

Remuneration Committee

Terms of Reference



Remuneration Committee

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The Remuneration Committee (“the Committee”) is a committee of the British Friendly Society (“the Society”)’s Board (“the Board”). The Board and its committees are established pursuant to the Society’s Memorandum and Rules (“the Rules”) and unless specifically stated otherwise, terminology, words or expressions used in these Terms of Reference have the same meaning as in the Rules.

1. Membership

- 1.1 The Remuneration Committee shall comprise at least 2 members, all of whom shall be independent non-executive directors.
- 1.2 Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee
- 1.3 Only members of the Committee and other non-executive directors have the right to attend Committee meetings. Other individuals such as the Chief Executive, and CFO and internal advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.4 The Board shall appoint the Committee Chair who shall be an independent non-executive director. In the absence of the Committee Chair the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.

2. Secretary

The company secretary, or their nominee, shall act as the secretary to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two, both of whom must be independent non-executive directors.

4. Frequency of meetings

The Committee shall meet at least three times a year and otherwise as required.

5. Notice of meetings

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair or any of its members.

6. Minutes of the meeting

- 6.1 The secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.

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- 6.2 Chair approved draft minutes of Committee meetings shall be circulated to all members of the Committee and shall be reviewed, amended if necessary and approved by the Committee at its next meeting.

7. Engagement with Members

- 7.1 The Committee chair should attend the annual general meeting to answer any member questions on the Committee's activities.

8. Duties

The Committee should carry out the duties set out below for the Board as appropriate.

The Committee shall:

- 8.1 Design remuneration policies and practices to support strategy and promote long-term member interests and sustainable success, with Executive remuneration being aligned to company purpose and values linking successful delivery of the Society's long-term strategy, and use discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances.
- 8.2 In determining remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements and associated guidance. The objective of the policy shall be to attract, retain and motivate executive management of the quality required to run the Society successfully without paying more than is necessary, having regard to views of members and other stakeholders.
- 8.3 Responsibility for recommending for approval the policy for directors' remuneration and setting remuneration for the Society's Chair and executive directors, including the company secretary.
- 8.4 The Board shall determine the remuneration of the non-executive directors within the limits set in the Rules of the Society
- 8.5 The Committee shall determine the remuneration of the Chair of the Board within the limits set out in the Rules of the Society.
- 8.6 Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive, determine the total individual remuneration package of each executive director, the Society Chair and senior managers including bonuses and incentive payments. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of competence and individual performance and wider circumstances.
- 8.7 Review the ongoing appropriateness and relevance of the remuneration policy
- 8.8 Review staff remuneration and related policies.
- 8.9 Within the terms of the agreed policy on an annual basis, recommend to the Board for approval the overall size of the bonus pot available

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- 8.10 Within the terms of the agreed policy on an annual basis, recommend for Board approval the achievements against the balanced score card.
- 8.11 Work and liaise with the Risk and Investment Committee in instances of claw-back and malus.
- 8.12 Work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.
- 8.13 Have full authority to appoint remuneration consultants and to commission reports, surveys or information which it deems necessary at the expense of the Society.
- 8.14 No director or senior manager shall be involved in any decision as to their own remuneration outcome.

9. Reporting Responsibilities

- 9.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and actions to be taken.
- 9.2 The Committee shall make whatever recommendations to the Board it seems appropriate within its remit where action or improvement is needed, and appropriate.
- 9.3 The Committee shall produce a report to be included in the Society's annual report describing the work of the Remuneration Committee
- 9.4 The Committee shall ensure that provisions regarding disclosure of information set out in the Company's (Directors' Remuneration Policy & Directors' Remuneration Report) is fulfilled and put to members for approval at the AGM as necessary and as set out in the Association of Final Mutuals Corporate Code of Governance
- 9.5 If the Committee appoints remuneration consultants, the consultants should be identified in the annual report together with a statement regarding any other connection to individual directors or the Society.

10. Other Matters

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties
- 10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.3 Give due consideration to all relevant laws and regulations
- 10.4 Ensure that a periodic evaluation of the Committee's own performance is carried out.
- 10.5 At least annually, review the Committee's constitution and terms of reference to ensure it is operating at maximum effectiveness recommending any changes necessary to the Board for approval.
- 10.6 The Committee is authorised by the Board to obtain, at the Society's expense, outside research, legal or other professional advice on any matters within its terms of reference.

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Approved by the Board on 25th March 2021

Approval	Recommendation to the Board
Determine the remuneration of the chair of the board within limits set out in the rules	Recommend for approval policy for directors' remuneration and setting remuneration for Society's chair, executive directors and company secretary
Determine individual remuneration packages for each of the executive directors, society chair and senior managers bonuses.	Recommend the overall size of the bonus pot on an annual basis
	Recommend approval of the achievements against the balanced score card