

# Remuneration Committee Terms of Reference

## Document Control

<b>Document Reference:</b>	<b>Remuneration Committee Terms of Reference</b>
<b>Approval Authority:</b>	<b>Board of Directors</b>
<b>Document Owner:</b>	<b>Society Secretary</b>
<b>Document Author:</b>	<b>Society Secretary</b>
<b>Version Number:</b>	<b>6</b>
<b>Approval Date:</b>	<b>9 December 2025</b>
<b>Effective Date:</b>	<b>9 December 2025</b>

## Contents

<b>1. Purpose .....</b>	<b>3</b>
<b>2. Membership .....</b>	<b>3</b>
<b>3. Quorum .....</b>	<b>3</b>
<b>4. Authority .....</b>	<b>4</b>
<b>5. Responsibilities – Remuneration .....</b>	<b>4</b>
<b>6. Meeting Frequency .....</b>	<b>5</b>
<b>7. Secretariat .....</b>	<b>5</b>
<b>8. Minutes &amp; Reports.....</b>	<b>5</b>
<b>9. Other Matters.....</b>	<b>6</b>
<b>10. Document Version History .....</b>	<b>6</b>

## 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 Society Chair<sup>1</sup>, all Executive Directors and the Executive Team in line with the Prudential Regulation Authority Remuneration Code and the UK Corporate Governance Code 2024. 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 Society Chair 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 Executive 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 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
Non-Executive Director, Chair	Member
Non-Executive Director	Member
Non-Executive Director	Member
Chief Executive	Attendee
Director of People & Culture	Attendee
Society Secretary	Attendee

## 3. Quorum

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

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<sup>1</sup> See footnote under section 5.

#### 4. Authority

The Board has delegated authority to the Committee to review and approve the remuneration of the Society Chair<sup>2</sup>, Executive Directors and members of the Executive Team, including pension rights and any compensation payments (as applicable). The remuneration of Non-Executive Directors shall be a matter for the Society Chair and the Executive Directors.

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>	Review the Remuneration framework, including how all variable pay, bonus and incentive schemes are designed, approved, implemented, and overseen.  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.
<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.
<b>Executive 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 Executive Team.
<b>Society Employees</b>	Review and approve, in conjunction with the Chief Executive, the overall remuneration package, for 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.
<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, making recommendations to the Board for approval, as required.
<b>Chair</b>	Determine the remuneration of the Society Chair <sup>3</sup> .
<b>Annual Report Disclosures</b>	Review the Remuneration Report for disclosure in the Annual Report and Accounts. The Society Chair should arrange for the Chair of the Committee to be available to answer questions at the AGM.

<sup>2</sup> See footnote under section 5.

<sup>3</sup> Where the composition of the Committee includes both the Society Chair and the Chair elect, the Remuneration Committee Chair will determine the remuneration of the Board Chair with the Senior Independent Director.

<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>	<p>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.</p>

## 6. Meeting Frequency

Meetings shall be held at least three 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 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 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
10.12.2024	V5.0	Gavin Mullen, Society Secretary	Annual review and minor amendments.
1.12.2025	V6.0	Gavin Mullen, Society Secretary	Annual review and amendments in line with the recommendations made by Clare Chalmers Ltd.