



BEVERLEY

BUILDING SOCIETY

Building Better Futures

PEOPLE & CULTURE COMMITTEE TERMS OF REFERENCE

1. Membership

Chair: Sue Symington

Society Chair: Brian Young

Chief Executive: Karl Elliott

Non-executive Directors as appropriate (see below)

Where the Chair and/or members of the committee are conflicted, the Committee can propose to the Board that alternative membership is put in place to ensure effective governance is maintained.

2. Purpose

The People & Culture Committee focuses on those strategic matters which relate to the employment of all colleagues in the Society in particular in relation to Succession Planning, Reward, Learning & Development and Performance Management.

It will provide oversight that the culture embedded in the Society is aligned to its strategy, purpose, mission and values.

The Committee assumes the role of the Nominations and Remuneration Committees;

It has Board delegated responsibility for determining the remuneration of the Chair, Chief Executive, Deputy Chief Executive, Risk Director, Head of Operations and Head of Lending. (Non-Executive remuneration is determined by the Chair)

It is also responsible for identifying and recruiting candidates for board roles and making recommendations to the Society Board for approval.

3. Responsibilities

The Committee operates in line with the UK Corporate Governance Code across all aspects of its responsibilities.

People & Culture:

- The Committee will review at least annually the Society's plans and progress in relation to Performance Management, Remuneration & Reward, Learning & Development, and Community Engagement.
- It will also oversee the timely review of associated People & Human Resources Policies

Remuneration:

- The Committee will review Remuneration at least annually and on behalf of the Board approve proposed Remuneration plans for the forthcoming year.
- Remuneration of the Non-Executive Directors is considered by the Chairman and Executive Directors (No director or manager is involved in the setting of their own remuneration)
- In line with the Regulatory Return which identifies Remuneration Code staff, the Society has a policy of not paying bonuses or sales incentives.
- The Committee will ensure that any remuneration decisions are fair, open and equitable.

Recruitment, Succession Planning and Skills:

- The Committee will undertake a review of existing skills, knowledge and experience of board members prior to any board recruitment exercise in order to identify any skills required.
- In the light of this evaluation, a description of the role and capabilities required for an appointment will be agreed and written.
- *Ensure that the responsibilities (as outlined in the overall responsibilities map and used as part of the Senior Managers Regime) will be fully considered as part of the process.*

- The Committee will ensure that they consider the EU Capital Requirements Directive (CRD IV) requiring the Society to adopt a policy of promoting diversity on the board and will also support the HM Treasury Women in Finance Charter.
- The Committee will ensure that any recruitment process is fair, open and equitable.

Recording

- The Committee will ensure that a report/copy of the minutes will be approved by the meeting Chair and made available to the Society for its records.

4. Quorum

A quorum will be all three members of the Committee, unless otherwise agreed by the Society's Board.

5. Frequency of meetings

The Committee will meet no less than quarterly.

6. Principal Duties

Strategy & Policies

- Give full consideration to succession planning, taking into account the current and future strategic and operational requirements of the Society and therefore the skills and expertise needed from both existing and future colleagues
- Provide oversight of the Society's People Strategy, ensuring appropriate Performance Management and Learning & Development is in place to support colleagues in delivering their responsibilities
- Provide oversight of the Society's Social Purpose and Community Engagement strategies to ensure strategic and cultural alignment
- Provide oversight of the scope and embedding of Society HR policies such as colleague wellbeing, sickness and absence, disciplinary, grievance and whistleblowing
- Ensure that any annual notifications under Section 64C of the Financial Services and Markets Act 2000 for breach of conduct rules and disciplinary action are reported and, if required, make a follow up notification to update a previous notification

Succession Planning, Recruitment & Development

- Regularly review the structure, size and composition of the Board (including skills, knowledge and experience) and agree any changes
- Review the leadership needs of the Society, both Executive and Non-Executive, with a view to ensuring the continued ability of the Society to compete effectively in the market place
- Consider the appropriate methods of recruitment to any role, (for example recruitment campaigns to be managed internally or with the support of an external agency)
- Consider candidates from a diverse range of backgrounds and ensure that there is no discrimination in the selection, interview or appointment of board members
- Liaise with Regulators as appropriate on any potential appointments and comply with any regulatory requirements
- Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, sub-committee service and involvement outside board meetings
- Ensure that an induction training programme is in place for new Non-Executive Directors and Board Executive appointments
- Review annually the time required from a Non-Executive Director
- Review the Non-Executive Director's re-appointment at the conclusion of any specified term of office, as appropriate under the Society's Rules, in respect of retirement by rotation
- Monitor professional development undertaken by board members to ensure it is sufficient to ensure their skills are current and relevant

Remuneration

- Agree with the Board the framework or broad policy for the remuneration of the Society's Chairman, the Executive Directors and members of Senior Management Team (Non-executive remuneration is determined by the Chair)
- Seek advice from the Chief Executive in relation to executive board members and Senior Managers performance and any recommendation in relation to remuneration
- Ensure that the remuneration of non-executive directors is a matter for the Chairman and the Executive Directors of the Board

- Ensure that no director or manager shall be involved in any decisions in respect of his/her own remuneration
- Recommend and monitor the level and structure of remuneration for executive/senior management
- Consider all factors which it deems necessary when considering levels of remuneration including the relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated any guidance
- Ensure that Executive Directors and members of Senior Management are provided with appropriate remuneration to encourage enhanced performance, in a fair and responsible manner and reward them for their individual contributions to the success of the Society
- Review and have regard to the remuneration trends across the building society sector in order to maintain accurate remuneration benchmarks, by obtaining reliable, up to date information about remuneration in other societies of a comparable scale and complexity
- Determine the policy for and scope of pension arrangements for each Executive Director and member of senior management
- 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
- Oversee any major changes in employee benefits structures throughout the Society
- Work and liaise as necessary with other Board Committees