



The Stafford
Building Society

Remuneration Committee

Terms of Reference

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Remuneration Committee

Terms of Reference

1. Purpose

The principal function of the Remuneration Committee is to review and make recommendations to the Board in respect of the remuneration of the Board Chair and Executive Directors, together with the policy for Senior Management and workforce remuneration, to ensure the alignment of incentives and rewards with culture.

2. Membership

- 2.1. The Committee shall comprise of a minimum of 3 Non-Executive Directors who do not perform any executive function.
- 2.2. All Non-Executive Directors have the right to attend Committee meetings. However, individuals such as the Executive and external advisers may be invited to attend for all or part of the meeting as and when appropriate. It is expected that the Chief Executive will attend all meetings.
- 2.3. Appointments to the Committee shall be for a period of one year, which may be extended for further periods of up to five years, provided the Director still meets the criteria for membership of the Committee.
- 2.4. The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director. The appointee should have served on a Remuneration Committee for at least 12 months. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1. The Head of Operations & HR shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable a full and proper consideration to be given to the issues on the agenda.

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions vested in or exercisable by the Committee.

5. Frequency of Meetings

- 5.1. The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

6. Notice of Meetings

- 6.1. Meetings of the Committee shall be called at the request of any of its members if they consider it necessary.
- 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. All supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 6.3. Members of the Board may participate in a meeting by means of Microsoft Teams (or equivalent), that is, 'virtually' where all persons participating can see and hear each other at the same time. Participation by such means shall constitute presence at a meeting.

7. Minutes of Meetings

- 7.1. The Executive PA shall minute the proceedings and decisions 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 reviewed, minutes should be circulated to all other members of the Committee.

8. Duties

The Committee shall:

Responsibility
<ul style="list-style-type: none">• Ensure that Executive Directors' and Chair remuneration is designed to promote the long-term success of the Society.• Recommend the basis of the bonus schemes, and ensure that performance-related elements are transparent, stretching, and rigorously applied. Provide oversight, confirming that the bonus scheme does not lead to unfair member outcomes or engender conduct risk issues.• Receive updates on performance against the bonus schemes and, where appropriate, recommend any changes / variances to scheme design• Keep under an annual review the adequacy and effectiveness of the remuneration structure including annual review of the Remuneration Policy, template for Proportionality Level Three firms and associated Appendices.• Receive a report from the Executive Directors and determine the bonus payment in-line with the financial year-end.• Recommend to the Board the remuneration, including bonus for the Chief Executive, the Deputy Chief Executive & Finance Director and Chair in accordance with the Society policy, contractual arrangements and referring to the comparator set as per our corporate plan.• Have oversight of the policy for Senior Management and workforce remuneration and related policies and the alignment of incentives and rewards with culture. Receive confirmation that payments to employees are in accordance with the terms of the agreed schemes or as varied by agreement with the Remuneration Committee.• Be aware of and oversee any major changes in the Remuneration strategy, employee benefit structures and remuneration of employees throughout the Society.• Have the authority to appoint remuneration consultants and commission or purchase any reports, surveys or information if deemed necessary. If independent reports are required, the Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee but within any budgetary restraints imposed by the Board.• Review the policy for authorising expenses claims for all Board appointed Directors. Expenses Policy is to be reviewed annually by the Committee.

9. Remuneration Standards

- 9.1. The Committee shall give due consideration to laws and regulations including but not limited to the UK Corporate Code 2018 (Principle 5).
- 9.2. The Committee shall give due consideration to regulatory requirements outlined by relevant UK Regulators (PRA Remuneration and the FCA SYSC 19D Code for dual regulated firms and Remuneration Principles and FCA SUP 16).
- 9.3. The Committee shall give due consideration to provisions of the Capital Requirements Directive (CRD) which relate to remuneration by the Committee of European Banking Supervisors Guidelines on Remuneration Policies and Practices (December 2010). Provisions of the Capital Requirements Regulations 2013 (SI 2013/3115) together with the European Banking Authority's (EBA) Guidelines to Article 75 of the CRD relating to the collection of remuneration information.

10. Reporting responsibilities

The Committee Chair shall:

- 10.1. Report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2. Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. On an annual basis perform an assessment of whether responsibilities included in this Terms of Reference document have been achieved. The results of this exercise should be reported to the Board.
- 10.4. Review and approve the Society remuneration statements to be included in the annual report and other required remuneration disclosure reporting (e.g. Pillar 3).
- 10.5. Produce a report of its activities to be included in the Society's Annual Report and Accounts describing the work of the Remuneration Committee

11. Other matters

The Committee shall:

- 11.1. Have access to sufficient resources in order to carry out its duties, including access to the Secretariat for assistance as required.
- 11.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 11.3. Oversee any investigation of activities which are within its Terms of Reference.
- 11.4. The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and Terms of Reference in order that changes are made in line with the developing risk environment and good practice and recommend any changes it considers necessary to the Board for approval.

12. Authority

The Committee is authorised:

- 12.1. To seek any information it requires from any employee of the Society in order to perform its duties.
- 12.2. To obtain, at the Society's expense, outside legal or other professional advice on any matter within its terms of reference.
- 12.3. To call any employee to be questioned at a meeting of the Committee as and when required.

13. Annual General Meeting ('AGM')

- 13.1. The Committee Chair should attend the AGM to answer member questions on the Committee's activities.

14. Rapid Response Protocol

- 14.1. The Rapid Response Protocol seeks to facilitate decision making between meetings, whereby a minimum quorum must be present, either in person or over the phone. The Protocol is typically applied between meetings.
- 14.2. All decisions made under the Rapid Response Protocol are to be ratified at the following Remuneration Committee meeting.

<u>Date</u>	<u>Version</u>	<u>Summary of Changes Made</u>	<u>Changes Made By</u>
23/03/2021	2021V3	Board Approval	Board
09/12/2021	2022V1	Annual Review and Update	Head of Risk
24/02/2022	2022V2	Annual Review by Committee	RemCo
29/03/2022	2022V3	Board approval	Board

