



## **Terms of Reference Remuneration Committee**

### **1 Membership and quorum**

- 1.1 The Committee is appointed by the Board.
- 1.2 The Committee comprises Society Chairman, Vice Chair and one other non-Executive Director
- 1.3 Current Committee membership is:
  - John Parker (Chair)
  - Peter Brickley
  - Ron Simms
- 1.4 In the absence of the Committee Chair the remaining members present shall elect one of themselves to chair the meeting.
- 1.5 A quorum comprises two committee members.

### **2 Attendees**

- 2.1 In addition to the committee members the following are in attendance
  - Chief Executive
  - Society Secretary
- 2.2 In the event of the Society Secretary being unavailable, the Chair will ask one of the attendees to be the Secretary for the meeting.
- 2.3 Other persons may attend all, or part, of any meeting at the invitation of the Committee Chair.

### **3 Frequency of meetings**

- 3.1 Meetings are usually held four times a year, normally January, April, July, October.
- 3.2 The Chair can convene additional meetings if they consider it necessary.
- 3.3 A quorum is required for decisions to be made.

### **4 Notice of meetings**

- 4.1 Meetings shall be scheduled annually in advance.
- 4.2 Ad hoc meetings shall be convened by the Society Secretary at the request of the Chair.
- 4.3 Supporting papers shall normally be circulated, by the PA to the Executive Directors, one week in advance of the meeting.

### **5 Minutes**

- 5.1 The Society Secretary will take the minutes of the meeting.
- 5.2 Draft minutes will be provided to the Chair and once approved will be circulated to the other attendees.

## **6 Reporting**

- 6.1 Remuneration committee reports into the Board committee and the Risk committee.
- 6.2 The Remuneration Committee Chair will report on all material issues arising from the risk reviews to the next Risk Committee along with any recommendations of actions the Society should undertake.

## **7 Authority**

- 7.1 The Committee is authorised to request any information it requires and to seek independent advice from specialist remuneration consultants where it believes this is necessary to discharge its primary purpose and responsibilities.

## **8 Responsibilities**

- 8.1 The Committee is responsible for setting and monitoring adherence to the Society's remuneration policy. The Committee will therefore:
- Develop a remuneration policy which is sufficient to attract, retain and motivate senior personnel without paying more than necessary and which:
    - strikes the correct balance to reward the achievement of targets and the fair treatment of members
    - does not encourage excessive risk taking
    - protects and enhances long-term prospects of the Society.
  - Ensure that no director other than a non-executive director, or no senior manager, shall be involved in any decisions as to their own remuneration.
  - Ensure that an appropriate proportion of remuneration is structured so as to link rewards to corporate and individual performance.
  - Approve targets and performance related pay schemes for Executive Directors, including pension rights and any compensation payments where applicable, with due regard to risk and fairness.
  - Directly oversee the remuneration of senior managers in risk management and compliance, ensuring it is not inappropriately weighted to variable pay and that the method for determining remuneration does not compromise the objectivity of those individuals.
  - Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Society, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
  - Ensure role profiles and service contracts of Executive Directors are aligned to the remuneration policy.
  - Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity, especially when determining appropriate levels of Non-Executive fees.
  - Commission or purchase any reports, surveys or information deemed necessary at the expense of the Society but within any budgetary restraints imposed by the board. Establish the selection criteria, terms of reference and appointment of any remuneration consultants who advise the committee.
  - Receive reports from the Chief Executive on how staff pay changes and performance related pay are to be awarded, including an assessment of any risks attaching to his proposals. Ensure these are consistent with the general Remuneration Principles approved by the Committee.
  - Ensure that a remuneration report is produced for approval by the Board, published on the Society's website, and presented to the members at the AGM. State in the annual report on the Society's remuneration policy where external consultants have been used and state whether they have any other connection with the Society.
  - Oversee any major changes in employee benefits structures throughout the Society.
  - Agree the policy for authorising claims for expenses from the directors.

- Consider reports and recommendations regarding pertinent risks and controls from the Register:
  - challenging their assessment and measurement
  - monitoring the actions being taken to manage these risks
  - considering external risk indicators and emerging risks.
- Review (annually) the quality and content of management information provided to the Committee.

## 9 MI Reports

9.1 The following reports shall be provided for each meeting:

- Risk review

## 10 Rolling agenda

10.1 The Chair determines the agenda for each meeting, in conjunction with a relevant member of the Executive team.

10.2 In addition to the MI reports detailed above, there is a rolling agenda as follows:

<b>Specific topics</b>	
<b>Jan</b>	<ul style="list-style-type: none"> <li>▪ Expenses review</li> <li>▪ Risk review</li> </ul>
<b>Apr</b>	<ul style="list-style-type: none"> <li>▪ Remuneration review</li> <li>▪ Determine prior year performance related pay</li> <li>▪ Risk review</li> <li>▪ Management information review</li> </ul>
<b>Jul</b>	<ul style="list-style-type: none"> <li>▪ Risk review</li> </ul>
<b>Oct</b>	<ul style="list-style-type: none"> <li>▪ Performance related pay proposal</li> <li>▪ Remuneration policy review</li> <li>▪ Risk review</li> </ul>