



Terms of Reference ("ToR")

Lincolnshire Co-op Remuneration Committee

(as approved by the Board on 11 December 2023)

1. Purpose

1.1 The role of the Remuneration Committee is to determine and oversee on behalf of the Board the Society's remuneration policies and principles. In doing so, the Committee will:

- Ensure that Remuneration policies, principles and practices are appropriate to enable the Society to attract, retain and reward people with the right skills, experience, knowledge and behaviours to support achievement of the Society's purpose, goals and objectives.
- Maintain policies which are consistent/compliant with governing legislation and regulations (as applicable).
- Ensure that remuneration arrangements support and encourage desired risk aware behaviours and culture.
- Ensure appropriate governance of remuneration practices across the Society and its subsidiaries.

2. Membership

2.1 Members of Members of the Committee shall be appointed by the Board on the recommendation of the Board Search and Membership Committee in consultation with the Chair of the Committee. The committee shall be made up of up to 5 Board members.

2.2 The Society's Chair may serve as a member of the Committee but neither shall serve as its Chair.

2.3 To help ensure holistic oversight, a member of the Committee shall also be a member of the Board's Audit & Risk Committee.

2.4 Only members of the Committee, and the Group Secretary & General Counsel have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief People Officer, the Chief Financial Officer and external advisors may be invited to attend for all or part of any meeting as and when appropriate and necessary.

2.5 The Board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.



3. Secretary

The Group Secretary & General Counsel, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receive information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

Meetings of the Committee shall be quorate where attended by a minimum of three (3) Members. 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.

5. Frequency of meetings

The Committee shall meet at least three times a year, once preferably close to the financial year-end, and at such other times as the Chair of the Committee shall require.

6. Notice of meetings

6.1 Meetings of the Committee shall be convened by the Group Secretary & General Counsel at the request of any of its members.

6.2 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 directors, no later than 5 days before the date of the meeting.

6.3 Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

7.1 The Group Secretary & General Counsel shall minute the proceedings and resolutions of all Committee meetings, including the names of those in attendance.

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chair of the Board.

7.3 Once approved, minutes should be circulated to all other members of the Board unless, in the opinion of the Committee Chair, it would be inappropriate to do so.



8. Annual General Meeting

The Chair of the Committee, or a nominated deputy, shall attend the Annual General Meeting and be prepared to respond to any member questions on the Committee's activities. In addition, the Chair should seek engagement with members on significant matters related to the Committee's areas of responsibility.

9. Duties of the Committee

The Committee shall carry out the duties below, for the Society and its subsidiaries:

- 9.1 Determine and agree on behalf of the Board the Society's Remuneration Principles and Policy ensuring alignment to the Society's strategy, risk profile, values, regulatory requirements and the long-term interests of the Society and its members and other stakeholders.
- 9.2 In determining remuneration arrangements the Committee shall review and agree: the overall market positioning of remuneration packages, individual base salaries and increases; the design of, and targets for, annual and long-term incentive/bonus arrangements and set relevant targets for performance related schemes; and pension arrangements. The Committee shall obtain reliable, up to date information about remuneration in other businesses of comparable scale and complexity.
- 9.3 Ensure that the remuneration arrangements in place are transparent, avoid complexity, are easy to understand and support effective engagement with Members and Colleagues.
- 9.4 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Chief Executive Officer, the Group Secretary & General Counsel and in consultation with the Chief Executive Officer for colleagues reporting directly to the Chief Executive Officer and colleagues reporting directly to an individual who reports directly to the Chief Executive Officer and (including variable remuneration and performance targets) in accordance with the Principles and Provisions of the Code.
- 9.5 Assess with regard to variable pay, the achievement of performance targets and shall have the discretion to override formulaic outcomes and to recover and/or withhold sums or bonus payments under appropriate specified circumstances (including the application of malus and clawback arrangements).
- 9.6 Provide the necessary oversight in order to be satisfied that remuneration policies are operating as intended.
- 9.7 Within the terms of the agreed policy and in consultation with the Chair determine the total individual remuneration package of the Chief Executive Officer and Group Secretary & General Counsel including bonuses and incentive payments.
- 9.8 Oversee the Society's strategy for; (i) ensuring that no form of gender pay or other form of discrimination is present in pay structures, and (ii) the effective promotion of



strong equality, diversity and inclusion principles within recruitment, remuneration and related activities.

- 9.9 Review the Society's workforce remuneration and related policies ensuring that this is taken into account when deciding the pay of senior leaders within the Society and supports the culture and strategy.
- 9.10 Determine and agree with the board (as appropriate) a policy for compensation for loss of office for directors, the CEO, the Group Secretary & General Counsel and such other members of the Executive Leadership team.
- 9.11 In consultation with the CEO monitor the total individual remuneration packages, objectives and performance of each member of the Executive Leadership team
- 9.12 Agree the policy for authorising claims for expenses from the CEO, Group Secretary & General Counsel, and Directors (including the Society's Chair).

10. Reporting Responsibilities

- 10.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within the Committee's duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce a report of the Society's Remuneration Policy and practices which will form part of the Society's annual report and ensure that each year it is put to members for and advisory vote at the AGM.
- 10.4 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 Society or individual directors
- 10.5 The Committee shall make a statement in the annual report about its activities, the process used to make appointments to the Executive Leadership Team and explain if external advice or open advertising has been used.

11. Governance

- 11.1 When determining executive remuneration policy and practices, consider the Co-operative Corporate Governance Code ("the Code") requirements for equity, transparency and alignment to the ICA Values and Principles.
- 11.2 As a general point of governance no director or senior manager shall be involved in any decisions as to their own remuneration outcome. Society members are to determine the remuneration of the directors in accordance with the Society's Rules.



- 11.3 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.
- 11.4 The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 11.5 The Committee shall work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.
- 11.6 When determining executive remuneration policy and practices, consider the Code requirements for equity, transparency and alignment to the ICA Values and Principles.
- 11.7 Give due consideration to all relevant laws and regulations the Co-operative Corporate Governance Code and the provisions of the UK Corporate Governance Code.

12. Other Matters

- 12.1 The Committee shall:
 - a) Have access to sufficient resources in order to carry out its duties including access to the Group Secretary & General Counsel for assistance as required.
 - b) 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.
 - c) Arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

13. Authority

- 13.1 The Committee is authorised to:
 - a) Seek any information it requires from any employee of the Society, via the Group Secretary & General Counsel, in order to perform its duties.
 - b) Obtain, at the Society's expense, outside legal or other professional advice on any matter within its terms of reference.
 - c) Call any employee to be questioned at a meeting of the Committee as and when required.