



Hanley
ECONOMIC
Building Society

2019

Remuneration Policy

For review by

Remuneration

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Purpose

The purpose of this Policy is to outline the Society's approach to Executive Directors' and Senior Team members Remuneration.

Policy for Executive Directors and Senior Team

The Board's policy has regard to the UK Corporate Governance Code and other applicable regulation and guidance to set remuneration levels which attract and retain high calibre Executive Directors and Senior Team members in a competitive market, and to encourage excellent performance through rewards linked to the achievement of the Society's strategic objectives. The policy aims to be formal, transparent, easy to understand and administer.

In determining levels of remuneration, the Remuneration Committee will consider the position and performance of the Society relative to other Societies and comparable organisations.

The Society's approach is driven by the principle that remuneration should be designed to promote the long-term success of the Society. Performance-related elements should be transparent, stretching and rigorously applied, non-formulaic and contain safeguards to allow for clawback over a reasonable period.

The main components of the remuneration are:

- a) Basic Salary – which takes into account the role and position of individuals including professional experience, responsibilities, job complexities and market conditions. Basic salary is reviewed annually as part of the performance review. The review takes into consideration:
 - Salary increases for all employees;
 - Performance against agreed objectives and the individual's experience.
- b) Pensions – which involves the Society contributing to the personal pension arrangements of its Executive Directors and Senior Team members. (The Society does not have a Defined Benefit/Final Salary pension scheme).

- c) Other benefits – notably the provision of a company car allowance to each Executive Director and Senior Team member, private medical insurance, income protection and a concessionary mortgage rate on loans up to £40,000 [this is subject to change from April 2019]. Such benefits are reviewed annually by the Remuneration Committee.
- d) Senior Team Bonus Scheme for the Senior Team and Executive directors of The Hanley Economic Building Society.

The plan is designed to promote appropriate behaviours which contribute to the long-term success of the Society, while being consistent with the Society's values and risk appetite. The payment of any reward will be linked to the delivery of both personal and Society strategic objectives.

Policy for Non-Executive Directors

The Society's approach is driven by the principle that levels of remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.

The remuneration of all Non-Executive Directors is reviewed annually by the Chairman of the Society and the Chief Executive, using external data and by a performance review process undertaken by the Society's Chairman. The remuneration of the Chairman is reviewed and set by the Remuneration Committee.

There are no bonus schemes for Non-Executive Directors and they do not qualify for pension entitlements or other benefits.

Non-Executive Directors have service contracts under letters of appointment and following election by the Society's membership.