

PERSONNEL & REMUNERATION COMMITTEE TERMS OF REFERENCE

1. General Terms of Reference

- 1.1 The Board of Directors (“the Board”) has established the Personnel & Remuneration Committee (“the Committee”) to have delegated decision-making authority and to advise the Board in respect of the functions and powers as set out in these terms of reference.
- 1.2 The role of the Committee is to assist the Board with the remuneration policy and levels of remuneration of the Chair of the Board, Directors, Advisory Council, the Group Executive (the Chief Executive and their senior direct reports including any Executive Directors) and Company Secretary and any related matters as outlined in the Duties below. Any reference to the Group Executive below also includes the Company Secretary irrespective of whether or not they are a direct report of the Chief Executive.
- 1.3 The Board remains responsible for remuneration and any member of the Board can discuss remuneration details with the Chair of the Committee (“the Chair”).
- 1.2 These Terms of Reference shall be available at all times to any member of the Board and upon request to members of the Advisory Council.

2. Membership

- 2.1 The Committee shall appoint the Chair who shall be a non-executive director.
- 2.2 The members of the Committee shall be appointed by the Board and shall consist of at least three directors appointed by Ornuu members and one independent non-executive director (INED). The Committee may also, at its discretion, appoint one non-director to the Committee in accordance with Rule 45(a) of the Rules of the Society on such terms and remuneration as the Committee shall determine, subject to the provisions of these Terms of Reference. In addition, the Chair of the Board may also be a member of, but not chair, the Committee.
- 2.3 Director appointments to the Committee shall be for a period of up to four years or the date of earlier retirement from the Board. Director appointments may be extended for further periods of up to four years provided the director still meets the criteria for membership of the Committee. The Board may appoint additional non-executive directors to the Committee as it considers appropriate. Non-director appointments to the Committee shall be for a period of two years subject to a maximum of four years.
- 2.4 The Committee shall be supported by the Chief People Officer. The Chief People Officer, or such other person as shall be agreed from time to time by the members of the Committee, shall act as the Committee Secretary.
- 2.5 In the absence of the Chair, the members present shall elect one of their number to chair that meeting.

3. Meetings

- 3.1 Only members of the Committee have the right to attend Committee meetings. Other individuals, including the Chief Executive and external advisers, may be invited by the Chair to attend for all or part of any meeting as and when appropriate.
- 3.2 The Committee shall, in consultation with the Secretary of the Committee decide on the frequency and timing of the Committee meetings. Meetings shall be held no less than four times a year. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair. 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, no later than five working days before the date of the meeting. Supporting papers shall be sent to, or made available on Diligent, Committee members, and other attendees, as appropriate, five working days in advance (in limited circumstances, some materials may only become available one to two days in advance).
- 3.3 The quorum necessary for the transaction of business shall be 50% of the current membership. 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. All or any members of the Committee may participate in a meeting by teleconference or video conference. A person so participating is deemed to be present in person at the meeting and shall be counted in quorum accordingly.
- 3.4 Each member of the Committee has an equal vote on matters that come before the Committee. Decisions of the Committee shall be made by a majority of votes. In the case of equality of votes, the Chair (or, in the absence of the Chair, the chair of the meeting) shall have a second or casting vote.

4. Authority

- 4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 4.2 The Committee is authorised by the Board to seek any information it requires from any employee of the Society in order to perform its duties. The Committee shall have access to sufficient resources in order to carry out its duties.
- 4.3 The Committee is authorised by the Board to obtain, at the Society's expense, any outside legal or other professional advice, reports or surveys and to select and appoint remuneration consultants to assist it in the discharge of its duties, subject to any budgetary considerations set by the Board.
- 4.4 The Committee shall be provided with appropriate and timely training including an induction programme for new members. The Committee shall give due consideration to all relevant legal, regulatory and governance requirements.

5. Duties

- 5.1 Members of the Committee, both individually and collectively, must avoid accepting responsibilities or other conflicts of interest which might impede their, or the Committee's independence, and the objectivity with which it carries out its duties for the Board.
- 5.2 No executive shall be involved in any decisions as to their own remuneration. The Committee will recommend Director and Advisory Council fees to the Board based on guidance of an independent advisor.

