

THE MIDCOUNTRIES CO-OPERATIVE LIMITED

REMUNERATION COMMITTEE

("the Committee")

Terms of Reference

1. Constitution and Reporting Lines

The Committee was established by a resolution of the Board dated 3 October 2005. These terms of reference were approved by the Board at that time.

Updates were approved by the Board on 1 October 2007, 3 March 2008, 6 March 2010, 13 April 2015, 12 March 2016, 20 November 2017, 25 February 2019, 18 October 2021 and 30 May 2023.

The Committee is a committee of the Board. It operates within the strategic policy direction established by the Board. As such, it shall be accountable to the Board and shall report on its activities at the Board meeting immediately following its meeting.

2. Membership and Quorum

The Committee shall consist of 5 directors, namely the Society's President, one of the Society's Vice-Presidents (as chosen by the Board – the Appointed Vice-President) and three further members of the Board as chosen by the Board (one of whom can be the other Vice-President of the Society).

The Chair of the Committee shall be chosen by the members of the Committee at the Board meeting at which appointments to the Committee are determined. The Chair cannot be the President of the Society.

Appointments to the Committee will be for a period of up to three years, which may be extended for two further three year periods.

No employee director may serve on the Committee. For the avoidance of doubt, employee director in this context also covers those directors who, within the previous three years have left the Society's employment for any reason, including, for example, by way of retirement, redundancy, dismissal, or for alternative employment.

A quorum shall be 4 members of the Committee. Two of the four must comprise any two of the Chair, the President and the Appointed Vice-President.

In the absence of the Chair, either the President or the Appointed Vice-President shall act as Chair, as chosen between them.

The Society's Secretary shall be secretary to the Committee.

External consultants cannot serve on the Committee.

3. Remit

(i) The Committee's primary role is to provide robust, independent governance for executive remuneration to ensure that pay for the Society's Executive team:

- supports the Society's business strategy and values
- is dependent on the Society's performance and on personal performance through the use of performance related rewards
- enables the Society to attract, motivate and retain talented individuals
- does not exceed what is necessary to achieve the aims above.

The Committee shall develop remuneration policies to achieve the above and shall monitor and review their implementation on a regular basis, making changes as necessary.

In relation to this, the Committee shall take into account that the Society needs to attract and retain individuals who are well aligned to co-operative values, empathetic with the Society's purpose, and capable of driving the Society forward as a successful co-operative business; and further, that the Society aims to be a fair and responsible employer, by remunerating in line with market rates for organisations of a similar size and complexity, and rewarding for performance, and, by ensuring that its policies and practices meet with best practice.

(ii) The Committee also has a role in providing high-level input and oversight into the reward strategy implemented by management for all Society colleagues.

4. External Advisers

The Committee shall be empowered to appoint independent external advisers to advise the Committee on matters relating to its remit.

5. Meetings

The Committee shall meet at least two times a year.

Minutes of its meetings shall be circulated to all members of the Board.

6. Attendees

The Committee may invite whoever it sees fit to attend its meetings in an advisory capacity. Attendees may include the Group Chief Executive, members of the Executive, or other Society personnel and external advisers.

No executive of the Society shall be present when his/her remuneration and/or other terms and conditions are determined by the Committee, other than for general “cost of living” increases applying to a group of colleagues, of which the executive is a member.

Normally, the Committee will invite the Group Chief Executive to make recommendations regarding matters affecting members of the Executive and Society policies generally, but specifically not regarding his/her own position.