REMUNERATION COMMITTEE TERMS OF REFERENCE

1. Purpose

1.1 The Remuneration Committee (RemCo) is a sub-committee of the Board of Ecology Building Society, from which if derives its authority. The primary purpose of the RemCo is to approve and oversee, the Society-wide Remuneration policy and surrounding procedures for the Society's Senior Executives, Senior Management and all colleagues' remuneration and determining director and senior management remuneration.

1.2 The RemCo aims to ensure remuneration arrangements are aligned with the Society's Strategy, long-term objectives and risk profile, while supporting recruitment, retention, and the motivation of high-performing teams.

2. Membership

2.1 The RemCo shall comprise at least three members, all of whom should 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.

2.2 Members of the RemCo shall be appointed by the Board on the recommendation of the Nominations Committee and in consultation with the chair of the RemCo. Appointments shall be for a period of up to three years, which may be extended for up to one additional three-year period, provided the member continues to be independent.

2.3 Only members of the RemCo have the right to attend Committee meetings. However, the Chief Executive, Chief Risk Officer, Chief of Staff, and other individuals may be invited to attend all or part of any meeting as and when appropriate.

2.4 The Board shall appoint the RemCo Chair who should be an independent non-executive director. In the absence of the RemCo chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board should not be Chair of the RemCo.

2.5 The Chair of the Committee is designated as SMF 12 Chair of Remuneration Committee.

3. Secretary

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

4. Duties

4.1 The RemCo shall:

- Determine, agree and approve the Remuneration Policy for Non-Executive Directors, Executive Directors, and all Society employees ensuring the total remuneration package (including pension, pay, bonus and incentives) are consistent with the Society's culture, risk appetite, approach to diversity and inclusion.
- 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.
- Ensure the Society operates within the spirit of the UK Corporate Governance Code, albeit recognising that the Society operates a relatively small Board, the Society will disapply the requirement for Chair of Remuneration Committee to have been a member for the previous 12 months. This approach ensures the Society remains agile, whilst purposefully prioritising capability and experience over tenure.
- Review remuneration and related policies to ensure all colleagues, including the Executive Team and Material Risk Takers, are provided with appropriate reward and remuneration in line with the Society's Strategy, Purpose and Risk Appetite and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Society, and for the Society's overall performance.
- 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.

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

4.3 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.

4.4 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.

4.5 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Society's chair and executive directors, including the Society secretary, in accordance with the Principles and Provisions of the Code.

4.6 Design remuneration policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to the Society's purpose and values, clearly linked to the successful delivery of the Society's long-term strategy and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances.

4.7 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

4.8 No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The board itself or, where required by the Memorandum or Rules, the members should determine the remuneration of the non-executive directors within the limits set.

4.9 In determining remuneration policy, consider all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. 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.

4.10 Review the ongoing appropriateness and relevance of the remuneration policy.

4.11 Within the terms of the agreed policy and in consultation with the chair and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the Society chair including bonuses and incentive payments.

4.12 Review workforce remuneration and related policies.

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4.14 Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.

4.15 Oversee the development of the high performing organisation and monitor the success of such activity on colleague engagement.

5. Decision Making/Quorum

5.1 The quorum necessary for the transaction of business shall be three members.

5.2 Votes are passed with a simple majority. In the event of a tied vote the Chair has the deciding vote.

6. Frequency of Meetings

6.1 The Committee shall meet at least twice a year at appropriate times and otherwise as required.

7. Notice of Meetings

7.1 Meetings of the RemCo shall be called by the secretary of the Committee at the request of the RemCo chair or any of its members if they consider it necessary.

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

8. Minutes of Meetings

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

8.2 Draft minutes of RemCo meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all members of the board unless, exceptionally, it would be inappropriate to do so.

9. Sub Committees

9.1 There are no sub-committees of the RemCo.

10. Engagement with Members

10.1 The Chair of the RemCo should attend the annual general meeting to answer any member questions on the committee's activities. In addition, the RemCo Chair should seek engagement with members on significant matters related to the committee's areas of responsibility.

11. Escalation

11.1 The RemCo may escalate any matter to the Board if it considers the matter requires consideration beyond the scope of authority delegated to it.

12. Reporting Responsibilities

12.1 The RemCo Chair shall report formally to the Board after each meeting on all matters within its duties and responsibilities.

12.2 The RemCo 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.

12.3 The RemCo shall provide a description of its work to be included in the Society's annual report.

12.4 If independent remuneration consultants have been engaged, they should be identified in the annual report alongside a statement about any other connection they have with the Society or individual directors.

12.5 The RemCo shall also ensure that provisions regarding disclosure of information as required by the Society's regulator 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 as necessary.

13. Other Matters

The RemCo shall:

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

13.2 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.

13.3 Give due consideration to all relevant laws and regulations as appropriate.

13.4 Ensure that a periodic evaluation of the RemCo's performance is carried out.

13.5 At least annually, review its 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.

14. Authority

The RemCo is authorised to:

14.1 Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information that it deems necessary at the expense of the Society.

15. Effective Date

15.1 These Terms of Reference are effective from April 2026. The terms may be reviewed at a future meeting of the Committee and any subsequent changes recommended to the Board for approval.

Version	Date	Owner / Author	Update
1.0	21 April 2023	Chair / Society Secretary	Terms of Reference approved by Board.
1.1	1 March 2024	Board Secretariat	Annual review by Committee. No changes.
1.2	8 May 2025	CRO	Annual review, key update includes a change to Committee name from People, Remuneration and Culture Committee to Remuneration Committee together with general housekeeping updates to provide further clarification.
1.3	5 March 2026	RemCo Chair	Annual review - key update reference UK Corporate Governance Code removing requirement for RemCo Chair to have been a member of the committee for prior 12 months.