The Committee shall carry out the following duties:

Remuneration Policy

- 5.3 Recommend to the Board any updates or amendments to the Group Executive remuneration policy for the Group Executive. In determining such policy, take into account all factors, which it deems necessary including relevant legal and regulatory requirements, and associated governance guidance.
- 5.4 Determine the contractual terms of employment for the Group Executive.
- 5.5 Oversee any major changes in the Group Executive and senior direct reports to the Group Executive (collectively "Senior Management") benefit structures throughout the Society.
- 5.6 Review pension schemes in key markets.

Chief Executive and Group Executive Remuneration

- 5.7 Determine the remuneration (salary, pension and other benefits) of the Group Executive.
The Chief Executive will initiate remuneration proposals in respect of other members of the Group Executive which the Committee may accept or reject at its discretion.
- 5.8 Arrange for external benchmarking of remuneration levels of the Group Executive at least every three to five years.
- 5.9 Ensure that the Chair of the Board reviews the performance of, and provides feedback to, the Chief Executive on an annual basis.

Workforce Remuneration Oversight

- 5.10 Provide on-going oversight of, remuneration policies and procedures, including policies impacting culture and strategy, across the Society, based on best practice.
- 5.11 Receive updates on gender pay gap reporting.

Incentive Plans

- 5.12 Approve the principles and methodology of Senior Management performance related pay schemes and review the planned and actual total annual payments under such schemes.
- 5.13 Recommend to the Board any updates or amendments to the rules of the Group Executive Short Term Incentive Plan, administer the plan and approve plan payments in

accordance with the rules of the plan.

- 5.14 Set the Chief Executive Key Performance Indicators (“KPIs”) on an annual basis based on discussions with the Board during the annual budget process.
- 5.15 Rate the performance of the Chief Executive against the agreed KPIs on an annual basis.
- 5.16 Recommend to the Board any updates or amendments to the rules of the Ornuu Long Term Incentive Plan, administer the plan and approve plan payments in accordance with the rules of the plan.

Chair of the Board, Non-Executive Director and Advisory Council Fees

- 5.17 Review the Board and Committee fees for the Chair of the Board and non-executive directors and to present recommendations to the full Board for approval. Levels of fees should reflect the time commitment and specific skills and workloads of the roles.
- 5.18 Arrange for external benchmarking of fees for the Chair of the Board and non-executive directors, at least every three to five years.
- 5.19 Review the fees for the members of the Advisory Council and to present recommendations to the Board for approval every three to five years.

External Remuneration Consultants

- 5.20 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and for obtaining reliable, up-to-date information about remuneration in other companies. Where remuneration consultants are appointed, they should be identified in the annual report and a statement made as to whether they have any other connection with the Society.

Other

- 5.21 Review the Group Executive succession plan on an annual basis and report outcomes to the Board.
- 5.22 Ensure that any termination arrangements for the Group Executive are appropriate having regard to contractual entitlements, ensuring that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 5.23 Review the policy for authorising claims for expenses from the Chief Executive, Chair of the Board and Board directors.
- 5.24 Undertake on behalf of the Chair of the Board any related tasks as may be entrusted to it from time to time.
- 5.25 Review the Committee’s Terms of Reference every second year, or more frequently if required, and recommend any changes it considers necessary to the Board for approval.
- 5.26 Evaluate the effectiveness of the Committee every two years.

6. Reporting Procedures

- 6.1 The Chair shall make reports to the Board on the proceedings of the Committee and any material decisions taken. Following each Committee meeting, the Chair shall provide a written summary to the Board (to be made available in advance of the following Board meeting on Diligent) providing an overview of the matters discussed along with status updates. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.2 The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee. Minutes of Committee meetings shall be circulated promptly to all members of the Committee. A copy of the minutes will be made available to Board members.
- 6.3 A remuneration report prepared by the Committee shall be included in the annual report.