Melton Building Society

Terms of Reference
Remuneration Committee

Document Owner – Secretariat
Document Approver – Board
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Purpose

The Remuneration Committee (the "Committee") is a committee of the Board of Melton Mowbray Building Society, from which it derives its authority. Its role is to oversee the development and implementation of Society wide remuneration policies for all having due regard to the Society's Board approved Equality, Diversity and Inclusion Policy in relation to pay gaps within the Society.

Composition, Frequency, Quorum and Proceedings

Composition:	The Committee shall comprise at least three Non-Executive Directors and include the Chair of the Board. A majority of members will be independent Non-Executive Directors. Appointments to the Committee are made by the Board. Committee members should actively undertake training and development to keep up to date to fulfil the Committee's role and where appropriate meet their SMCR responsibilities.
Chair:	The Board will appoint the Committee Chair who will be an independent Non-Executive Director. The Chair of the Board will not be the Committee Chair. In the absence of the Chair, or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chair of the Committee is an SMF12 appointment.
Secretary:	The Secretary of the Committee will be the Secretary of the Society.
Attendees:	Only members of the Committee have the right to attend Committee meetings, however, other individuals, such as the Chief Executive Officer, and Chief People Officer may be invited to attend for all or part of the meeting, as and when appropriate. Individuals should not attend part of any meeting when their own remuneration is under discussion.
Frequency:	The Committee will normally meet four times a year at appropriate times and otherwise as required. Meetings of the Committee will be called by the Secretary of the Committee at the request of any of its members.
Quorum:	The quorum for the transaction of business shall be: • Two members if the number of members who constitute the Committee is three. • Three members if the number of members who constitute the Committee is four or more. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of its authorities, powers and discretions. In the event of equal votes the Chair of the Committee shall have a second or casting vote.
Minutes:	The Secretary to the Committee will minute the proceedings and resolutions of all meetings of the Committee and once agreed by the Chair of the Committee arrange for the Minutes to be circulated promptly to all members of the Committee and, if appropriate, the Board.
Written Resolutions:	Written resolutions must be undertaken in accordance with the requirements set out in the Society's Rules with written consent required from all Committee members for approval.
Mandate:	The Committee is authorised to: a) Seek any information it requires from any employee of the Society in order to perform its duties.

b) Obtain, at the Society's expense, outside legal or other professional advice on any matter within its terms of reference (including appointing remuneration consultants and commissioning or purchasing reports, surveys or information which the Committee deems necessary).
c) Call any employee to attend a meeting of the Committee as and when required.
d) Have the right to publish in the Society's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

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

Responsibilities

A REMUNERATION DUTIES

The Committee will carry out the duties below for the Society, as the Group as a whole, as appropriate. As regards its duties the Committee shall:

1 Determine, agree and approve the Group Remuneration Policies for Non-Executive Directors, Executive Directors and all Society employees ensuring that the total remuneration package (including pension, variable pay, bonus and incentives) are consistent with the Society's culture, risk appetite, and policies on diversity and inclusion, and to ensure that such Group Remuneration Policies are fully documented.

2 The objective of such policy shall be to ensure that the Executive Team and Remuneration Code Colleagues (Material Risk Takers) are provided with appropriate reward and remuneration in line with the Society's strategy and in keeping with the Society's risk appetite and are, in a fair, and responsible manner, rewarded for their individual contributions to the success of the Society, and for the Society's overall performance.

3 In determining remuneration policy, packages and arrangements, give due regard to all relevant legal and regulatory requirements, the FCA / PRA Remuneration Code, the UK Corporate Governance Code and any associated guidance.

4 To review and approve recommendations from the Chief Executive regarding:
   a) structure, role profiles or contracts of the Executive Team and Remuneration Code Colleagues including any material changes to Executive Team members contracts to ensure that the Society has appropriate resources to achieve its business objectives
   b) overall Colleagues remuneration principles (e.g. pay, benefits and pensions) such that the Society attracts and retains individuals of sufficient calibre for its continued success
   c) any performance related pay scheme; any award under such a scheme; and annual pay awards for all Colleagues.

   The Chief Executive will not be involved in discussions or decisions concerning their own remuneration.

