REMUNERATION & NOMINATIONS COMMITTEE ('REM&NOMCo')

Terms of Reference

Editor:	Chief Risk Officer
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Document Control

The content and any amendments of this document are the responsibility of the Society Secretary.

Date	Version	Summary of Changes Made	Reviewed/Approved by
16/03/2023	2022V3	Additional Review by Compliance	REMCO
26/07/2023	2023V4	Board Approval	Board
23/04/2024	2024V1	Annual Review by Risk Committee	REMCO
28/04/2024	2024V2	Review reported to Board for Approval	Board
20/05/2025	2025V1	Annual Review by Compliance	REMCO
16/07/2025	2025V2	Board Approval	Board
05/03/2026	2026V1	Full rewrite of the ToR (utilising the template implemented for the BRC ToR).	REM&NOMCo
14/04/2026	2026V1	Board Approval	Board

Note: Historical entries reflect the Committee's prior review and approval history and have been retained for continuity.

1. Constitution

The Board of Directors of The Stafford Building Society has resolved to establish a Committee of the Board to be known as the Remuneration and Nomination Committee ("REM&NOMCo"). The Committee has the delegated authority of the Board in respect of the functions and powers set out in these Terms of Reference ("ToR").

2. Role and Responsibilities

The combined Committee provides strategic oversight of the Society's approach to remuneration and people matters, ensuring that reward structures, leadership behaviours, and colleague experience support a healthy culture and the delivery of the Corporate Plan. Its remit includes reviewing Executive and Senior Management reward, wider Society remuneration, and the broader people strategy covering engagement, performance, capability, and development.

The Committee makes recommendations to the Board in maintaining an effective governance structure regarding Board appointments, composition, diversity, skills and performance. This includes ensuring that the Board retains an appropriate balance of experience and independence, that succession plans are robust, and that appointment processes are fair, transparent, and aligned with the Society's governance framework.

3. Objective

The combined Committee's objective is to ensure the Society operates a coherent and well-governed framework for remuneration, people strategy and Board composition. This includes ensuring reward structures support prudent risk-taking, reinforces the Society's culture and values, and enables the organisation to attract, motivate and retain the talent required to deliver the Corporate Plan. The Committee makes recommendations to the Board to sustain an effective, diverse and appropriately skilled leadership team through appropriate Board appointments, succession planning, performance evaluation and diversity objectives.

4. Remuneration Responsibilities

The Committee shall carry out the following duties for the Society as appropriate:

A. Remuneration Governance

- Ensure Executive Directors' and Chair remuneration supports long-term organisational success
- Keep under annual review the adequacy and effectiveness of the remuneration structure, including Executive Director remuneration and bonus determinations
- Recommend to the Board the remuneration and bonus outcomes for the Chief Executive, Finance Director and Chair, referencing policy, contractual arrangements and comparator sets
- Review conduct-risk judgements and ensure bonus schemes do not create unfair outcomes or discourage effective risk-taking
- Monitor adherence to any budgetary restraints imposed by the Board
- Review the Conflicts of Interest policy on a bi-annual basis with a view to recommending it to the Board, ensuring alignment with remuneration and people-related policies
- Review the Succession Plan as approved by the Board, ensuring alignment with the Corporate Plan and monitoring critical capability sets
- Monitor gender pay gap reporting and other workforce fairness indicators, ensuring that insights inform remuneration, succession and people-strategy decisions

- Support the Society's diversity and inclusion objectives by ensuring remuneration and reward practices are fair, transparent, and aligned with the Society's D&I commitments.

B. Senior Management and Wider Workforce

- Oversee policies for Senior Management Functions, including performance and reward arrangements
- Oversee wider Society remuneration and related performance-management policies
- Review employee/representative coordination with agreed schemes, including variations approved by the Remuneration and Engagement Committee
- Consider retention, succession and capability challenges across the workforce as part of a holistic people and performance management strategy.

C. People, Culture and Capability

- Ensure performance-related pay is transparent, stretching, and rigorously applied
- Receive updates on bonus scheme design and recommend changes where appropriate
- Ensure remuneration strategy and benefit structures support the Corporate Plan, culture and long-term organisational health
- Monitor people-related risks, capability gaps and succession planning.

D. External Advice

- Appoint remuneration consultants and commission reports, surveys or information as required
- Ensure independent remuneration consultants are selected where independent reporting is needed
- Be exclusively responsible for establishing the selection, appointment and setting the Terms of Reference for any remuneration consultants for any remuneration consultants advising the Board, subject to Board restraints.

