

# Remuneration Committee Terms of Reference

## Document Control

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## 1. Purpose

The Remuneration Committee (the Committee) is a Committee of the Board of Directors responsible for making recommendations to the Board on the Remuneration Policy of the Harpenden Building Society (the “Society”). The Committee recommends to the Board the level and structure of remuneration, including pensions and any compensation payments for the Chairman, all Executive Directors and other Society Employees in line with the Prudential Regulation Authority Remuneration Code and the UK Corporate Governance Code 2018.

## 2. Membership

Members of the Committee are appointed by the Board and shall comprise three members all of whom shall be non-executive directors. The Chair of the Committee shall be appointed by the Board from amongst the Non-Executive Directors but shall not be the Chair of the Board who may be a member.

Only members of the Committee have the right to attend meetings. However, other individuals, such as the Chief Executive, the Finance Director, other members of the Senior Management Team and external advisors may be invited to attend for all or any part of any meeting, as and when appropriate and necessary.

In the absence of the Committee Chair the appointed deputy shall chair the meeting.

No director will be involved in deciding his or her own remuneration.

All new members of the Committee will be informed of the role of the Committee, their responsibilities and will be provided with the ongoing support and training required by role.

Role	Status	Deputy
Senior Independent Director, Chair	Member	Non-Executive Director
Non-Executive Director, Deputy Chair	Member	not applicable
Non-Executive Director	Member	not applicable
Chief Executive, regular invited attendee	Non-voting attendee	Not applicable
Head of People, regular invited attendee	Non-voting attendee	Not applicable
Society Secretary	Non-voting attendee	Not applicable

## 3. Quorum

The quorum will be reviewed on an annual basis and is currently two members.

#### 4. Authority

The Board has delegated authority to the Committee to review and recommend to the Board the remuneration of the Non-Executive Directors, Executive Directors and Society Employees, including pension rights and any compensation payments.

The Terms of Reference of the Committee and any material amendments must be approved by the Board.

#### 5. Responsibilities - Remuneration

Responsibility	Details
<b>Remuneration Framework</b>	<p>Recommend to the Board the approval of the Remuneration framework, including how all variable pay, bonus and incentive schemes are designed, approved, implemented, and overseen.</p> <p>Obtain reliable up to date information about remuneration in other firms of comparable scale and complexity. To help fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the Society's expense, but within any budgetary restraints imposed by the Board.</p>

Responsibility	Details
<b>Executive Directors</b>	Within the terms of the agreed policy and in consultation with the Society Chair and/or Chief Executive, as appropriate, determine the total individual remuneration package of each executive director, making recommendations to the Board for approval, as required.
<b>Senior Management Team</b>	Within the terms of the agreed policy and in consultation with the Chief Executive determine the total individual remuneration package of each Member of the Senior Management Team, making recommendations to the Board for approval, as required.
<b>Society Employees</b>	Recommend to the Board, in conjunction with the Chief Executive, the overall remuneration package, including benefits and pensions, for Society Employees.
<b>Variable Pay Schemes</b>	Within the terms of the agreed policy determine the Society's variable pay scheme design and payment of any amounts due.
<b>Chair and Non-Executive Directors</b>	<p>Determine and recommend to the Board the remuneration of the Society's Board Chair and Non-Executive Directors.</p> <ul style="list-style-type: none"> <li>The remuneration of the Non-Executive Directors shall be a matter for the Board Chair and the Chief Executive.</li> <li>The remuneration of the Board Chair shall be a matter for the Vice-Chair and the Chief Executive</li> </ul>
<b>Annual Report Disclosures</b>	Review the Remuneration Report for disclosure in the Annual Report and Accounts. The Chair of the Board should arrange for

	the Chair of the Committee to be available to answer questions at the AGM.
<b>Remuneration Policy</b>	<p>Recommend for the Board's approval the Remuneration Policy having regard to all applicable legal and regulatory requirements, including pension rights and any compensation payments.</p> <p>Ensure the Remuneration Policy aligns with the Society's overall strategy and long term objectives with appropriate consideration of customer outcomes, culture, risk appetite and diversity and inclusion.</p>
<b>Other</b>	Review the Committee's Terms of Reference prior to submission to the Board for approval. Carry out an annual effectiveness review of the Committee, noting its conclusions in a report submitted to the Board.

## 6. Meeting Frequency

Meetings shall be held at least two times a year. Additional meetings may be convened following consultation with the Chair and provided that the quorate requirements are applied.

Meetings of the Committee are scheduled annually in advance by the Society Secretary, in conjunction with the Committee Chair.

## 7. Secretariat

The Society Secretary will act as secretary for the Committee and be responsible for maintaining the meeting minutes. The Secretary will ensure that all follow-up actions are appropriately assigned and monitored.

The Secretary will ensure that all items included within the Terms of Reference are covered as standard agenda items in Committee meetings. The Secretary in conjunction with the Chief Executive and the Chair will draw up an agenda which shall be circulated prior to each meeting to each member of the Committee and to any other attendees.

The Secretary will make a best endeavour to collate and circulate relevant reports to the Committee members and other attendees in sufficient time (circa 7 days prior to the meeting) for papers to be reviewed.

An effectiveness review of the Committee will be performed annually, including a review of meeting content, Terms of Reference and composition. Changes or improvements to the effectiveness of the Committee will be recommended to the Board for implementation.

## 8. Minutes & Reports

Committee decisions and discussions will be evidenced by minutes maintained by the Secretary and after approval by the Chair will be circulated to the Committee members and nominated attendees in sufficient time to allow completion of actions. The Secretary will endeavour to circulate the minutes within 14 days of the meeting. In addition a summary report, including areas for action or improvement, and copies of minutes will be presented by the Chair of the Committee or their deputy to the Board at its next meeting.

## 9. Other Matters

The Committee has access to sufficient resources, including the Society Secretary, to carry out its duties including authority from the Board to obtain, at the Society's expenses, legal or professional advice on any matters within its Terms of Reference.

The Committee gives due consideration to laws and regulations, Codes of Practice and any other Rules, as appropriate.

## 10. Document Version History

Date	Version	Author	Comments
10.12.2020	V1.0	Gavin Mullen, Interim Society Secretary	New Terms of Reference for standalone Remuneration Committee based on previous format and content.