

Remuneration Committee

References within this document to “Committee” means the Remuneration Committee and “Board” means Main Board.

1 Membership

- (1) The Committee shall be appointed annually by the Board.
- (2) The Committee shall appoint its own Chairman.
- (3) The Committee shall be made up of at least three persons and should only consist of Member Elected Directors and at least one External Non-Executive Director.
- (4) Only members of the Committee have the right to attend Committee meetings. However, the CEO may be invited to attend meetings but is not involved in any decisions as to her own remuneration.

2 Secretary

The HR & Office Manager will act as Clerk / Secretary of the Committee.

3 Quorum

The meeting is deemed to be quorate provided that more than 50% of the Committee are present, one of whom should be an External Non-Executive Director. 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.

4 AMC

The Chairman of the Committee attends the AMC to present the Committee’s annual report and be prepared to respond to any member’s questions on the activities of the Committee.

5 Frequency of Meetings

- (1) The Committee normally meets twice a year on dates to be agreed by the Committee.
- (2) Subject to prior notice given in accordance with 6 below, a meeting may be convened for a date other than a scheduled date, at the request in writing of any member of the Committee.

6 Notice of Meetings and Committee papers

- (1) Meetings of the Committee shall be summoned by the Clerk/Secretary to the Committee issuing written notice not less than five business days before the scheduled date of the meeting or, if summoned in accordance with 5(2) above, not less than three business days before the date of the meeting.

- (2) Notice of each meeting shall be issued to each member of the Committee and each other person invited to attend, stating the venue, time and date together with an agenda of items to be discussed.
- (3) Notice of a meeting of the Committee may be issued by hand, surface mail or by electronic means.
- (4) Notice of a meeting shall be accompanied by reporting papers and such other supporting papers as are appropriate and necessary for the Committee to conduct the business for which it has been convened.
- (5) The Committee may consider papers issued later than as set out in 6(4) above or tabled at a meeting, if the Chairman has given consent.

7 Minutes of the Meeting

- (1) The Clerk/Secretary to the Committee shall minute the proceedings, agreed actions and decisions of all meetings of the Committee, including recording the names of those in attendance.
- (2) Members of the Committee shall declare the existence of any actual and/or potential conflicts of interest prior to discussions on the subject matter and the Clerk/Secretary to the Committee will record the conflict of interest in the minutes. If the conflict of interest is material, the Committee member may be asked to leave the meeting for that particular subject matter. For any conflicts of interest other than material ones the Committee member may remain in the meeting for that particular subject matter and take part in the discussions and decision.
- (3) The Minutes Report of each meeting of the Committee shall be circulated promptly to all members of the Committee. The Clerk/Secretary to the Committee will circulate the approved minutes to the members of the Committee.

8 Responsibilities

On behalf of the Board, the Committee has responsibility in the following areas:

8.1 Determining and agreeing with the Board the framework or broad policy for the remuneration of Executive Directors

- (1) The Committee is responsible for ensuring that Executive Directors' remuneration is competitive, proportionate within the Society and offers keen incentives for performance at the highest levels in order to attract and retain individuals of the required calibre, and in accordance with the Society's Remuneration Policy.
- (2) The Committee is responsibilities are outlined in section 2 of the Oddfellows Remuneration Policy for overseeing the design, implementation and maintenance of the Remuneration Policy for Directors.
- (3) The Committee is authorised, if deemed appropriate, by the Board to engage the services of an External Consultancy with regard to general policy for Executive Remuneration and to source appropriate benchmark data.

8.2 Fulfilling duties as laid down by the Directors' Remuneration Report Regulations 2002

- (1) The Committee is responsible for the production and review of a description of its work for inclusion in the Board of Directors' Report in the Annual Financial Statements. The Report is presented to the Board for final approval.

(2) As prescribed by the Directors' Remuneration Report Regulations 2002, the remuneration report includes details of:

- members of the Committee and any advisers;
- responsibilities of the Committee;
- statement of the Society's Remuneration Policy;
- Executive Directors' emoluments including salary, bonuses, expenses and arrangements for compensation in the event of loss of office; and
- Pension entitlements of Executive Directors.

8.3 Performance reviews of Executive Directors. The Committee undertakes annual performance reviews of the Executive Directors and is assisted by the CEO for those Directors who report to her. The reviews are based on the Executive Directors' objectives derived from the Fraternal and Long Term Business (LTB) Strategic Plans.

8.4 Determining targets for any performance related pay schemes operated by the Society for Executive Directors

The Committee ensures that any performance related elements of the total remuneration package are structured so as to link incentives / rewards to both the Society and individual performance. It will also take account of any relevant regulatory requirements, and the Society's Remuneration Policy.

8.5 Benchmarking Remuneration

The Committee may consider appointing an external consultant to produce a report benchmarking salary of Executive Directors from the sector within which the Society operates. The Salary Policy for benchmarking Executive Directors remuneration is based on data sourced from relevant surveys in the Mutual Sector, including the Association of Financial Mutuals (AFM) members' remuneration packages.

8.6 Succession planning

The Committee should ensure liaison with the Board so that adequate contingency and succession planning arrangements exist for the Executive Directors.

9 Reporting Responsibilities

- (1) The Committee shall make whatever recommendations to the Board, and /or relevant Committee it deems appropriate on any area within its remit where action or improvement is needed;
- (2) The Compliance & Risk Officer shall make written or verbal reports on any material weakness or significant issues identified, insofar as they relate to the operation of the Society's Remuneration Policy and / or regulatory requirements.

10 Authority

The Committee is authorised:

- (1) to carry out its duties and investigate any matter within these Terms of Reference;
- (2) to seek any information, it requires from any personnel of the Society in order to perform its duties;

- (3) to call any employee to be questioned at a meeting of the Committee as and when required; and
- (4) to obtain, at the Society's expense, external legal or other professional advice on any matter within its Terms of Reference and within the agreed budgetary control procedure.

11 Other Matters

The Committee shall:

- (1) have access to sufficient resources and advisors approved by the Board for assistance as required;
- (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;
- (3) be provided with timely relevant information and reports as set out in these Terms of Reference;
- (4) give due consideration to laws, Regulatory Principles, Rules and Guidance of the PRA / FCA, and the provisions of the Association of Financial Mutuals (AFM) Corporate Governance Code (CGC) as appropriate;
- (5) oversee any investigation of activities within these Terms of Reference and act as a Body of the last resort for decision, judgement, direction and control: and
- (6) at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.