

## Remuneration Committee Terms of Reference

Last reviewed by Committee: May 2021

Last Approved by Board: May 2021

### 1. Membership

1.1. The committee shall comprise of at least three members, all of whom shall be independent non-executive directors. The chair of the board may also serve on the committee as an additional member if they were considered independent on appointment as chair.

1.2 Appointments to the committee are made by the board on the recommendation of the nomination committee and in consultation with the chair of the remuneration committee and shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided members (other than the chair of the board if they are a member of the committee) continue to be independent.

1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chief Executive Officer, HR Manager and external advisors may be invited to attend for all or part of any meetings, as and when appropriate.

1.4 The board shall appoint the committee chair who shall be an independent non-executive director who should have served on the remuneration committee for at least 12 months. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who qualify under these terms of reference to be appointed to that position by the board. The chair of the board shall not be chair of the committee.

1.5 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.

### 2. Secretary

The society secretary, or their nominee, shall act as secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### 3. Quorum

The quorum necessary for the transaction of business shall be two.

### 4. Frequency of meetings

The Committee shall meet at least twice per annum and otherwise as required.

## 5. Notice of meetings

5.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time, and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than 5 working days before the date of the meeting. Unless otherwise agreed, supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

## 6. Minutes of meetings

6.1 The secretary shall minute the proceedings and decisions of all committee meetings, including recording the names of those present and in attendance.

6.2 Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, minutes should be made available to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

## 7. Engagement with stakeholders

7.1 The committee chair should attend the annual general meeting to answer any member questions on the committee's activities. In addition, the committee chair should seek engagement with members on significant matters related to the committee's areas of responsibility where appropriate to do so.

## 8. Duties

8.1 The Committee shall:

- Have responsibility, 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.
- Review workforce remuneration and related policies.
- Review, challenge and if thought fit, approve the design of, and determine targets for, any performance related pay schemes operated by the Society and approve the annual payments made under such schemes.
- Review, recommend, or otherwise, the cost of the overall annual pay settlement to the board.
- 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.
- Oversee any major changes in employee benefit structures throughout the Society.
- Ensure 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.
- Ensure that the remuneration arrangements support and encourage desired behaviours and culture.

- In determining remuneration policy, consider all factors which it deems necessary including relevant legal and regulatory requirements. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the society successfully without paying more than is necessary, having regard to views of members and other stakeholders.
- Consider the long-term interests of members and other Stakeholders in the Society.

8.2 No director or senior manager shall be involved in any decisions as to their own remuneration outcome.

8.3 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.

8.4 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.

## **9. Reporting responsibilities**

9.1 The committee chair shall report to the board after each meeting on the nature and content of its discussion, recommendations, and action to be taken.

9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for board discussion when necessary.

9.3 The committee shall provide a description of its work in the annual report.

9.4 The committee shall ensure that provisions regarding disclosure of information as set out in relevant regulation are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Society's annual report and put to members for approval at the AGM.

9.5 If the committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Society or individual directors.

9.6 The committee shall receive reports on the following:

- 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.

## **10. Other matters**

The committee shall:

10.1 Have access to sufficient resources to carry out its duties, including access to the company secretariat for advice and assistance as required.

10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

10.3 Give due consideration to all relevant laws, regulations, and published guidelines regarding the remuneration of directors and any other applicable rules, as appropriate

10.4 Ensure that a periodic evaluation of the committee's own performance is carried out.

10.5 At least annually, review the committee's 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.

## **11. Authority**

11.1 The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

11.2 The committee has full authority to appoint remuneration consultants and to commission or purchase any reports, surveys, or information which it deems necessary at the expense of the Society. However, the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

11.3 The Committee has delegated authority to scrutinize, approve or recommend for approval policies assigned to it under the Policy Governance Framework and Policy Delegations Schedule.