

## 5.8.4 Remuneration Committee

### Powers and Functions

This Committee is constituted in a way that enables it to exercise competent and independent judgement on remuneration policies and practices. It has a Chair and members that are on the Society's Board, but who do not perform any executive function in the Society. It operates in line with good governance principles in comparable organisations to the Society in their duties to determine, on behalf of the Board, the Society's Remuneration Policy.

### Duties of the Committee

- The Committee is responsible, together with the Society's Board, for ensuring that the Society's Remuneration Policy complies with the FCA's Remuneration Code and the Remuneration part of the PRA Rulebook together with any other relevant guidance.
- The Committee is responsible for the implementation of the Society's Remuneration Policy and considers the views of members.
- The Committee approves the design of, and determine targets for, any performance related pay schemes operated by the Society and approves the annual payments made under such schemes.
- The Committee advises the Society's Board on the cost of the overall annual pay settlement.
- The Committee ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Society, that failure is not rewarded and that account is taken of any duty to mitigate loss.
- The Committee oversees any major changes in employee benefit structures throughout the Society.
- The Committee ensures that the remuneration policies, principles and practices are appropriate to enable the business to attract, retain and reward people with the right skills, experience, knowledge and behaviours to support achievement of business goals and objectives.
- The Committee ensures that the remuneration arrangements support and encourage desired behaviours and culture.
- The Committee ensures the Society's Remuneration policies are compliant with governing laws and regulations.
- The Committee takes into account the long-term interests of members and other Stakeholders in the Society.

Regarding actual levels of remuneration, the role of the Committee is to:

- Propose the remuneration of Executive Directors after due consideration of appropriate benchmarks and other relevant factors.
- Review, challenge and agree proposals from the Executive on the remuneration of those other members of the Senior Management / Executive as specified by the whole Board, specifically including the managers in compliance and risk management.

- Receive recommendations from the Executive on remuneration of the Non-Executive Directors.

Decisions on grading and individual salaries remain the preserve of the Executive Directors (with input from the Senior Management / Executive as appropriate) whilst subject to the overall budget set in the financial forecasts approved by the Board.

At all times the Committee maintains an approach to remuneration which is appropriate for a member based organisation seeking to attract and retain those with the right skills, experience and personal approach to enable the Society to continue to achieve its objectives.

### Reports received

- Actual and proposed salaries; remuneration policy and terms & conditions for Senior Management / Executives along with the cost of the annual pay settlement and performance related pay scheme are put forward by the Executive Directors.
- Proposed fee levels for Non-Executive Directors are put forward by the Society's Executive Directors.
- Comparisons for comparable organisations to the Society are provided for the above where available, including but not limited to the BSA Chair and CEO remuneration reports.

In the absence of such comparisons being freely available the Committee is able to commission specific comparison reports from time to time at the Society's expense. This would only be exercised where felt absolutely necessary to assess how the Society's remuneration paid for key roles compares in relation to those role holder's expertise, experience, overall contribution and the general marketplace.

### Reporting responsibilities

- The Committee Chair will report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee will make whatever recommendations to the Board it deems appropriate to any area within its remit where action or improvement is needed.
- The Committee will produce a report of the Society's remuneration policy and practices to be included in the Society's annual report and ensure each year that it is put to members for approval at the AGM.

### Composition

- The Committee is comprised of three Non-Executive Directors with a quorum of two Non-Executive Directors.
- The Board will appoint the Committee Chair, who shall be an independent Non Executive director. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
- Executive Directors may raise any relevant matter with the Committee at any time and attend meetings of the Committee but must withdraw before decisions are

made by the Committee and must not be involved in any discussion about any aspect of their own salaries; remuneration policy and terms and conditions.

- Other colleagues will be requested to attend and report as necessary.
- The Human Resources Manager is secretary to the meeting.
- The Chair of the Board may not be a member of the Committee.

### **Ratification**

The decisions of the Committee are recorded in its minutes. Their recommendations are subject to ratification only by those Board members not experiencing a conflict of interest in that decision.