5. Chair of the Board and Non-Executive Directors' Remuneration

   Such remuneration will be in accordance with Rule 19 of the Society's Rules (that must not exceed 2.5 times the annual salary of the lowest paid full time employee within the Society as at the first day of each Financial Year).

   a) Chair of Board

      To review the CEO's proposal for the Chair of the Board's remuneration and recommend the same to the Board (all directors excluding the Chair of the Board)

   b) Non-Executive Directors

      To review and recommend that the Chair of the Board considers and approves the CEO's proposal for Non-Executive Directors remuneration and recommend the same to the Board (Chair of the Board and Executive Directors only).

   No Director will be involved in discussions and decisions concerning their own remuneration.

6 Approve the design of and determine targets for any performance related pay schemes operated by the Society and any instruments for the delivery of variable pay and each year assess performance against such targets and approve the total payments to be made under such schemes and under such instruments. The Committee has authority to override formulaic remuneration outcomes when considering the performance of the Society both regulatory and financial. The Committee will, prior to its recommendation to the Board for approval of any payments, refer to the Risk Committee to ascertain whether the Risk Committee wishes to exercise its power of veto.

7 To review and recommend to the Board the annual remuneration packages for all Remuneration Code Colleagues of the Group, including pension contributions and any bonus proposals. To include a review of comparative market data. Where necessary, the Committee will undertake independent job evaluation to ensure rates of pay are fair and reflective of the market.

8 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. To recommend severance packages for Executive Team members including Executive Directors, and Remuneration Code Colleagues to the Board.

9 Review any major changes in employee benefit structures, including retirement benefits, throughout the Group.

10 When determining executive director remuneration policy and practices, consider the requirements in the UK Corporate Governance Code for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

B POLICIES AND PROCESSES

The Committee is authorised by the Board to approve and at least annually review the Group's Key Documents and Policies set out and contained in Appendix 1A and to review those set out and contained in Appendix 1B and make recommendations to the Board for approval.

C RECOMMENDATIONS TO THE BOARD

The Committee shall consider and make recommendations to the Board for approval in relation to the following matters:

1 Non-Executive Directors' remuneration
2 The annual remuneration packages for all Remuneration Code Colleagues of the Group, including pension contributions and any bonus payments
3 Bonus scheme payments for all Colleagues
4 The contractual terms on termination, any payments made and severance packages for Executive Team members including Executive Directors and Remuneration Code Colleagues

D REPORTING REQUIREMENTS

The Committee shall:

1 Report formally to the Board through the Committee Chair on its proceedings after each meeting on all matters within its duties and responsibilities.
2 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
3 The Committee shall produce a Directors' Remuneration Report which comprises a statement from the Chair of the Committee, an annual report of the Society's implementation of its Directors' Remuneration Policy and a summary of the Directors' Remuneration Policy.
The Committee shall ensure that the Directors' Remuneration Report is put to members for approval at the AGM each year and the Committee Chair will attend the Annual General Meeting to answer member questions on the Committee's activities.
4 The Committee will produce and review on an annual basis a Remuneration Policy Statement, demonstrating compliance with the Financial Conduct Authority (FCA) / Prudential Regulation Authority (PRA) Remuneration Codes.

E GENERAL MATTERS

1 The Committee shall give due consideration to all relevant laws, rules and regulations, the provisions in the UK Corporate Governance Code and any other applicable rules, as appropriate.
2 The Committee shall assist the Senior Management Function (SMF) role holder in the escalation of their Prescribed Responsibilities to the Committee in relation to overseeing the development of and implementation of the firm's remuneration policies and practices.
3 The Committee shall annually arrange for reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
4 The Committee's Terms of Reference are available on the Society's website.
5 The Committee will work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

Document history

2025 V1	Complete Re-write on the creation of the Remuneration Committee	David Watts	February 2025
2026 V2	Annual Review	Rob Ewin	May 2026

A Key Documents and Policies that the Committee has authority to approve:

1. Group Remuneration Policy
2. Executive Incentive Plan
3. Colleague & Senior Manager Bonus Scheme
4. Nexa Bonus Scheme

B Key Policies that the Committee has authority to review and make recommendations to the Board:

None