

1. Purpose

The Board has established this committee to assist it in fulfilling its oversight and governance responsibilities in connection with its people, remuneration and culture activities.

The primary function of the Committee is to ensure:

- remuneration, culture and people policies and practices are designed to support strategy and promote long-term sustainable success.
- Executive remuneration is aligned to our purpose and values and is clearly linked to the successful delivery of the Society's long-term strategy.
- A formal and transparent procedure for developing policy on executive, director and senior management remuneration having regard to relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance.

2. Membership and Attendance:

- 2.1 The Committee shall comprise 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.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Head of People and external advisers may be invited to attend for all or part of any meeting as and when appropriate
- 2.3 Appointments to the Committee are made by the Board on the recommendation of the Nominations Committee in consultation with the Chair of the People Remuneration & Culture Committee and shall be for a period of up to three years, extendable by no more than two additional three year periods, so

long as members (other than the Chairman of the Board if they are a member of the Committee) continue to be independent.

- 2.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director and have served for a minimum of 12 months on the PRCC. 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 who would 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.
- 2.5 Members of the Committee may participate in a meeting by means of an online meeting platform (ie MS Teams) where all persons participating can hear each other at the same time and participation by such means shall constitute presence at a meeting.

3. Quorum

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

4. Frequency of Meetings

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

5. 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 the issues.

6. Notice of Meetings

- 6.1 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.
- 6.2 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 five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft Minutes of committee meetings shall be circulated promptly to the Chair of the Committee. Once approved, minutes should be submitted to the next Board meeting for noting unless it would be inappropriate to do so.

8. Duties

The Committee shall:

- 8.1 Have delegated responsibility for determining the policy for Directors' remuneration and setting remuneration for the Society Chair, Executive Directors and all other members of the Executive team including the Society Secretary and Risk Director, in accordance with the Principles and Provisions of the Code. The Committee shall also have oversight of any changes to the remuneration of members of the SLT above the 5% threshold limit devolved to the CEO.
- 8.2 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 enables the use of discretion to override formulaic outcomes and to recover and/or withhold sums or

share awards under appropriate specified circumstances.

- 8.3 When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality, and alignment to culture.
- 8.4 No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The remuneration of non-executive directors shall be a matter for the Non-Executive Director Remuneration Committee.
- 8.5 In determining remuneration policy, take into account all 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 view of members and other stakeholders.
- 8.6 Review workforce remuneration and related policies.
- 8.7 When setting remuneration policy for directors, review and have regard to the remuneration trends across the building society sector.
- 8.8 Obtain reliable, up to date information about remuneration in other societies of a comparable scale and complexity.
- 8.9 Review and approve annually the PRA Remuneration Policy Statement and Material Risk Takers Code Staff List
- 8.10 Review the ongoing appropriateness and relevance of the Remuneration Policy
- 8.11 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, Society Secretary and Risk Director including bonuses,

- incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of the Society's and individual performance, and wider circumstances.
- 8.12 Have 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
- 8.13 Review the design of all incentive plans for approval by the Board. For such plans, determine each year whether awards will be made and if so, the overall amount of such awards, the individual awards for Executive Directors and other members of the Executive Team and the performance targets to be used.
- 8.14 To review and oversee the culture of the Society by reference to appropriate tools such as employee engagement, culture or feedback surveys, cultural indicators, or guidance given by regulators or industry groups such as the Building Societies Association
- 8.15 A key consideration for the Committee is the diversity of the Society's workforce at all levels. The Society recognises the benefits a diverse workforce can bring and is committed to a culture that attracts and retains talented people to deliver outstanding performance. Appointments are made on merit and against objective criteria, whilst still giving consideration to diversity in respect of gender and other measures.
- 8.16 Determine the policy for and scope of pension arrangements for each Executive Director and other members of the Executive Team as it is designated to consider
- 8.17 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.
- 8.18 Oversee any major changes in employee benefits structures throughout the Society.
- 8.19 Agree the policy for authorising claims for expenses from the directors.
- 8.20 Work and liaise as necessary with all other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.
- 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 available for board discussion where necessary.
- 9.3 The Committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.
- 9.4 The Committee shall also ensure that provisions regarding disclosure of information as set out in the Code, are fulfilled and that a report on the Directors' Remuneration Policy and practices is included in the Society's Annual Report and Accounts and ensure each year that it is put to members for approval at the Annual General Meeting.
- 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.

10. Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to external representatives 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 and regulations, the provisions of the Code and the requirements of the Rules or regulations which may apply.
- 10.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 10.5 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.

11. Authority

The Committee is authorised by the Board to obtain at the Society's expense, outside legal or other professional advice on any matters within its Terms of Reference.

12. Annual General Meeting

The Committee Chair should attend the annual general meeting to respond to questions from members on the Committee's activities.