

MELTON MOWBRAY BUILDING SOCIETY GROUP (“THE GROUP”)

REMUNERATION & NOMINATIONS COMMITTEE (“THE COMMITTEE”)

TERMS OF REFERENCE

Composition: The Committee shall comprise a minimum of two Non-Executive Directors to be appointed by the Board together with the HR Advisor to the Board. The Board shall appoint one of the Non-Executive members to be chair. At the request of the Committee the Chief Executive and Executive Secretary shall be in attendance.

Members of the Committee should actively undertake training and development to keep up to date to fulfil the Committee’s role and where applicable meet their SMCR responsibilities.

The Chair of the Remuneration and Nominations Committee is an SMF 12 and SMF 13 appointment.

Independence & Conflict: It is important that the independence of the Committee is maintained that any conflicts of interest are avoided. There is an opportunity to raise and discuss potential conflict of interest at the start of each meeting and any potential conflicts are recorded in the minutes.

Meetings: The Committee shall meet at least four times a year and at any other appropriate time as required at the request of any member of the Committee or the Board.

Quorum: Two members of the Committee at a duly convened meeting.

Minutes: Minutes shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board. The Executive Secretary will act as Secretary to the Committee.

Reporting: The Chair of the Committee will provide a verbal update of the meeting, the key decisions taken and the required follow up actions in advance of each subsequent Board meeting with the exception of strictly confidential items which are recorded as Confidential Minutes.
The Chair of the Committee will provide a written update on a biannual basis to the Board on key decisions and actions taken.

1. PURPOSE AND RESPONSIBILITIES

- 1.1 The Committee's key purpose is to ensure that the Group has the appropriate human resources and people related policies and practices in place, noting in particular the remuneration policy approved by the Board.
- 1.2 To determine and recommend to the Board the appropriate structure, size and composition of the Board and its sub Committees, in order to maintain appropriate diversity of skills, knowledge and experience.
- 1.3 To ensure the relevant principles of Corporate Governance contained in the UK Corporate Governance Code (and any best practice guidance) are taken into account in so far as they are relevant to the Society.
- 1.4 Oversee the Senior Management Certification Regime approval process and requirements, ensuring that required actions and training are implemented.
- 1.5 To instigate recruitment of new Directors, taking account of the specific skills, knowledge and experience required. Consider nominations and assess candidates for appointment based on objective criteria and with reference to the Board Composition Policy. Make a recommendation to the Board and ensure records are retained as to why the candidate was considered most suitable.
- 1.6 To review performance appraisals and monitor skills gaps and the Training Plan to ensure Directors and Senior Managers have sufficient knowledge and skills to fulfil their roles.
- 1.7 Review performance appraisals of Directors and assessments of Board Committees and make recommendations to the Board regarding re-appointment or replacement of Directors.
- 1.8 To instigate an independent review of Committee effectiveness at least every three years.
- 1.9 To review and approve recommendations from the Chief Executive regarding structure, role profiles or contracts of the Executive Team to ensure that the Society has appropriate resources to achieve its business objectives.
- 1.10 To review and approve recommendations from the Chief Executive regarding overall staff remuneration (e.g. pay and benefits) such that the Society attracts and retains individuals of sufficient calibre for its continued wellbeing.

The Chief Executive will not be involved in discussions or decisions concerning their own remuneration.
- 1.11 To maintain a plan for orderly succession of Directors and Senior Managers and review at least annually.
- 1.12 To review and approve the Group Remuneration Policy including the Remuneration Code staff list at least annually.

- 1.13 To review and approve the Succession Planning, Board Composition and Diversity and Inclusion Policies at least annually.
- 1.14 To review and approve Non-Executive Directors' remuneration in accordance with Rule 19 of the Society's Rules, which must not exceed 2.5 times the annual salary of the lowest paid full time clerical employee within the Society as at the first day of each Financial Year. Executive and Non-Executive Directors will not be involved in discussions and decisions concerning their own remuneration.
- 1.15 To review and recommend to the Board the annual compensation plan for all staff of the Group, including pension contributions and any bonus proposals. This is to include a review of comparative market data. Where necessary, the Committee to undertake independent job evaluation to ensure rate of pay is fair and reflective of the market.
- 1.16 To review and approve recommendations from the Chief Executive on any performance related pay scheme; any award under such a scheme; and overall staff pay rises.
- 1.17 To recommend severance packages for Executive Directors and Senior Managers to the Board.
- 1.18 To consider Director's interests at least on an annual basis and arbitrate on any conflicts of interest should they arise on the Board. Conflicts of interest should be considered at the start of every Board and Board Committee and recorded in the minutes.
- 1.19 To review with the Executive annually the findings of relevant Staff surveys and to consider these in relation to fostering a productive and healthy work place culture and to staff remuneration policies and decisions as appropriate.
- 1.20 Ensure Non-Executive Directors received appropriate Letters of Appointment and that staff, Senior Management and Executive contracts are kept up to date.

2. AUTHORITY

The Committee is authorised by the Board to:

- 2.1 Carry out any activity within its terms of reference.
- 2.2 Obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

3. REPORTING

- 3.1 A summary of Key Decisions will be submitted to the Board after each meeting.
- 3.2 Significant matters will be reported directly to the Board outside of meetings if required.

- 3.3 A report of the Society’s remuneration policy and practices will be included in the Annual Report and ensure each year that it is put to the members for approval at the AGM. The Committee Chair should attend the AGM to answer any queries on the Committee’s activities’.

4. ANNUAL REVIEW

- 4.1 The Committee shall conduct an annual review of its terms of reference and its effectiveness in carrying them out and report its findings to the Board.

Document History

<u>Date</u>	<u>Activity</u>	<u>Owner</u>
Jan 2020	Review	FP
Feb 2020	Annual review to incorporate BER input	MJR/KM
Jun 2020	Further review incorporating BER recommendations	KM/PK
Nov 2020	Annual review	KM