Report on Directors Remuneration produced as part of the Summary Financial Statements. The Report will be presented and will be subject to a Members vote at the AGM.
- 8) Work with the Risk Committee in their role in undertaking oversight on specific risk or conduct elements to the bonus incentive schemes in operation across the Society.

### **Reporting**

- 1) The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 2) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 3) The Committee shall recommend to the Board a statement for the Annual Report about its activities.

### **Other**

- 1) The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 2) The Committee shall give due regard to applicable laws and regulations, including the PRA and FCA's Principles and Rules and to the recommendations in the UK Corporate Governance Code, as appropriate.