



OSB GROUP PLC (the Company)

Group Remuneration and People Committee

Terms of Reference

1. OBJECTIVES

- 1.1 The Group Remuneration and People Committee (the Committee) is a Committee of the Board. The primary objective of the Committee is to advise the Board on developing an overall remuneration and people-related policies that are aligned with the business strategy and objectives, risk appetite, values and long term interests in the Company and its subsidiaries (the Group), recognising the interests of all stakeholders taking into account applicable laws, regulations and principles of good practice.
- 1.2 Ensuring that the Group adheres to best practice in relation to corporate governance in a manner that is proportionate to the size and complexity of the Group and is in line with the UK Corporate Governance Code, the requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- 1.3 Set an appropriate remuneration strategy that aligns to the Group's culture to deliver good customer outcomes.

2. CONSTITUTION, MEMBERSHIP AND QUORUM

- 2.1 The Committee shall be made up of at least three independent Non-Executive Directors. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Financial Officer, the Group HR Director, Group General Counsel and Company Secretary and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.3 Members of the Committee shall be appointed by the Board on the recommendation of the Group Nomination and Governance Committee in consultation with the Chair of the Committee.
- 2.4 The Board shall appoint the Chair of the Committee who shall be an independent Non-Executive Director and who should have served on a remuneration committee of a UK listed company for at least 12 months prior to appointment. In the absence of the Chair of the Committee, the remaining members present shall elect one of themselves to chair the meeting.
- 2.5 The Chairman of the Board shall not be Chair of the Committee.
- 2.6 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, subject to members continuing to meet the criteria for membership.
- 2.7 The quorum necessary for the transaction of business shall be two members.
- 2.8 Meetings of the Committee may be held by telephone or by any other means whereby the participants are able to communicate effectively with each other.

3. SECRETARY

- 3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. VOTING ARRANGEMENTS

- 4.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.
- 4.3 Except where he or she has a personal interest, the Chair of the Committee shall have a casting vote.

5. FREQUENCY OF MEETINGS

- 5.1 The Committee shall meet at least three times each year at appropriate intervals. Additional meetings may be called at such other times as the Chair of the Committee shall determine.

6. NOTICE AND MINUTES

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.
- 6.2 The Secretary will normally distribute the agenda and papers for meetings at least five (5) days before the date of the meeting.
- 6.3 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.4 Draft minutes of meetings shall be distributed promptly to the Chair of the Committee. Once approved, minutes should be made available to all other members of the Board unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

7. ANNUAL GENERAL MEETING

- 7.1 The Chair of the Committee should attend the annual general meeting to answer shareholder questions on the Committee's activities.
- 7.2 The Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. REPORTING RESPONSIBILITIES

- 8.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in relevant laws, regulations, the UK Corporate Governance Code and the FCA's Remuneration Code, are fulfilled. This includes ensuring that the Company's annual report sets out a report on Directors remuneration and, in years that it is being put to shareholders, a Directors' Remuneration Policy.
- 8.4 In compiling the report referred to in 8.3, the Committee should include:
 - 8.4.1 the gender balance of those in senior management team and their direct reports; and
 - 8.4.2 a statement of the Board's policy on diversity, equity and inclusion, including gender, and measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

- 8.5 If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company or individual Directors.
- 8.6 The Chair of the Committee shall report annually to the Board on the substance of the Company's remuneration policy and its application; this report will be accompanied by commentary from the Chair of the Group Risk Committee in the context of the Company's risk appetite.
- 8.7 The Committee, through the Chairman of the Board, shall ensure that the Company maintains contact as required with its principal shareholders about remuneration and ensure that their views are taken into account.

9. OTHER MATTERS

- 9.1 The Committee shall, at least once each year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.2 The Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat 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) give due consideration to laws, regulations, provisions of the UK Corporate Governance Code and associated guidance, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and the FCA's Remuneration Code;
 - (d) give due consideration to published industry and investor guidelines as appropriate; and
 - (e) work and liaise as necessary with all other Committees of the Board and ensure that the interaction between the Committee and the Board is reviewed regularly.

