

<b>Purpose</b>	The primary function of the Committee is to agree with the Board the framework or broad policy for determining the remuneration of Executive Directors and members of and other such members of the Senior Management as it is designated to consider, having regard to relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance.
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**1. Membership and Attendance:**

- The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee in consultation with the Chairman of the Remuneration Committee.
- Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary
- Appointments to the Committee are made by the Board 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 he or she is a member of the Committee) continue to be independent.
- The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman 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 Chairman of the Board shall not be Chairman of the Committee.
- Members of the Committee may participate in a meeting by means of a conference call where all persons participating can hear each other at the same time and participation by such means shall constitute presence at a meeting.

**2. Secretary**

- The Chairman shall nominate the 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.

**3. Quorum**

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

**4. Frequency of Meetings**

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

**5. Notice of Meetings**

- Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 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,

any other person required to attend and all other non-executive directors, 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.

#### **6. Minutes of Meetings**

- The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- Draft Minutes of committee meetings shall be circulated promptly to the Chairman of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

#### **7. Annual General Meeting**

- The Committee Chairman should attend the Annual General Meeting to answer any questions from members on the Committee's activities.

#### **8. Duties**

The principal duties of the Committee are detailed below:

- determine and agree with the Board the framework or broad policy for the remuneration of the Society's Chairman, the Executive Directors and such other members of senior management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the Executive Directors of the Board. No director or manager shall be involved in any decisions in respect of his/her own remuneration.
- Recommend and monitor the level and structure of remuneration for senior management.
- in determining such 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 this policy shall be to ensure that Executive Directors and members of Senior Management are provided with appropriate incentives to encourage enhanced performance, in a fair and responsible manner and rewarded for their individual contributions to the success of the Society in strict accordance with the Society's Risk Management objectives.
- when setting remuneration policy for directors, review and have regard to the remuneration trends across the building society sector.
- review the ongoing appropriateness and relevance of the Remuneration Policy
- within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of the Chairman, each Executive Director and other members of senior management as it is designated to consider including bonuses, if and when applicable.
- obtain reliable, up to date information about remuneration in other societies of a comparable scale and complexity.
- approve the design of and determine targets for any performance related pay schemes operated by the Society and approve the total annual payments under such schemes.
- determine the policy for and scope of pension arrangements for each Executive Director and other members of the senior management as it is designated to consider

- 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.
- oversee any major changes in employee benefits structures throughout the Society.
- agree the policy for authorising claims for expenses from the directors.
- work and liaise as necessary with all other Board Committees.

#### **9. Reporting Responsibilities**

- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall ensure that provisions regarding disclosure of information as set out in the Code, are fulfilled and produce a report of the Society's Remuneration Policy and practices to be 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.

#### **10. Other Matters**

The Committee shall;

- have access to sufficient resources in order to carry out its duties, including access to external representatives as required.
- 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.
- give due consideration to laws and regulations, the provisions of the Code and the requirements of the Rules or regulations which may apply.
- arrange for periodic reviews of its own performance and, 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.