

THE CAMBRIDGE BUILDING SOCIETY

CORPORATE GOVERNANCE MANUAL

Remuneration & Organisational Design Committee **Terms of Reference**

1. Membership

- 1.1 The Committee shall comprise at least three members, all of whom shall be independent Non-executive Directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. The Chief Executive and Finance Director will be invited to attend meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.
- 1.4 The Board shall appoint the Committee Chair who shall be an independent Non-executive Director. In the absence of the Committee Chair and/or an appointed deputy, 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.

2. Secretary

The Company Secretary, or their nominee, shall act as the secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two, both of whom must be independent Non-executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of meetings

- 4.1. The Committee shall meet at least once a year at appropriate times and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the Committee are set annually by the Company Secretary and agreed by the Chair of the Committee. Additional meetings called under 4.1 shall be set by the secretary of the Committee.

- 5.2 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, any other person required to attend and all other Non-executive Directors, 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. Minutes of meetings

- 6.1 The secretary of the Committee, or an appropriate nominee in their absence, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, a summary of the minutes should be circulated to all other members of the Board at the subsequent Board meeting, unless it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chair should attend the Annual General Meeting (AGM) to answer any shareholder questions on the Committee's activities.

8. Duties

- 8.1 The Committee shall recommend, via the Risk Committee (in their Terms of Reference), to the Board the framework or broad policy for the Society's remuneration including the Society's Chairman, the Chief Executive, and the Executive Directors.
- 8.2 The remuneration of Non-executive Directors shall be a matter for the Chairman and the Executive members of the Board under the Nominations Committee. No one shall be involved in any decisions as to their own remuneration.

- 8.3 When reviewing policy, the Committee will take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code, Remuneration Code and associated guidance. The objective of such policy shall be to:
- ensure that the Society attracts and retains Executive, Managers and staff of sufficient calibre to meet its business objectives
 - motivate and fairly reward individual contributions to the Society's overall performance
 - ensure the Society operates within its Risk Appetite

The Committee shall:

- 8.4 review the appropriateness / relevance of the remuneration policy annually;
- 8.5 obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 8.6 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.7 approve any performance related pay schemes operated by the Society and approve the total annual payments made under such schemes;
- 8.8 set the policy for, and scope of, pension arrangements for the Society;
- 8.9 establish a termination / redundancy policy to 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;
- 8.10 Set the policy for employee benefits structures and scope for the Society;
- 8.11 review on an annual basis the performance objectives of the Executive Directors set by the Chief Executive;
- 8.12 set the policy for organisational design across the Society and ensure it:
- Complements the organisation's values
 - Reflects and facilitates its business objectives
 - Facilitates resourcing
 - Provides for the future success of the Society
 - Ensures adequate governance and risk management exists
 - Encourages service excellence, process efficiency and flexibility in customer-facing units
 - Supports technical and managerial competence, career progression and reward strategy

9. Reporting responsibilities

- 9.1 The Committee Chair shall prepare a summary report for the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report of the Society's remuneration policy and practices to be included in the Annual Report and ensure each year that it is put to members for approval at the AGM.

10. Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 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 laws and regulations, the provisions of Corporate Governance and the requirements of any other applicable Rules, as appropriate;
- 10.4 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.

11. Authority

- 11.1 The Committee is authorised by the Board to obtain, at the Society's expense, outside legal or other professional advice on any matters within its Terms of Reference.