

NATIONAL COUNTIES BUILDING SOCIETY
REMUNERATION POLICY STATEMENT

1. **INTRODUCTION**

- 1.1 This Policy Statement sets out the Society's approach to the remuneration of its staff.
- 1.2 It will be reviewed annually by the Remuneration Committee (RemCo) and by the Board.
- 1.3 It complies with existing regulatory requirements.

2. **POLICY OVERSIGHT AND IMPLEMENTATION**

- 2.1 Responsibility for policy oversight and implementation will reside with RemCo in respect of the remuneration of all Remuneration Code staff. The Terms of Reference of RemCo are published on the Society's website. They include Board authorisation to select and appoint external remuneration consultants.
- 2.2 Responsibility for policy oversight and implementation in respect of the remuneration of all other employees will reside with the Executive Directors, with Board approval being required for the budgets for the annual cost of living review (if any) of staff salaries and for other performance based annual awards. Any significant changes in staff benefits will also be reviewed and agreed by the Board, as will the introduction and construction of any staff and executive performance related pay schemes that may be deemed appropriate from time to time.

3. **POLICY OBJECTIVES**

- 3.1. The Society is owned by its members and the primary objective of the Society is to operate for their financial benefit and not for the disproportionate financial benefit of any of its employees. However, the Board believes that employees should be fairly rewarded for their efforts.
- 3.2 The aim of the Society's Remuneration Policy is *therefore* to achieve a fair level of financial reward for the Society's staff whilst ensuring primacy of members' interests and avoiding incentives to take inappropriate levels of risk.
- 3.3 The specific objectives of the Society's Remuneration Policy are:
- To attract and retain staff with the appropriate skills, attitude and motivation.
 - To reward staff fairly, paying due regard to the statutory duties of equality and non-discrimination.
 - To benchmark salaries and benefits against prevailing industry/sector/role norms.
 - To take account of prevailing economic and employment trends.
 - To prevent inappropriate risk-taking with the potential to damage the interests of the Society's stakeholders and the viability of the business.
 - To encourage learning and personal development.
 - To reward imagination, endeavour, commitment, team work and loyalty.
 - To recognise and encourage high standards of performance.
 - To promote the acquisition of new skills.
 - To encourage adaptability and flexibility.
 - To compete successfully with other employers for high calibre staff.
 - To promote a healthy work/life balance, to include part-time working opportunities, flexible hours and assistance to those with caring responsibilities.
 - To maintain an effective and supportive package of benefits which reflects the Society's commitment to fair treatment and which promotes its mutual ethos and values.

4. **REWARD SYSTEMS**

- 4.1 The remuneration of staff will normally comprise the following components.

4.2 **Basic salary**

4.2.1 Basic salary is first determined upon appointment to the Society by reference to the role demands, account being taken of the qualifications, experience, skills and personal attributes offered by the appointee, and of the salaries paid to immediate colleagues and in respect of comparable roles, internally and externally. Basic salary is reviewed upon completion of the probationary period and upon the annual Appraisal/Market Review when salary adjustments are considered by the Executive Committee in light of the annual Staff Appraisal System outcomes and/or market forces.

4.2.2 The annual Staff Appraisal System provides for individual performance to be assessed (scored) across a range of role competencies. The competencies are weighted according to their relevance to the role. The scores are totalled to arrive at an individual overall performance score. The overall scores inform the annual Appraisal/Market Review.

4.3 **Benefits**

4.3.1 The contract of employment will set out the key benefits available, including holiday entitlement, sickness absence payment, pension scheme membership, private health insurance and concessionary mortgage facilities.

4.4 **Staff Performance Related Pay (PRP) Scheme**

4.4.1 From time to time a Staff PRP scheme may be introduced, subject to Board consideration and approval. The construct of any such scheme will pay due regard to the provisions of the FCA/PRA's Remuneration Code. The scheme will be based on the attainment of corporate targets as determined appropriate for the relevant financial year by reference to the Corporate Plan. The resultant bonus pool, if any, will be distributed to staff in the following March on the basis of individual performance, as assessed by means of the Staff Appraisal System. The outcomes will be reviewed by the Executive Directors to remove any inappropriate bias.

4.5 **Long Term Executive Performance Related Pay (PRP) Scheme**

4.5.1 From time to time an Executive PRP Scheme may be introduced, subject to Remuneration Committee consideration and Board approval. The construct of any such scheme will pay due regard to the provisions of the FCA/PRA's Remuneration Code, including, where appropriate, provision for payment deferral and performance adjustment.