E. Regulatory and Governance Framework

- Give due consideration to all applicable laws, regulations and guidance, including:
- The PRA Rulebook: Remuneration Part (as amended)
- The PRA Supervisory Statement SS2/17 (Remuneration)
- The FCA Handbook (including SYSC 19D – Dual-regulated firms Remuneration Code as applicable following 2025 reforms)
- Applicable remuneration reforms (including PRA/FCA Remuneration Reform Policy Statements PS21/25 and PS25/15)
- The UK Corporate Governance Code (as relevant)
- The PRA/FCA proportionality framework including application to small and non-complex firms
- Regulatory reporting requirements (including, where applicable, RegData submissions such as REP005 and REP006).
- Apply the PRA/FCA proportionality framework relevant to small and non-complex firms.
- Ensure remuneration policies and practices align with regulatory expectations, governance standards, and risk-management principles, and maintain appropriate evidence for regulatory review.

5. Nominations and Board Composition Responsibilities

The Committee supports the Board in maintaining an effective governance structure through the review of Board appointments, composition, diversity and performance.

A. Board Appointments and Governance

- Support the Board in overseeing the Board appointment process, ensuring it is fair, transparent, and aligned with the Society's governance framework
- Ensure Board composition considerations reflect relevant regulatory expectations for skills, diversity and effective governance.

B. Board Skills, Independence and Capability

- Review the Non-Executive Director skills matrix to ensure the Board retains an appropriate balance of skills, experience and independence
- Review NED independence, tenure, and time commitment considerations, escalating any concerns to the Board.

C. Board and Committee Performance Evaluation

- Oversee the annual Board and Committee performance evaluation processes, ensuring outcomes are considered in succession and development planning.

D. Succession Planning and Pipeline Development

- Oversee Board-level succession planning to ensure continuity of leadership and alignment with the Corporate Plan
- Support the development of a diverse and sustainable pipeline of potential future Non-Executive Directors.

E. Diversity, Inclusion, and Leadership Balance

- Monitor diversity targets for Board composition and support the Board in progressing a balanced and inclusive leadership pipeline

6. Membership

The Committee comprises of a minimum of three independent Non-Executive Directors, with the Chair appointed by the Board and required to have at least 12 months' prior Remuneration and Nomination Committee experience. Other Non-Executive Directors may attend with the Chair's consent, the Chief Executive is expected to attend all meetings, and Executive Directors or external advisors may be invited to participate when appropriate.

7. Secretary

The Society Secretary (or their nominee) shall act as the Secretary of the Committee and provide all necessary support, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

8. Quorum

The Committee shall be quorate with two members present (either in person or via audio/video conference) and, when quorate, is empowered to exercise all authorities delegated to it. Decisions are taken by majority vote, with each member – including the Chair – holding one vote. In the event of a tie, the Chair shall have the second and casting vote, except where they have a personal interest. The chair may also require attendees to withdraw for items relating specifically to them.

9. Frequency of, and Attendance at, Meetings

The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. Members may also attend meetings virtually via Microsoft Teams or an equivalent platform, provided everyone can see and hear one another, and such participation counts as being present.

10. Notice of meetings

Meetings shall be called by the Secretary at the request of any Committee member. Unless otherwise agreed, notice of each meeting, confirming venue, time, date and including the agenda and relevant papers, shall be forwarded to each member and any required attendees no later than five working days before the meeting.

11. Minutes of meetings

The Society Secretary will record the proceedings, decisions, and attendance at each Committee meeting, with draft minutes issued promptly to the Chair for review before being circulated to all Committee members.

12. Annual General Meeting ("AGM")

The Committee Chair shall attend the AGM to answer any questions from members on the Committee's activities and areas of responsibility.

13. Reporting Responsibilities

The Committee shall:

- Report to the Board after each meeting on all matters within the Committee's remit
- Make recommendations to the Board on any area within the Committee's scope where action or improvement is required
- Conduct an annual assessment of the Committee's delivery against its Terms of Reference and report the outcome to the Board
- Prepare an annual report for inclusion in the Society's Annual Report and Accounts, outlining the Committee's activities and work.

14. Other Matters

The Committee shall:

- Consider other duties as determined by the Board from time to time
- Have access to sufficient resources to carry out its duties, including access to the Society Secretary
- Be provided with appropriate and timely training, both induction for new members and ongoing for all members
- Give due consideration to all applicable laws and regulations
- Work and liaise as necessary with other Board Committees
- At least annually, carry out a Committee performance review and review these TOR to ensure maximum effectiveness, recommending any changes to the Board
- Oversee any investigation of activities which are within its Terms of Reference.

15. Authority

The Committee is authorised:

- To request any information, it requires from any employee to fulfil its duties
- To obtain external legal or professional advice at the Society's expense on any matter within its remit
- To request that any employee to attend a meeting to provide information or answer questions.

16. Key Documents, Policies and Risk Appetites for Consideration by the Remuneration and Nominations Committee

- Remuneration Policy (including proportionality and appendices)
- People Strategy (including engagement, wellbeing, learning and development
- Bonus and Incentive Scheme Designs and annual outcomes
- Performance Management Framework
- Diversity, Equity, and Inclusion Policy
- Conflict of Interest Policy (biennial review to Board)
- Conduct Risk Policy
- Board Skills Matrix
- Any relevant regulatory guidance updates affecting remuneration governance and reporting.