10. AUTHORITY

- 10.1 The Board has delegated the powers, authorities and discretions set out in this Terms of Reference. The Committee may sub-delegate (unless expressly prohibited by the Board) some of its powers and authorities, including, the establishment of sub-committees to analyse particular issues or themes and to report to the Committee.
- 10.2 The Committee has authority to investigate any matter relating to the Group. It also has authority to:
- (a) seek any information it requires from any Director, Officer or employee of the Group in order to perform its duties; and
 - (b) obtain, at the Group's expense, independent legal or other professional advice (including advice from external remuneration firms) on any matter and if necessary, invite external advisers with relevant experience to attend meetings of the Committee.
 - (c) Call any employee to be questioned at a meeting of the Committee, as and when required.

11. DUTIES

- 11.1 The Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

In all instances, no Director or senior manager shall be involved in any decisions as to their own remuneration. For the avoidance of doubt, Non-Executive Director remuneration shall be determined by the Executive Directors and Chairman of the Board in accordance with the Company's Articles of Association.

11.2 Remuneration Policy



11.2.1 Group Remuneration Policy

Review and recommend for Board approval the Group Remuneration Policy and review the ongoing appropriateness and relevance of the Group Remuneration Policy. The Group Remuneration Policy shall set out the overarching objectives, principles and parameters of the remuneration practices to be operated by the Group, including the Group's:

- (a) risk appetite and risk management policy to ensure sound and effective risk management;
- (b) business strategy and objectives; and
- (c) corporate culture, values and long-term interests (including long-term strategic goals).



11.2.2 **Review** workforce remuneration and related implementation policies and note annually the remuneration trends across the Group.



11.2.3 Executive Director Remuneration Policy

Determine and recommend for Board approval, the remuneration policy for the Executive Directors, including pension rights and any compensation payments, with due regard to the Group's strategy, long-term sustainable success, the views of shareholders and other relevant stakeholders. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders (the Retention Objective).

In determining the remuneration policy for all aforementioned individuals, take into account:

- (a) risk – considering the Group's risk appetite and risk management strategy, aligning remuneration to the Group's risk policies and systems and long-term strategic goals;
- (b) long-term success – an appropriate proportion of remuneration should be linked to corporate and individual performance and the successful delivery of the Company's long-term strategy, to promote the long-term sustainable success of the Group;
- (c) pay and employment conditions across the Company or Group; and
- (d) purpose and values of the Group, together, the 'Core Factors'. Additionally, the Committee must consider:
- (e) The UK Corporate Governance Code (the Code) – the requirements under the Code (including clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture); and
- (f) all other factors which the Committee deems necessary (including legal and regulatory compliance, the Code, the requirement to provide details publicly in the Annual Report, and other relevant guidance).



11.2.4 Material Risk Taker Remuneration Policy

Review and recommend for Board approval the remuneration policy for the Material Risk Takers¹ (for the avoidance of doubt, includes senior executives and the Company Secretary) including pension rights and any compensation payments, with due regard to the Group's strategy, long-term sustainable success, the views of shareholders and other relevant stakeholders and the Retention Objective.

¹ employees who are identified as Material Risk Takers for the purposes of the Prudential Regulation Authority's Remuneration Code.

In determining the remuneration policy for all aforementioned individuals, take into account the Core Factors.

11.2.5 Remuneration Packages

Review and approve, in line with the approved Group Remuneration Policy and in consultation with the Chairman of the Board, the Chairs of the Group Audit and Risk Committees and/or Chief Executive Officer, as appropriate, the total individual remuneration package of the Chairman, each Executive Director, the Company Secretary and other designated senior executives² including bonuses, any other incentive payments and share-based awards. The Committee should consider the choice of financial, non-financial and strategic measures and exercise independent judgement and discretion when determining remuneration awards, taking account of Group and individual performance and wider circumstances including scrutinising the performance of senior executives against agreed performance objectives.

Ensure workforce remuneration practices and culture are taken into account when determining individual remuneration packages.

11.2.6 Exemptions

Review and approve any material exemptions to the remuneration policies for individual employees.

11.2.7 Benchmarking and Remuneration Consultants

Oversee regular reviews of current and reliable information about remuneration in other companies of comparable scale and complexity.

Establish a criteria for selecting, appointing and setting the terms of appointment for remuneration consultants.

Commission remuneration consultants to produce reports, surveys or information which the Committee deems necessary. The Committee should avoid designing pay structures based solely on benchmarking or on the advice of remuneration consultants.

