

# **PERSONNEL AND REMUNERATION COMMITTEE**

## **TERMS OF REFERENCE**

### **1 Membership and Attendance**

The Personnel and Remuneration Committee shall consist of a minimum of three independent Non-Executive Directors. The Chair of the Board may be a member of the Committee. A quorum shall be two members.

Only members of the Committee have the right to participate at Committee meetings. Board members can attend with the agreement of the Chair. However, other individuals, such as the CEO, Deputy CEO & Finance Director, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting, as deemed appropriate by the Committee Chair.

The Chair of the Personnel & Remuneration Committee has a Senior Management Function SMF12 responsibility. This covers the following prescribed responsibilities: PRm for developing and overseeing the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code) of the FCA Handbook.

### **2 Committee Secretary**

The Society Secretary or his nominee shall act as Committee Secretary with the agreement of the Chair of the Committee.

### **3 Frequency of Meetings**

The Committee shall normally meet three times each year and otherwise as required. Additional meetings may be held at the request of any member of the Committee. The Committee Secretary agrees a programme of dates and agendas with the Committee Chair at the start of each year.

### **4 Minutes of Meetings**

The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee. The Minutes of meetings of the Committee shall be circulated to the Board on a timely basis, summarising the work undertaken by the Committee including any conclusions drawn and actions either taken or to be taken.

Any changes to the Declaration of Interest Log, or conflicts of interest declared that are specific to items on the agenda for a meeting will be minuted.

### **5 Authority**

The Committee is a Committee of the Board of Directors (the 'Board') of Progressive Building Society (the 'Society') from which it derives its authority and to which it regularly reports.

The Committee has delegated authority of the Board in respect of functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and

authority as it sees fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.

The Committee has authority to investigate any matter relating to staff relations and human resources matters within the Society. It also has authority to obtain any information as it may require from any Director, officer or employee of the Society.

The Committee has authority to engage independent counsel and other professional advisers at the expense of the Society and to invite them to attend meetings.

The Committee is authorised to review and make recommendation to the Board.

## **6 Purpose and Duties**

The Committee shall make recommendations to the Board on the remuneration and contractual arrangements of Executive Directors and on the performance related pay for all Society staff.

The Committee shall make recommendations to the Board on the personnel arrangements of the Society.

The duties of the Committee shall be:

### **Remuneration:**

- Set the Remuneration Policy for the Society (including in relation to Executive Directors);
- Review the on-going appropriateness and relevance of the Society's Remuneration Policy;
- Determine the basic and variable pay levels of Executive Directors;
- Approve the design and levels of performance indicators attached to variable elements of pay for all Society staff (including Executive Directors, other members of the executive team and all other Society staff);
- Obtain reliable, up-to-date information about remuneration in other Societies deemed an appropriate peer group to assist in assessing the appropriateness of levels of pay within the Society and the overall Remuneration Policy of the Society;
- Keep up-to-date with regulatory and best practice developments in the area of remuneration and ensure that these developments are reflected in the Society's Remuneration Policy as appropriate; in particular, overseeing the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code) of the FCA Handbook;
- Approve variable pay for all Society staff at the end of the Society's financial year;
- Approve the annual pay increment for staff;
- Determine the policy for, and scope of, pension arrangements for Executive Directors and staff;

- Be responsible for the selection and appointment of remuneration consultants engaged to advise the Committee on remuneration issues;
- Agree the policy for authorising claims for expenses from the Board.

### **Contracts**

- Ensure that contractual terms on termination are fair to the individual and the Society, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

### **Personnel**

- Inform and make recommendations to the Board on any personnel matters referred to the Committee, such as but not limited to:
  - (i) Staff relations and disciplinary matters;
  - (ii) Diversity and Inclusion matters (including Society targets for same);
  - (iii) Staffing levels;
  - (iv) Equal opportunities legislation;
  - (v) Health, safety and welfare;
  - (vi) Workforce engagement;
  - (vii) Talent development, and
  - (viii) Workforce planning.
- Monitor and make recommendations to the Board on levels of resources within the Society.
- Monitor personnel policies and ensure alignment with the Society's culture.

### **Reporting responsibilities**

- the Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities
- the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed
- the Committee shall make a report on the work of the Committee for inclusion in the Annual Report & Accounts of the Society, detailing its activities, its policy aims and objectives and remuneration for executive and non-executive directors. However, the responsibility for non-executive directors' fees (excluding Chair's fees) is with the Chair and the executive directors

## **7 Other matters**

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the Society Secretary for assistance as required
- be provided with appropriate and timely training, both in the form of an induction programme for new members and an ongoing basis for all members
- give consideration to the relevant laws, regulations, and the Society's Rules as applicable
- arrange for periodic reviews of its own performance and, at least annually, review its 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

## **8 Availability**

These terms of reference are required to be made available on request to Members.

*February 2023*

## Appendix 1

### Personnel & Remuneration Committee Timetable

	<i><b>February</b></i>	<i><b>August</b></i>	<i><b>November</b></i>
Workplan for year ahead	✓		
HR update	✓	✓	✓
Workforce engagement	✓	✓	✓
Diversity & Inclusion	✓	✓	✓
Approve bonus payment	✓		✓
Agree Bonus scheme structure for following year		✓	
Recommend bonus scheme KPIs for following year to Board			✓
Policy review for the year	✓		
Annual H&S report	✓		
Terms of reference	✓		
Consider format of committee effectiveness review			✓
Review committee effectiveness results	✓		
Consider hybrid working arrangements		✓	
Review retention strategies beyond remuneration		✓	
Consider succession planning and talent development management levels and below)		✓	
Review policy for determining base pay for exec directors		✓	
Review base pay for exec directors			✓

Consider annual pay increment for staff			✓
Review Directors' Remuneration Report for Annual Report			✓
Review objectives and agenda for committee for following year			✓
Review Culture Dashboard			✓