

Remuneration Committee Terms of Reference

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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 determines the policy for Executive Director remuneration and for setting the remuneration for the Chairman, all Executive Directors and the Leadership Team in line with the Prudential Regulation Authority Remuneration Code and the UK Corporate Governance Code 2018. It is also responsible for ensuring the alignment of incentives and rewards with the Society’s culture.

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 Leadership 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
Senior Independent Director, Chair	Member
Non-Executive Director, Deputy Chair	Member
Non-Executive Director	Member
Chief Executive, regular invited attendee	Attendee
Head of People, regular invited attendee	Attendee
Society Secretary	Attendee

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 members of the Leadership Team, including pension rights and any compensation payments (as applicable).

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

5. Responsibilities - Remuneration

Responsibility	Details
Remuneration Framework	<p>Review 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>
Executive Directors	<p>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.</p>
Leadership Team	<p>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 Leadership Team, making recommendations to the Board for approval, as required.</p>
Society Employees	<p>Review and approve, in conjunction with the Chief Executive, the overall remuneration package, for Society Employees. Receive a report from the People Team on the Society's remuneration and benefits approach to ensure that it is fit for purpose. For the avoidance of doubt, significant changes to the Society's remuneration and benefits approach including anything outside of budget require the approval of the Committee.</p>
Variable Pay Schemes	<p>Within the terms of the agreed policy determine the Society's variable pay scheme design and payment of any amounts due.</p>
Chair and Non-Executive Directors	<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"> • The remuneration of the Non-Executive Directors shall be a matter for the Board Chair and the Chief Executive. • The remuneration of the Board Chair shall be a matter for the Vice-Chair and the Chief Executive

Annual Report Disclosures	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.
Remuneration Policy	<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>
Other	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 the Committee minutes.

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 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, 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.
9.12.2021	V2.0	Gavin Mullen, Society Secretary	Terms of Reference reviewed in conjunction with Tracy Campbell; changes made to reflect the Committee's remit and to clarify what needs Board approval. Additional change proposed by RemCo.
8.12.2022	V3.0	Gavin Mullen, Society Secretary	Annual review. Minor changes.