11.3 Performance-related pay

11.3.1 Forward-look and Annual Outcomes

Determine targets for any performance-related pay schemes operated by the Group. In so doing, the Committee will take advice from:

- (a) the **Chair of the Group Risk Committee** (who shall ensure that awards reflect the Group's risk appetite and profile and takes into account current and potential future risks); and
- (b) the **Chief Financial Officer** (who shall confirm that any variable pay takes account of the cost and quality of capital and the liquidity required);³

and ensure the schemes allow for formulaic performance-related pay outcomes to be overridden and for payments made under the Schemes to be recovered and/or withheld when appropriate.

Approve the total annual payments to be made (both forward looking and in respect of annual outcomes) under such schemes taking into account the Board's overall assessment of the Group's annual performance.

² Designated senior executives include all members of the Group Executive Committee and any other senior employees in independent control functions.

³ including confirmation that the calculations of the variable remuneration elements are based on appropriate measures of profit.

Share holder

Rem Chair

Board Chair

Risk Chair

11.3.2 Alteration of the Schemes

Review and recommend for Board and/or shareholder approval the design, introduction or any material changes to all share incentive plans.

For any such approved plans, and subject to the Chair of the Group Risk Committee endorsement, where appropriate, **determine and approve** each year whether awards will be made, and if so:

- (a) the overall amount of such awards;
- (b) the individual awards to Executive Directors and other senior executive management; and
- (c) the performance targets to be used.

Rem Co

Board Chair

11.3.3 Administration of Share Schemes

Approve the exercise of employees' options (or other awards) and the issue of shares under the Company's employee share plans.

Rem Co

Rem Chair

11.3.4 Executive Pension Arrangements

Determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executive management taking into account the Group Remuneration Policy.

Rem Co

Rem Chair

11.3.5 Executive Director Shareholding Policy

Establish remuneration schemes that promote long-term shareholding by Executive Directors that support the alignment with long-term shareholder interests, with share awards subject to a total vesting and holding period of at least five years; and

Approve a shareholding policy which encourages continued shareholding during employment and a policy for post-employment shareholding requirements covering unvested and vested shares.

Rem Co

Rem Chair

11.3.6 Termination Payment Review

Oversee the contractual termination rights of Executive Directors, senior executives⁴, the Company Secretary and Material Risk Takers, ensuring that any payments are fair for both the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Rem Co

Rem Chair

11.3.7 Material Risk Taker List

Oversee the maintenance of the Material Risk Takers list.

Rem Co

Rem Chair

11.3.8 Annual Review

Review the adequacy and effectiveness of the Directors' Remuneration Policy to ensure that it supports sound and effective risk management and the appropriateness of any variable remuneration included in overall compensation.

Ensure that the implementation of the Director's Remuneration Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the Committee.

Rem Co

Rem Chair

11.3.9 Changes to Benefits Structures

Oversee any major changes in employee benefits structures throughout the Group.

⁴ Being members the Group Executive Committee

11.3.10 Disclosure Requirements

Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.

11.3.11 People Matters

Provide **oversight** of people matters within the Group (in conjunction with the Group Nomination and Governance Committee) including the targets set by the Women in Finance Charter, Gender Pay Gap reporting, Culture, updates from OurVoice and outputs from surveys relating to employee engagement.

Review and approve the Diversity, Equity and Inclusion Policy.

Document key			
Symbol	Approving entity	Symbol	Accountable entity
<div>Rem Co</div>	Group Remuneration and People Committee (RemCo)	<div>Rem Chair</div>	Chair of Remuneration Committee
<div>Board</div>	Board (upon recommendation from RemCo)	<div>Board Chair</div>	Chairman of the Board
<div>Share holder</div>	RemCo recommends to Board, who recommend to shareholders for approval	<div>Risk Chair</div>	Chair of Group Risk Committee
<div>Rem & CEO</div>	RemCo (upon recommendation from Chief Executive Officer)	<div>CEO</div>	Chief Executive Officer
<div>Rem & Board</div>	RemCo (upon full Board recommendation in light of the Group's annual performance)		

Document control information			
Version	1.2	Owner	Company Secretariat
Endorsed by the Group Remuneration and People Committee on 25 January 2023		Approved by the Board on 24July 2023	
Review Frequency	Annually or as required for material amendments	Next Review date	December 2023