

**Saffron Building  
Society  
Terms of Reference  
Remuneration  
Committee**



Document Title:	<i>Remuneration Committee Terms of Reference</i>
Approval Authority:	<i>The Board of Directors</i>
Document Owner:	<i>Society Secretary</i>
Version Number:	<i>V 1.3</i>
Approval Date:	<i>25<sup>th</sup> May 2023</i>
Effective Date:	<i>25<sup>th</sup> May 2023</i>

## Table of Contents

<b>1. Purpose and Authority</b> .....	3
<b>2. Membership</b> .....	3
<b>3. Secretary</b> .....	4
<b>4. Quorum</b> .....	4
<b>5. Meetings</b> .....	4
5.1 Frequency of Meetings.....	4
5.2 Notice of Meetings .....	4
<b>6. Approvals and Responsibilities</b> .....	5
6.1 Recommendation for Approvals .....	5
6.2 Approvals .....	5
6.3 Responsibilities .....	6
<b>7. Other Matters</b> .....	8

## 1. Purpose, Scope and Authority

The Board hereby resolves to establish a committee of the Board, to be known as the Remuneration Committee (“the Committee”) to assist the Board in fulfilling its oversight responsibilities relating to the Remuneration Policy is implemented. The Committee sets and monitors the level and structure of remuneration, including pension rights and any compensation payments for the Chair, all Executive Directors, and other Remuneration Code staff in line with the UK Corporate Governance Code and the PRA Remuneration Code.

The Committee is authorised by the Board to obtain external support, such as independent external legal, accounting or other professional advice and training as it considers necessary, at the Society’s expense.

This Committee’s remit covers Saffron Building Society, comprising of Saffron Building Society and its subsidiary companies including Crocus Home Loans Limited and Saffron Mortgage Finders Limited and will carry out its responsibilities for the parent entity, major subsidiary undertakings and the group as a whole, as appropriate.

## 2. Membership

Role	Status	Deputy
Non-Executive Director	Chair	
Non-Executive Directors	Members x2	N/A
Chief Executive Officer	Non-voting attendee	N/A
Head of People	Non-voting attendee	N/A
Assistant Society Secretary	Secretary	N/A

The Chair of the Committee shall be a Non-Executive Director.

Appointments to the Committee are made by the Board on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the Chair of the Board, if they are a member of the committee) continue to be independent.

The Committee Chair should attend the annual general meeting to answer any member questions on the committee’s activities. In addition, the Committee Chair should seek engagement with members on significant matters related to the committee’s areas of responsibility.

The Committee shall comprise of a minimum of three members

Only members of the committee have the right to attend committee meetings. However, anyone can be invited to attend all or part of any meeting as and when appropriate.

### 3. Secretary

The Assistant Society Secretary shall act as the secretary of 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.

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

Draft minutes of committee meetings shall be circulated by the secretary to all members of the committee.

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.

### 4. Quorum

Meetings of the Committee shall be quorate where attended by a minimum of two members.

### 5. Meetings

#### 5.1 Frequency of Meetings

Meetings shall be held on a minimum of three times a year.

#### 5.2 Notice of Meetings

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 *three* working 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.

### 6. Rapid Decision Protocol

The purpose of the Rapid Decision Protocol is to facilitate decision making outside of the scheduled meetings. Any use of the Rapid Decision Protocol must be agreed with the Chair of the Committee (or in their absence, the Deputy Chair) prior to its use, and circulated by the Committee Secretary (or in their absence, a nominated deputy). Quorum requirements detailed above apply to any decisions with members, either meeting in person, by telephone conference or responding via email.

Any decisions or approvals made using this protocol are to be submitted to the next scheduled committee meeting, accompanied by a summary of events and the final decision, for inclusion in the minutes.

## 7. Approvals and Responsibilities

### 7.1 Approvals

The following documents are submitted to the Committee for approval at the prescribed frequency.

Responsibility	Details
Remuneration Policy Statement	The Committee will review and approve the policy statement at least annually, including reviewing the ongoing appropriateness and relevance of the policy and the roles designated as Material Risk takers.
Director or connected persons loans	The Committee will review and approve any requests for loans.
Annual Report and disclosures	Approve the Remuneration Report for disclosure in the Annual Report and Accounts.
Group wide bonus and remuneration schemes	The Committee will review and approve the Group Wide Bonus at least annually.  The Committee should be sensitive to the Group's financial position when determining annual salary increases and bonuses.
Chair's fee	The Committee shall approve the fee for the Chair. The Chair shall not be party to this discussion.
Executive Team Remuneration	The Committee shall approve the executive team remunerations including all benefits, appointment packages, severance payments and pensions.

### 7.2 Recommendation for Approvals

The following documents are submitted to the Committee at the prescribed frequency for review and recommendation to Board for approval.

Responsibility	Details
Remuneration Committee Terms of Reference	Committee to review at least annually and recommend to Board for approval.

## 7.3 Responsibilities

Responsibility	Details
Remuneration principles	Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the company's chair and executive directors and senior management, including the Society Secretary, in accordance with the Principles and Provisions of the Code
	Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances
	When determining executive director remuneration policy and practices, consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
	No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The board should determine the remuneration of the non-executive directors within the limits set in the Society rules.
	Within the terms of the agreed policy and in consultation with the chair and/or chief executive, as appropriate, determine the total individual remuneration package of each executive director, the company chair and Executive 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 company and individual performance, and wider circumstances.
	Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company. However the committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

	Review workforce remuneration and related policies.
	Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly
Director Loans	The Committee will consider and if thought appropriate approve all loan applications from Directors or persons connected with them.
	A person connected to a Director is defined as the Director's spouse, child or stepchild. A body corporate within which the Director is associated or a trustee acting for any of the above including that Director (reference to a child or stepchild does not include any child over the age of 18 years).
	It is the responsibility of the Committee to review the terms of a loan including any legal advice to ensure the loan is within the 1986 Act and consider any special conditions.
	The loan will fall within the 1986 Act requirements provided that the terms of the loan are not more favourable than the terms available to persons generally and/or there is no substantial advantage gained by a director.
Reporting Responsibilities	The Committee Chair shall report to the board after each meeting on the nature and content of its discussion, recommendations, and action to be taken.
	The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for board discussion when necessary.
	The Committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.
	The Committee shall also ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the company's annual report and put to members for



	approval at the AGM as necessary.
	If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.
Culture	To review and oversee the development of the Society's Diversity Policy with associated annual targets designed to measure progress through the Inclusion, Diversity & Belonging agenda.
	To monitor and ensure improvement plans are in place with the Society's processes associated with diversity including but not limited to gender pay, equal pay, mix and balance in senior roles and succession plans.
	To ensure the Society complies with all legal and regulatory requirements associated with diversity and inclusion. This includes but is not limited to Women in Finance, Gender and Equal Pay and Ethnicity in Finance.
	Women in Finance Report to be received and noted.
Remuneration Committee Effectiveness	Committee to review its effectiveness against its Terms of Reference and values and behaviours and report any findings and recommendations to the Board

## 8. Other Matters

The Committee shall:

Have access to sufficient resources in order to carry out its duties, including access to the Society Secretary for advice and assistance as required.

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

Work and liaise as necessary with all other board committees ensuring interaction between committees and with the board is reviewed regularly, taking particular account of the impact of risk management and internal controls on the work of other committees