

Terms of Reference Remuneration Committee *Updated May 2020*

1 Membership and quorum

- 1.1 The Committee is appointed by the Board. Before appointment as Committee Chair, the appointee shall have served on the Committee for at least 12 months. The Society Chair should not be appointed as Committee Chair.
- 1.2 The Committee comprises the Society Chairman and two other non-Executive Directors.
- 1.3 In the absence of the Committee Chair the remaining members present shall elect one of themselves to chair the meeting.
- 1.4 A quorum comprises two Committee members.

2 Attendees

- 2.1 In addition to the Committee members the following are in attendance
 - Chief Executive
 - Society Secretary
 - Chief Risk Officer or deputy
 - Head of HR and People Development
- 2.2 In the event of the Society Secretary being unavailable, the Chair will ask one of the attendees to be the Secretary for the meeting.
- 2.3 Other persons may attend all, or part, of any meeting at the invitation of the Committee Chair.

3 Frequency of meetings

- 3.1 Meetings are usually held four times a year, normally January, April, July, October.
- 3.2 The Chair can convene additional meetings if considered necessary.
- 3.3 A quorum is required for decisions to be made.

4 Notice of meetings

- 4.1 Meetings shall be scheduled annually in advance.
- 4.2 Ad hoc meetings shall be convened by the Society Secretary at the request of the Chair.
- 4.3 Supporting papers shall normally be circulated, by the PA to the Executive Directors, one week in advance of the meeting.

5 Minutes

- 5.1 The Society Secretary will take the minutes of the meeting.
- 5.2 Draft minutes will be provided to the Chair and once approved will be circulated to the other attendees.

6 Reporting

- 6.1 The Remuneration Committee chair formally reports proceedings from each meeting to the Board.
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.

7 Authority

The Committee is authorised to:

- 7.1 Seek any information it requires from any Society employee in order to perform its' duties.
- 7.2 Obtain, at the Society's expense, outside legal or professional advice on any matters within its Terms of Reference.

8 Responsibilities

- 8.1 The Committee is responsible for setting and monitoring adherence to the Society's remuneration policy. The Committee will therefore:
 - Develop a remuneration policy which is sufficient to attract, retain and motivate senior personnel without paying more than necessary and which:
 - strikes the correct balance to reward the achievement of targets and the fair treatment of members
 - does not encourage excessive risk taking
 - protects and enhances the long-term prospects of the Society.
 - Ensure that no director other than a non-executive director, or no Senior Manager, shall be involved in any decisions as to their own remuneration.
 - Ensure that an appropriate proportion of remuneration is structured so as to link rewards to corporate and individual performance.
 - Approve targets and performance related pay schemes for Executive Directors, including pension rights and any compensation payments where applicable, with due regard to risk and fairness.
 - Directly oversee the remuneration of senior managers in risk management and compliance, ensuring it is not inappropriately weighted to variable pay and that the method for determining remuneration does not compromise the objectivity of those individuals.
 - 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 the duty to mitigate loss is fully recognised.
 - Ensure role profiles and service contracts of Executive Directors are aligned to the remuneration policy.
 - Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity, especially when determining appropriate levels of Non-Executive fees.
 - Commission or purchase any reports, surveys or information deemed necessary at the expense of the Society but within any budgetary restraints imposed by the board. Establish the selection criteria, terms of reference and appointment of any remuneration consultants who advise the Committee.
 - Receive reports from the Chief Executive on how employee pay changes and performance related pay are to be awarded, including an assessment of any risks attaching to his proposals. Ensure these are consistent with the general Remuneration Principles approved by the Committee.
 - Ensure that a remuneration report is produced for approval by the Board, published on the Society's website, and presented to the members at the AGM. To satisfy this requirement the remuneration report is included within the Society's annual Report and Accounts. State in the annual report on the Society's remuneration policy where external consultants have been used and state whether they have any other connection with the Society.
 - Review workforce remuneration and related policies, and the alignment of incentives and rewards with culture.

- Agree the policy for authorising claims for expenses from the directors.
- Review (annually) the Committee's terms of reference and the quality and content of management information provided to the Committee.

8.2 Recommendations to Board

The Committee shall review and make recommendations to the Board for approval in relation to:

- Approval of remuneration and other contractual terms for Non-Executive Directors, Executives and the Executive team.

9 Rolling agenda

9.1 The Chair determines the agenda for each meeting, in conjunction with a relevant member of the Executive team.

9.2 In addition to the MI reports detailed above, there is a rolling agenda as follows:

	Specific topics	<i>Approved by</i>
Jan	▪ Expenses review	<i>n/a</i>
	▪ Review Committee terms of reference	<i>Board</i>
	▪ Gender pay gap (Biennial)	<i>n/a</i>
Apr	▪ Remuneration review, including material risk takers.	<i>n/a</i>
	▪ Determine prior year performance related pay	<i>Board</i>
	▪ Management information review	<i>n/a</i>
Jul	▪	
Oct	▪ Performance related pay proposal	<i>Board</i>
	▪ Remuneration policy review	<i>Remuneration</i>