

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Purpose

The underlying purpose of the Remuneration Committee is to manage the overall remuneration policy of the Society and its subsidiary companies, ensuring that the policy is fair, competitive, complies with regulatory requirements and is aligned to the Society's risk appetite and financial resources.

Membership

Members of the Committee shall be appointed by the Board in consultation with the Chair.

The Committee shall comprise of all Independent Non-Executive Directors of the Board.

Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate, including the Chief Executive and / or other Executive Director.

Appointments to the Committee are subject to annual review.

The Board shall appoint the Chair. In the absence of the Chair, the remaining members of the Committee present shall elect one other Independent Non-Executive Director to chair the meeting. The Chair of the Board shall not be the Chair of this committee.

The Chair of the committee shall have a casting vote.

Administration

Secretary - The Society Secretary or a nominee agreed by the Chair shall act as the Secretary.

Quorum - The quorum necessary for the transaction of business shall be [two] committee members.

Frequency of meetings - The Committee shall meet as required but at least once a year.

Notice of meetings - Meetings of the Committee shall be summoned by the Secretary at the request of any of its members or at the request of the external or internal auditors. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Minutes of Meetings - The Secretary or such other person as the Committee Chair nominates³ shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board.

Duties

- 1 Establish, implement and maintain a remuneration policy, approved by the Board, and practices in line with the Society's risk management strategy, risk profile, objectives, risk management practices, which:
 - a) promote the long-term performance and interests of the Society and its members;
 - b) do not threaten the Society's ability to maintain an adequate capital base;
 - c) promote sound and effective risk management;
 - d) do not encourage risk-taking that is excessive in view of the risk management strategy;
 - e) incorporate measures that avoid conflicts of interest;
 - f) support the independence of Senior Management Function Holders and Certified Individuals in risk, compliance, internal audit, and actuarial from the operational units and areas under their review;
 - g) Provide fair and competitive remuneration.
- 2 To observe best practice industry standards for corporate governance as regards Executive Director, Non-executive Director, and Senior Management Function Holder remuneration, including disclosure requirements and avoidance of conflict between business objectives and compliance with legal and regulatory requirements.
- 3 Review and approve the overall remuneration of members of the Executive Committee and those deemed to be Solvency II staff (as set out in the Remuneration Policy) including Senior Management Function Holders and Certification functions. Remuneration includes base pay, performance related pay, pension and other benefits and compensation.
- 4 Consider reports from the Risk and Compliance committee and the Audit Committee when reviewing executive remuneration and remuneration policy.
- 5 Ensure that the policy for performance related pay is stretching, rigorously applied, aligned to strategy and includes provisions to enable recovery.
- 6 Ensure that no director is involved in the setting of his / her own remuneration.
- 7 Review and approve the high-level design for any variable (performance-related) pay schemes for staff with individual sales targets.
- 8 Make certain that contractual terms on termination, and any payments made, are in line with the remuneration policy and are fair to the individual and the Society.
- 9 Agree the policy for authorising claims for expenses from the Chief Executive.
- 10 Make publicly available its Terms of Reference explaining clearly its role and the authority delegated to it by the Board.



Restrictions

- 11 The Remuneration Committee will not recommend or approve the emoluments of Non-Executive Directors.
- 12 The Executive Committee will consider and propose the emoluments of Non-Executive Directors which will be approved by the Board.

Reporting

- 13 After each meeting of the committee provide a report on its activities and copies of minutes to the Board.
- 14 Report timely to the Board any proposal to make material amendments to the remuneration policy that would require approval of members at the Annual General Meeting.
- 15 The Chair of the committee shall attend the Society's Annual General Meeting to answer member questions on the activity of the committee.
- 16 The committee shall provide a report on its activities, in compliance with regulatory and corporate governance requirements, for inclusion in the Society's Annual Report and Accounts.

Other Matters

The Committee shall:

- Be provided by the Society with sufficient resources in order to carry out its duties.
- Be provided by the Society with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- At least once a year, review its own performance, constitution, composition and terms of reference to assess its operational effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

The Committee is authorised by the Board:

- To seek any information it requires from any employee or director of the Society in order to perform its duties.
- To obtain, at the Society's expense, external legal or other professional advice on any matter falling within its terms of reference.
- To call on any employee to attend a meeting of the Committee as and when required.
- To report in the Annual Report any disagreement between the Committee and the Board that cannot be resolved.

Approved by the Board 20 December 2024

